Annual Report 2019

A2B Australia Limited

ABN 99 001 958 390

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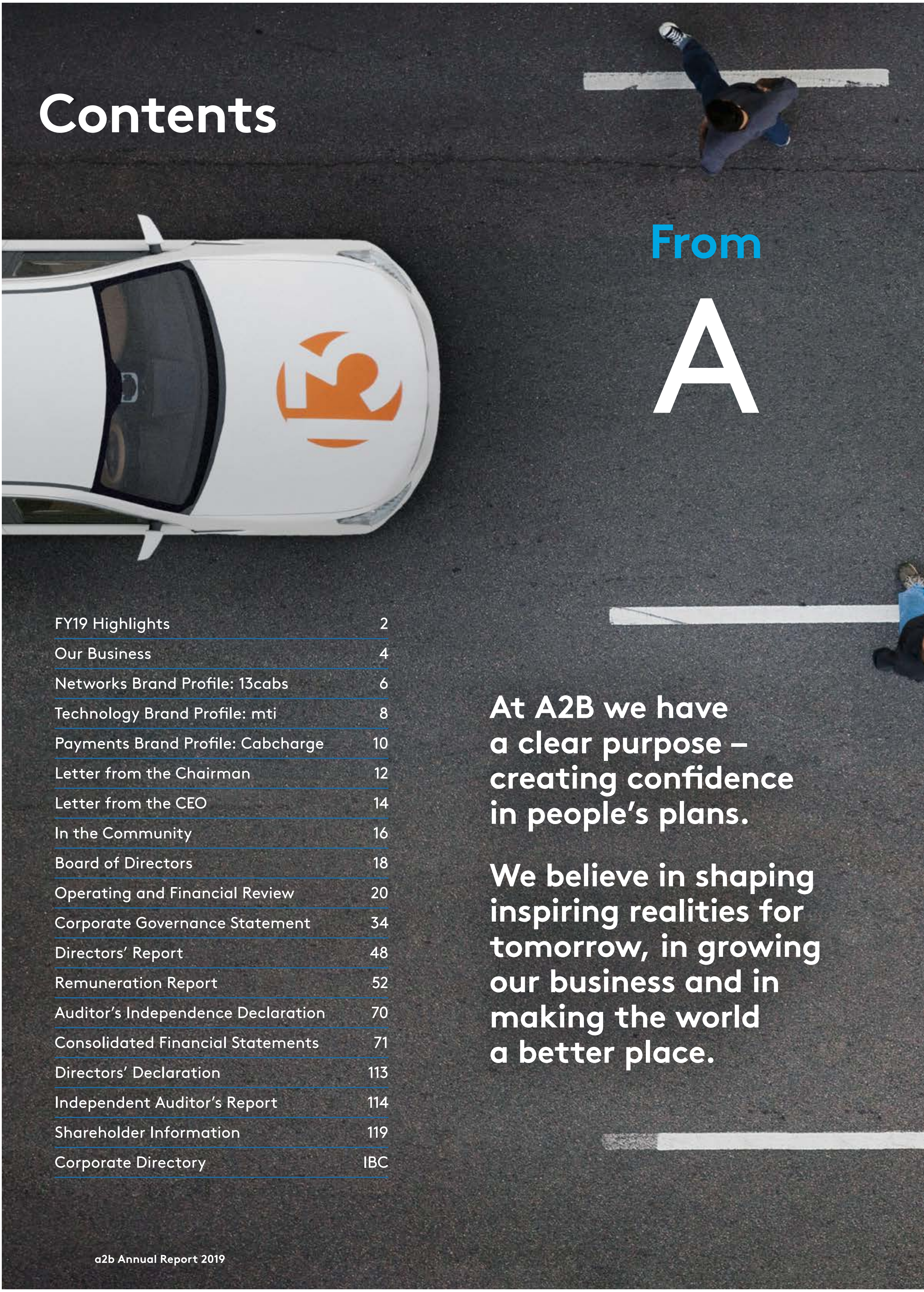

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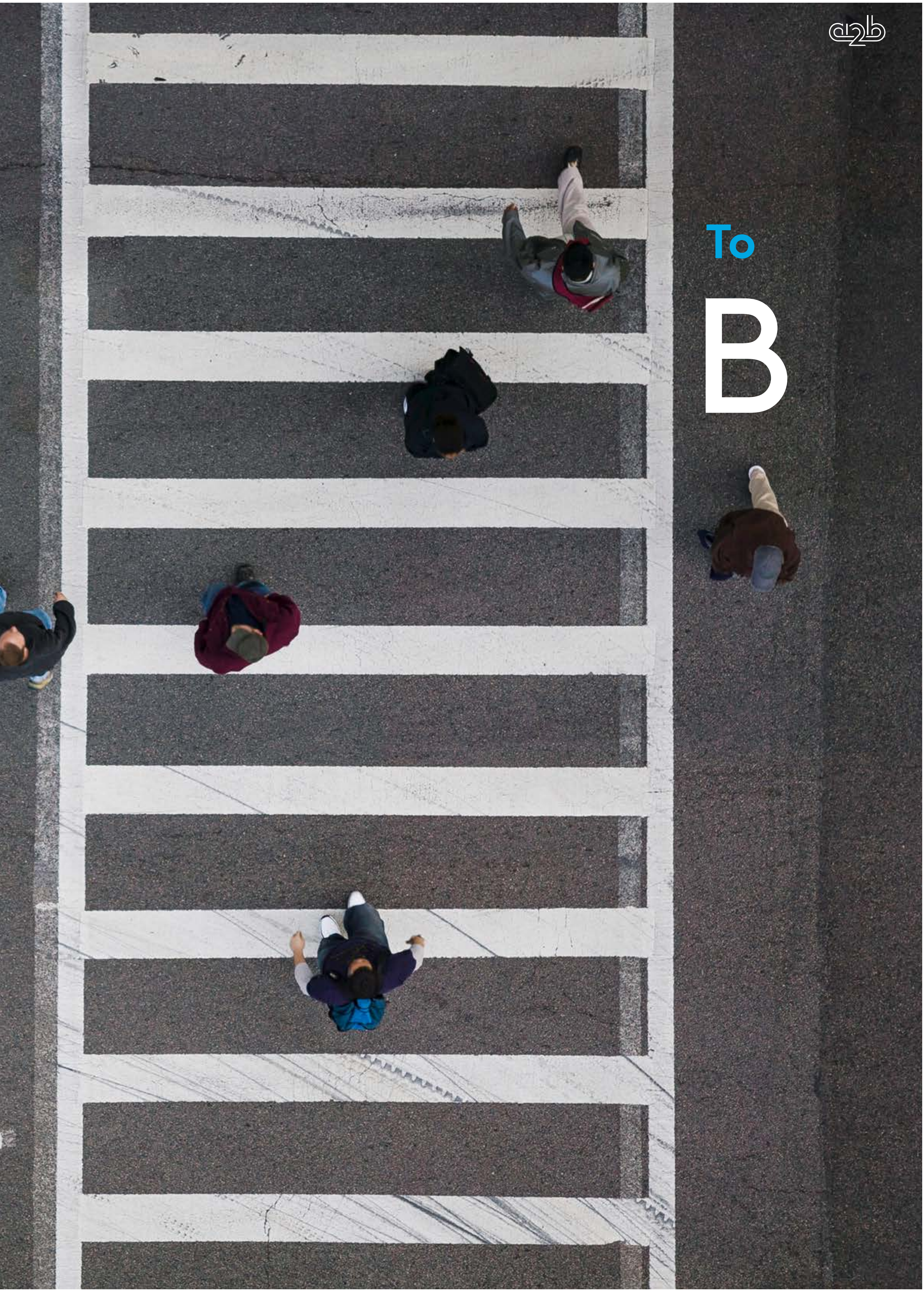
At A2B we have a clear purpose – creating confidence in people's plans.

We believe in shaping inspiring realities for tomorrow, in growing our business and in making the world a better place.


To
B

We are moving forward

6.7%

REVENUE GROWTH

9.8%

UNDERLYING NPAT GROWTH

8¢

PER SHARE DIVIDEND

#1

- TAXI NETWORK
- PAYMENT TERMINAL PROVIDER
- TAXI APP

Build trust

FROM: CITY
TO: HOME

For a fair go

PASSENGER FEEDBACK

When I'm on the run, dashing from my flat to the city, meeting-to-meeting, client-to-client, certain factors become a business imperative for me when choosing a personal transport service. For me, that's 13cabs.

Ease of use, and by that I mean, is it easy to book and pay followed by reliability and consistency. Knowing that my taxi will be on time, and the Driver knows how to get me to my destination quickly.

$16.5m

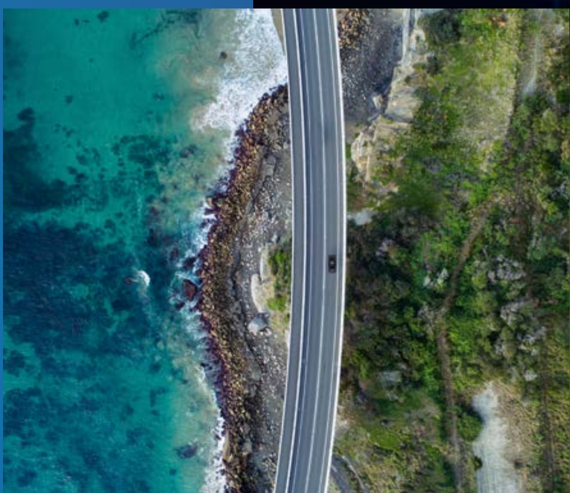
STRONG NET CASH POSITION

$14.1m

IMPROVEMENT IN STATUTORY PROFIT

Always look ahead

FROM: CITY
TO: BEACH



PASSENGER FEEDBACK

I often travel alone or late at night to meet my BFF's and to get home afterwards.

I need to feel safe and secure, whatever the time, and not be expected to pay a premium (surge fee) for the privilege!

Every moment matters

Our Business

We have responded to the changing business landscape by increasing our investment in service improvements, marketing, technology and importantly, our people.

We make your journey better.

NETWORKS

TECHNOLOGY

PAYMENTS

NETWORKS BRAND PROFILE:

13cabs

Connecting people and places

#1

TAXI NETWORK IN AUSTRALIA

5,317

NEW DRIVERS JOINED

2m+

APP DOWNLOADS

We all have places to be, no matter who we are or where we come from. 13cabs is committed to delivering exceptional service to Passengers to help them get where they need to be.

We are focussing on delivering a high level of customer satisfaction as the key to our continued success and we're always looking for ways to improve the customer experience. In 2019 we improved the 13cabs app experience by significantly improving its speed, responsiveness, and overall performance, getting Passengers where they need to go faster than ever before. In keeping with 13cabs' promise – "we'll get you there" – we also reviewed and improved the accuracy of pick-up and destination coordinates, resulting in increased certainty for our Passengers.

The pursuit of a class leading app experience, ensuring that our experienced team of Drivers and Taxi Operators are connected with our brand values and our customer-centric approach, has seen a flow through to Passenger satisfaction. 13cabs is currently the #1 Taxi app in Australia with 2.4 million downloads and a class leading 4.8 Star rating in Apple's app store.

Building on the momentum of last year's rebrand, 2019 saw much of our taxi fleet taking on the highly distinctive orange logo that has become synonymous with 13cabs, showcasing a brand that is now recognised throughout Australia.

In July 2019 we welcomed Gold Coast Cabs into our fleet advancing our strategy of offering services on a national basis – an aspect of taxi operations that has increased in importance in the digital age.

With our strength grounded in our people – a proud, vibrant and diverse workforce – 13cabs is committed to creating a high quality inclusive service supported by A2B's world class technologies and booking platforms.

"Wherever you are,
wherever you're going,
whatever you need,
we'll get you there."

TECHNOLOGY BRAND PROFILE:

Investing in the future

70,000

VEHICLES SUPPORTED GLOBALLY

Australia
Canada
Finland
New Zealand
Sweden
UK
USA

MTI is a global manufacturer and developer of advanced and innovative SaaS dispatch and booking service platforms.

MTI's technology offerings include:

- self-hosted and cloud-based Taxi dispatch systems;
- a dedicated driver app with GPS navigation, traffic and route plotting, and Passenger ratings;
- web and telephone based booking software; and
- a driver management system that can monitor Driver performance, fatigue and driving skills.

MTI expands A2B's customer reach and its ability to compete with other fully integrated personal transport companies.

Leveraging MTI's technology and international customer base will accelerate A2B's global presence and reputation as a leader in the personal transport space. Recent examples include the commissioning of new systems for clients in Canada and New Zealand, provision of new app technology to Transdev in Phoenix, and the extension of services to support Bureau expansion for leading Scandinavian players Cabonline and Taksi Helsinki.

"Our focus is supporting your business to make vehicles more efficient, increase Driver income, and provide excellent service to Passengers."

CABCHARGE

Leading the way

+4,000

CABCHARGE PLUS USERS ONBOARDED

★★★★★

TRAVEL FEEDBACK

Our payment solutions offer Passengers and Drivers fast and secure methods of paying taxi fares and deliver corporate clients with improved control, deeper insights and end-to-end automation.

Our digital payment products can be delivered instantly through app and mobile channels and improve convenience, security and traceability of in-taxi payments. We have increased the rate of automation for orders of both e-TICKETs and FastCards and integrated our Cabcharge Plus system with Concur and other expense management systems to seamlessly support the management requirements of our clients.

In addition to the technical improvements to our in-car payment terminals (that are installed in almost every Taxi in Australia) we developed new terminal rental models to suit the rapidly growing numbers of independent taxis taking advantage of new licencing models in Victoria and Western Australia and saw the total payments processed via our Spotto and Giraffe handheld terminals grow by over 31%.

In keeping with our proud heritage of industry leading innovation Cabcharge Payments won an AFR BOSS Most Innovative Companies Award in 2019.

"In a fast-paced world, we are committed to keeping you moving, and delivering greater confidence and insight into your travel needs."

Letter from the CHAIRMAN

At last year's Annual General Meeting over 99% of shareholders approved the change of our corporate name to A2B. My fellow Directors and I were both delighted and invigorated by the confidence displayed in the Company's strategy and leadership.

A2B is not just a rebadging of Cabcharge. A2B has been rebuilt from the outside looking in focussed on the Passenger, product user, the environment and society in which we operate. Structurally, A2B is a house of brands with each underlying business unit having its own identity and united under an overarching corporation. But A2B is so much more than its structure – it is a new, more vibrant and fitter organisation that is better able to operate and compete in the technology, payments and personal transport sectors. We have worked hard to celebrate the Company's heritage while modernising not only the name but improving its core governance, technology and marketing capabilities.

Our FY19 results emphasise the substance of our transformation. A2B delivered an all-time high revenue result of $197.9m, with an underlying EBITDA of $36.4m and underlying NPAT of $14.9m. Revenue growth is flowing to the bottom line with a 9.8% increase in underlying NPAT in FY19 and we declared a full year fully franked dividend of 8 cents per share.

With the completion of our acquisition of Mobile Technologies International (MTI) last November, A2B accelerated its development capabilities in technology, payments and personal transport and leveraged them to provide innovation and enhanced services that are truly world class.

Integrating MTI's technology and leveraging its international customer base has accelerated A2B's global presence and reputation as a leader in the personal transport space.

Recent examples include the commissioning of new systems for clients in Canada and New Zealand, provision of new app technology to Transdev in Phoenix, and the extension of services to support bureau expansion for leading Scandinavian players Cabonline and Taksi Helsinki.

Responding to Passenger expectations in the ever increasing competitive landscape of the personal transport sector in Australia, on 1 January 2019 13cabs took a bold step to improve the standard of the vehicles in its fleets through the introduction of age limit requirements. Although higher standards temporarily impacted fleet growth, particularly in NSW and Victoria, the policy supports the delivery of a consistent and high quality service. In July this year we completed the acquisition of the business operations of Gold Coast Cabs for $2.5 million. With a fleet of approximately 400 Taxis the acquisition of Gold Coast Cabs further advances our strategy of offering quality services on a national basis.

A2B has grown as a corporation and responded to the challenges in the market despite the imbalance of regulation that still exists between Taxi and rideshare. While international businesses that use their balance sheets in efforts to buy customer loyalty and drive out local competition remain mainly unchecked by Australian authorities A2B has maintained the highest standards of corporate governance, integrity and stewardship.

We have invested in our technology platforms, stepped up our marketing campaigns, are a proud Australian taxpayer, employer and supporter of local communities through programs and initiatives that are far removed from the veneers that some of our competitors use for the extraction of margins through opaque and ambiguous price surging models.

Our efforts to provide personal transport solutions to rural, marginal and vulnerable Australians are often overlooked by regulators and governments but we are proud of the work that we do and the part that we play in the everyday lives of Australians by creating confidence in their plans for when and where they need to get from A to B.

In the growing and ever evolving technology and personal transport sectors our commitment is to drive continual improvement through innovation and enhancements to the products and services we deliver. We will develop our core strengths to increase the value propositions of our offerings while addressing the challenges of ongoing competition and regulatory constraints.

A2B's horizons are now broader and expand beyond Australia. Supported by our strong balance sheet position we will continue to evaluate strategic acquisitions that increase value for our stakeholders.

Paul Oneile
Chairman

Letter from the CEO

A2B believes in the importance of accessible, dependable and equitable transport throughout the community and we are building the team, technology and brands to support its delivery. We are passionate about working collaboratively to make a difference to the lives of those around us.

We are focussed on long term growth by assembling and developing capabilities in technology, payments and personal transport to provide innovation and enhanced services under brands including Cabcharge Payments, 13cabs, EFT Solutions and the recently acquired Mobile Technologies International.

We are building on a program of work that is delivering substantial improvements in service, often powered by increasingly sophisticated technology. In FY19 average trip ratings for 13cabs improved to 4.5 stars while 90% of Cabcharge Payment clients rated their travel experience as good or great. Our platform is solid and we are well positioned to keep growing. Our commitment to service improvement drove us to remove older vehicles from the affiliated fleet on 1 January 2019, temporarily setting back fleet growth but raising the profile and appearance of our fleet. We are also raising the bar for Driver performance. We anticipate making more tough decisions about our future growth in FY20. At the heart of these decisions is our desire to differentiate our services relating to system integrity (including information about pricing, fare components and Driver status) and the need to achieve returns for Shareholders. For example, the increase in payment terminals issued but not generating adequate returns means we are exploring a pivot towards rental models rather than providing the terminals and related functionality free of charge and relying on Drivers to use them to generate service fee income.

Establishing a national footprint for our Taxi Network business remains a key priority. A national footprint better enables the business to compete with app based businesses while the increasing scale of our operation fuels ongoing investments in technology and marketing. After each successful acquisition, we prioritise integration so that the benefits flow to Passengers, Drivers and Taxi Operators and to the bottom line. Yellow Cabs Queensland is now fully integrated and delivering to expectations.

The acquisition of Mobile Technologies International has fast tracked the opportunity for A2B to offer world class technologies designed to improve operations for personal transport businesses on the global stage. Since the acquisition was completed in November 2018, MTI has commissioned systems for new clients in Canada and New Zealand, provided new app technology to Transdev in the USA, and extended its services to support Bureau expansion for leading Scandinavian players Cabonline and Taksi Helsinki. In FY20 the group is focussing on removing duplication between MTI's and A2B's pre-existing technologies and converging development efforts to accelerate the delivery of best in class products to all MTI clients, including 13cabs.

While reshaping the business for future growth is our key focus, our 900 dedicated staff delivered a record revenue result for the group of $197.9m in FY19, an increase of 6.7%. Revenue flowed to the bottom line resulting in a 9.8% increase in underlying NPAT. Our staff are leading the industry in raising the quality of our services through Driver engagement and education, class leading technology and better presented vehicles. The team won an opportunity to provide bureau services to Mackay Whitsunday Taxis supporting 73 vehicles commencing in October 2019. We plan to continue supporting local networks through bureau service arrangements that share the benefits of scale and the strength of national branding with local operators. In response to regulatory changes in Victoria and Western Australia, we launched a new Taxi Network Champ targeting the most price conscious Drivers who wish to concentrate on rank and hail trips. Champ is a light touch digital network using off the shelf MTI technology to accept bookings via app and website. In addition to these organic sources of growth, we are continuing to use our strong balance sheet position to evaluate strategic acquisitions that increase Shareholder value. The recent Gold Coast Cabs transaction was completed in July and added 400 vehicles to our fleet operations.

A2B's payments consulting business, EFT Solutions, has attracted new clients during a year in which A2B launched a world first closed loop digital payment service for Cabcharge clients, integrated its corporate account offering with expense management systems SAP Concur, Fraedom and inlogik, and embraced Apple Pay and Google Pay within its booking apps. The company's innovative development of payments technology lead to a 'Best Innovation' Award in its category at the Financial Review BOSS Most Innovative Companies awards. We are committed to delivering service improvements through ongoing innovation that increase Shareholder value.

The quality of our Passenger apps has strengthened while becoming more user centric with our 13cabs and Silver Service apps emerging with class leading 4.8 star ratings, contributing to a 41% increase in app bookings. Meanwhile 5,317 new Drivers joined the 13cabs network in FY19. We achieved 31% growth in turnover through handheld payment terminals in FY19 and recently launched a Spotto card that gives Drivers fast access to cash at any ATM taking the Spotto offering another step forward.

With our strong and motivated workforce A2B is building a sound platform for growth. We recognise the size of the opportunity and the need to put the foundations in place for lasting change. We are creating confidence in people's plans by delivering experiences that matter, that shape us, that make a positive impact on our stakeholders - Shareholders, Passengers, Drivers, Operators, Corporate Clients and the wider community.

Andrew Skelton
Chief Executive Officer
and Managing Director

In the Community

At A2B we recognise the importance of providing our customers and the wider community with services that are sustainable, safe, accessible and fair. We understand that many Australians rely on the assistance we provide in order to live independent and connected lives.

We believe in the importance of contributing to the community by supporting and creating community programs such as the 13cabs Taxi Driver Memorial Cup, and through our involvement in personal transport industry initiatives. In 2019 we facilitated over 8 million trips supporting Passengers with a disability.

We're proud of the various community-building efforts our team members are a part of, from helping to deliver medical goods to hospitals on a daily basis, to partnering with charitable organisations like Guide Dogs Australia, the Royal Children's Hospital and the Good Friday Appeal.

Malabar Ocean Swim

Royal Children's Hospital Good Friday Appeal

13cabs Taxi Driver Memorial Cup

Junior Lord Mayor program

Board of DIRECTORS

Paul Oneile

Independent
Chairman

Paul was appointed as Chairman in February 2017. He was formerly the independent Chairman of Intecq Limited from September 2012 to December 2016. Paul has over 30 years of executive experience across many industries including leisure and entertainment, retail, manufacturing, property, software and technology. His previous roles included CEO and Managing Director of Aristocrat Leisure Limited (2003–2008), Chairman and CEO of United International Pictures (1996–2003), Non-executive Director of Village Roadshow Limited (1990–1996), and Managing Director of The Greater Union Organisation Pty Ltd (1990–1996).

Paul holds a Bachelor of Economics degree from the University of Sydney.

Louise McCann

Independent
Non-executive Director

Louise was appointed as a Director in August 2017. She is the Chairman of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee. Louise is currently the Chairman of Grant Thornton Australia and a Non-executive Director of Macquarie Media Limited, Credit Union Australia Limited, and the University of Notre Dame Australia. Louise was previously a Non-executive Director of iiNet Limited (2011–2015). Louise has over 25 years of experience in media, publishing and market research in Australia and internationally. Her previous executive roles included CEO for Asia and Managing Partner for Australia for Hall & Partners (2009–2012), CEO and Chairman of Research International (ANZ) (2004–2009), and CEO of OzTAM Pty Ltd (2001–2004).

Louise holds a Master of Management from Macquarie Graduate School of Management and is a fellow of the Australian Institute of Company Directors, the Institute of Managers and Leaders, and the Royal Society for Arts, Manufacturers and Commerce.

Richard Millen

Independent Non-executive Director

Rick was appointed as a Director in June 2014. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee. He also served as Chairman from November 2016 to February 2017. Rick has extensive experience in corporate transactions, corporate finance and accounting. Having spent over 30 years with PwC, his senior executive roles at the firm included leading its first Corporate Finance practice and subsequently the firms' broader Advisory practice. Rick has a strong background in corporate responsibility. He led PwC's internal Corporate Responsibility agenda and is currently a Director of Australia for UNHCR.

Rick holds an MA Hons Jurisprudence (Law) from Oxford University, is a graduate of the Australian Institute of Company Directors and is a member of the Institute of Chartered Accountants in Australia and New Zealand.

Clifford Rosenberg

Independent Non-executive Director

Cliff was appointed as a Director in August 2017. He is a member of the Audit and Risk Committee and the Remuneration and Nominations Committee. Clifford is currently a Non-executive Director of Afterpay Touch Group Limited, Nearmap Limited and Technology One Limited. Clifford has over 20 years of experience in the digital space as an entrepreneur and as an executive, with specific experience in disrupting businesses. His previous executive roles include Managing Director, South-East Asia, Australia & New Zealand for LinkedIn (2009–2017), Managing Director of Yahoo! Australia & New Zealand (2003–2006) and Founder and Managing Director of iTouch Australia and New Zealand, one of the largest mobile content and application providers in Australia.

Cliff holds a Master of Science in Management from the Ben Gurion University of the Negev, and a Bachelor of Business Science (Honours) in Economics and Marketing from the University of Cape Town.

Andrew Skelton

Chief Executive Officer and Managing Director

Andrew Skelton was appointed CEO in June 2014 and Managing Director in December 2014. Andrew was the Group Corporate Counsel and Company Secretary from December 2011 until his appointment as CEO. Andrew has over 20 years of experience in the personal transport industry. He has held senior management and executive roles in Taxi Networks, payments and operations, including as Chief Operating Officer of Black Cabs Combined from 2005 to 2011. Prior to this Andrew was a solicitor at K&L Gates in Melbourne specialising in mergers and acquisitions.

Andrew holds an MBA, Bachelor of Laws, Bachelor of Commerce and a Graduate Diploma of Applied Corporate Governance.

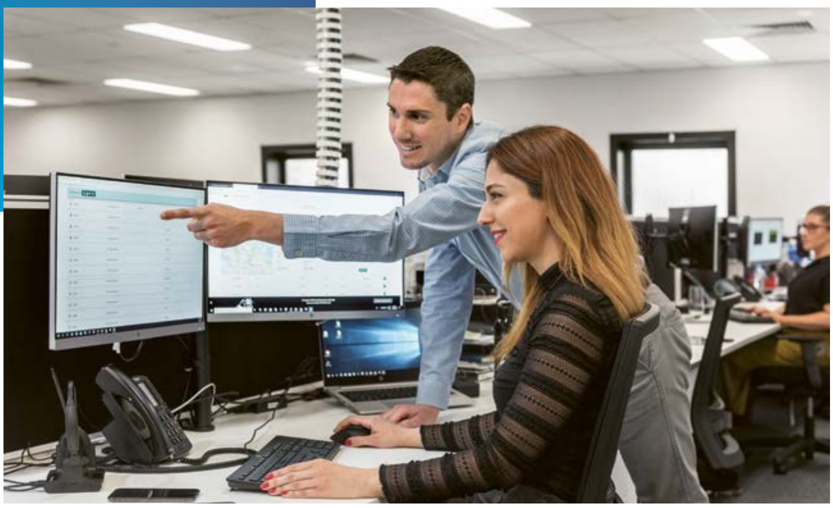
Operating and Financial Review

A2B provides technologies and payment solutions enabling the successful operation of personal transport services. A2B supports a broad range of participants and stakeholders in the personal transport industry.

Background and Overview

A2B specialises in facilitating bookings, trips and payments. Whilst A2B has focussed on the Taxi Industry in Australia, its capabilities in technology and payments are increasingly being leveraged by major banks and retailers and in other categories of personal transport such as hire cars and minibus services.

In recent times a series of changes to regulations impacted the traditional means by which the Taxi Industry – and A2B – could earn revenue. In some jurisdictions, notably New South Wales, local policies have significantly hampered the Taxi Industry's – and A2B's – ability to expand and grow in order to service the growing demand for trips. During this period the arrival of several overseas competitors simultaneously altered competitive dynamics in the personal transport market in Australia. A2B initiated its response to regulatory and market changes by strengthening its balance sheet and rebuilding the business from the outside looking in. As a result non-core assets were sold and a national approach to Taxi related services – including brands and technology – was put in place.



Since resetting the business A2B has been building on its capabilities in technology, payments, and personal transport. These capabilities are being applied to support the delivery of payment and personal transport services in a profitable, sustainable, and multi channel format. The markets that A2B competes in are increasingly dynamic, competitive and exciting and the capabilities being developed in house are enabling A2B to build the foundations for sustainable growth in the years ahead.

In FY19 A2B increased its revenue by 6.7% to a record result of $197.9 million (FY18 $185.5 million). Top line growth follows a sustained period of investment in technology and brands during which A2B has established a pattern of improving the sophistication and strength of its offerings. In FY19 these investments contributed to delivering organic revenue growth of 3%. Active leadership in industry consolidation, vertical integration and international expansion also contributed to revenue growth in FY19. FY19 results benefitted from the full year contribution of Yellow Cabs Queensland and an increase in independent Taxi Networks, such as Coffs Harbour, utilising our contact centres and marketing under Bureau arrangements. Vertical integration through fleet operations continued in Brisbane, was extended in Adelaide, and was launched in Sydney. The acquisition of Mobile Technologies International (MTI) during 1H19 expanded A2B's footprint to the global stage.

Brands and activities

Taxi Network services, training, administration support, vehicle sales, equipment provision, insurance and financing throughout Australia and in Manchester (UK).

Provision of in-vehicle and hand held payment terminals and payment processing for Taxi networks, Drivers and hire cars. Provision of class leading client portal and innovative products for corporate and government travellers enabling unparalleled control, tracking, accountability and management of travel costs.

Mobile Technologies International is a leading provider of comprehensive software solutions focussed on automotive dispatch and booking technologies supporting personal transport providers throughout Australia, New Zealand, USA, Canada, Finland, Sweden and the UK.

Payment, consulting services and product innovation for payment terminal providers including banks and retailers across Australia.

Payments

A2B provides payment services to participants in the personal transport industry. The services enable Passengers to discharge their obligation to pay the Driver without using cash. A2B provides Passengers with a range of payment solutions to meet their personal transport needs. For Corporate Clients A2B offers innovative products to charge Taxi expenditure on account and delivers real time trip information that facilitates efficient management of travel expenditure.

A2B receives service fee income on non-cash Taxi payment transactions based on the value of fares, tolls, airport charges and Government Levies processed by its FAREWAYplus and Spotto payment terminals. A2B receives monthly rental income for its Giraffe product (a handheld payment terminal for Hire Car Drivers).

Bookings and trips

The acquisition of MTI evidences A2B's commitment to supporting Taxi Networks globally. MTI provides dispatch systems and related technologies that are core to the efficient operation of booking services, contact centres, and Customer Relationship Management systems for Clients and Drivers. MTI's technologies are utilised in each of A2B's Taxi Networks.

A2B provides Taxi Network services under brands including 13cabs, Silver Service, Maxi Taxi, Lime Taxis and CHAMP to Taxi Operators and Drivers in New South Wales, Victoria, South Australia, the Northern Territory and Queensland. A2B also operates the Mantax Black Cab network in the UK city of Manchester. These services include facilitation of efficient booking dispatch through world-class Apps, web sites and contact centre operations; full Taxi fit outs (including branding and installation of in-car Taxi equipment); repairs to assist Operators in managing a high-quality fleet of cars; vehicle finance and insurance to assist Operators as small business owners; and Driver education, training and uniforms to support service levels for Passengers. Our Networks also broker Taxi licence plates on behalf of the licence owner to Taxi Operators.

The fixed monthly subscription fee received from Taxi Operators for affiliation with the 13cabs and Silver Service fleets represents the majority of Taxi Network revenue. Brokered Taxi plate licence income and payments to the licence owner are on a monthly fee basis set by market conditions for each type of Taxi licence plate. Other Taxi related services not provided as part of the Network subscription fee generate revenue as the services are provided.

A2B owns and operates a fleet of 256 Taxis in its Networks in Brisbane, Adelaide and Sydney. A2B receives income through the rental of these vehicles by independent Drivers and Operators.

Other activities

School bus services in Adelaide generate revenue based on contracts with the State Government. A2B also generates income by providing processing services for State and Territory Taxi transport subsidy schemes; courier services in Queensland; and software development for clients in the banking and retail sectors (clients include Australia Post, Woolworths, Westpac and Verifone). A2B owns a national portfolio of Taxi licence plates which are leased at monthly rates set by market conditions for each location and Taxi plate licence type.

13cabs average trip rating

FY17	FY18	FY19
3.1 stars	4.4 stars	4.5 stars

Growth in the average trip rating for 13cabs demonstrates our commitment to improving the value proposition for Passengers

Strategy and prospects

A2B's vision is to be Australia's leading personal transport business and the first choice for personal and corporate Passengers, the preferred payment and Network service partner for Drivers and Taxi Operators and the employer of choice in the personal transport sector.

Strategic focus

Investment decisions at A2B are backed by a clear strategic focus:

Developing world class Technologies and inspiring marketing initiatives

Improving the value proposition for Passengers to capture the growing demand for personal transport

Supporting Drivers in the personal transport sector

Engaging with Taxi Operators and Taxi Networks through the supply of world class technology and support services

FY19 progress

During FY19 A2B has maintained its commitment to investing in marketing and technology; attracted 5,317 new 13cabs Drivers through a strong Driver value proposition; and strengthened the 13cabs Network via refreshed branding and new vehicle standards in pursuit of its mission to be Australia's leader in the growing personal transport sector. In FY19 A2B's progress included:

Technology Investment for Enhanced User Experience:

Digitising the Cabcharge FASTCARD.

Extending the Digital Pass to the Android platform.

Embracing and implementing Apple Pay and Google Pay as app payment options.

Enhancing the 13cabs and Silver Service apps and increasing their rating to 4.8 stars in the iOS App Store store.

Marketing and Brand Development:

Rolling out the new 13cabs brand to 95% of the 13cabs fleet.

Nominated Best Digital Campaign award for the use of targeted video promoting 'no surge pricing'.

Rebranding Cabcharge FASTCARDs, eTickets and Digital Passes to reflect the new Cabcharge Payments brand.

Executing Innovative brand campaigns with Tommy Little, Anna Gare and Peter Switzer.

Stronger Driver/Operator Value Proposition:

Increasing fleet size in Adelaide, Brisbane, Melbourne and Newcastle.

Announcing the acquisition of Gold Coast Cabs.

Extending fuel discount program to Spotto Drivers.

Growing Taxi Networks:

Launching the pilot of new tablet based dispatch system.

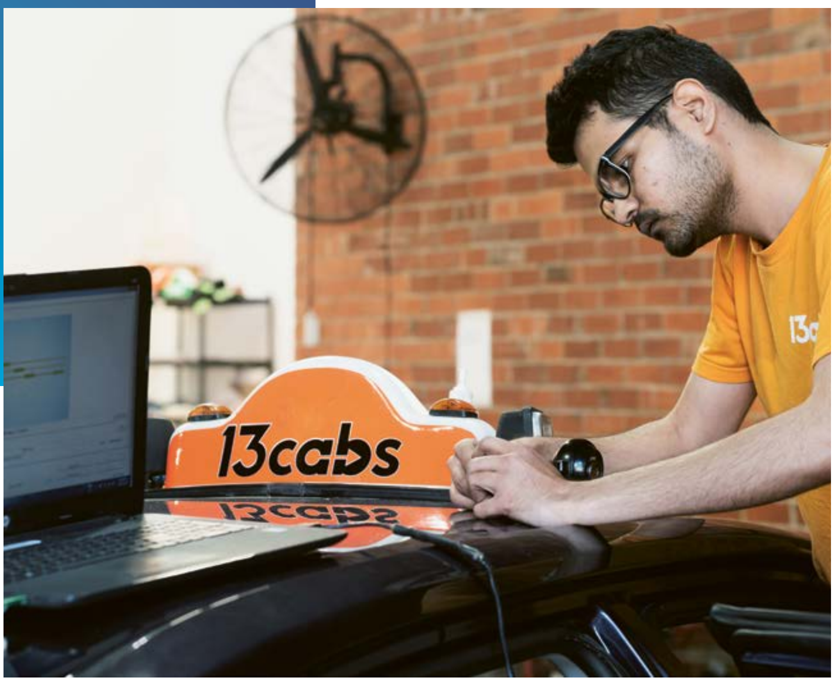
Launching an operator pathway program supporting transition from Driver to Operator with Tiger Taxis in Sydney.

Rolling out a new 13cabs Safety Management System nationally.

Launching a digital only budget Taxi network CHAMP.

FY19 was a busy year at A2B. The rollout of the refreshed national brand for 13cabs is now substantially complete and a new brand was launched and implemented for Cabcharge Payments. The name of the listed entity was transitioned from Cabcharge Australia Limited to A2B Australia Limited following strong Shareholder support at the 2018 Annual General Meeting.

The acquisition of Mobile Technologies International (MTI) has fast tracked the opportunity for A2B to offer world class technologies designed to improve operations for personal transport businesses around the world. During FY20 the team is focussing on best in breed technologies and removing duplication. This means that the class leading 13cabs App, which increased its rating to 4.8 stars in the iOS App Store store, can be packaged up with customer branding as part of the MTI offering removing the need for the group to maintain and develop multiple apps. Even prior to leveraging the experience and resources of the A2B group, MTI continued to sell and commission technologies across the globe in FY19. Notable examples include the commissioning of new systems for clients in Canada and New Zealand, provision of new app technology to Transdev in the USA, and the extension of services to support Bureau expansion for leading Scandinavian players Cabonline and Taksi Helsinki.



A2B's commitment to leadership in technology is demonstrated by the functionality of the Cabcharge Digital Pass, a world first in closed loop digital payment products, being extended to the Android platform. The Cabcharge Digital Pass pairs with the revolutionary Cabcharge Plus account portal which offers Clients unprecedented ability to control and track spend whilst distributing virtual rather than physical payment instruments. Together, these proprietary technologies recently won an award for 'Best Innovation' at the Financial Review BOSS Most Innovative Companies awards. This is just one example of how A2B is modernising its payments business.

A2B's capabilities in technology and payments enable the generation of trip data that is best in class. The quality of A2B's data creates a clear point of differentiation over credit card transactions. Governments with modern approaches to their Taxi subsidy program have recognised our leadership in payments with extensions to A2B's provision of electronic Taxi subsidy programs being formalised in Queensland, Tasmania and the Northern Territory for Passengers facing difficulty accessing public transport.

Payments innovation extends to digitising the Cabcharge FASTCARD and the incorporation of Google Pay and Apple Pay within our booking applications. Our capabilities in delivering payment solutions were again utilised by Woolworths, Australia Post, Westpac and Diners during the year and we were pleased to announce the opportunity to provide Fluid Management Technologies with an unattended outdoor payment solution that can be integrated into its fuel management system. The Fluid Management Technology solution is due to go live in 1H20.

A2B undertook a range of site relocations and improvements during FY19. These works have modernised the look, feel and usability of our business premises. Upgraded facilities are now active in New South Wales at Alexandria, Darlinghurst and Newcastle and in Victoria at Thomastown and Oakleigh. These improvements are increasing engagement and satisfaction levels for customers and staff.

Affiliated fleet grew in Adelaide, Brisbane, Melbourne and Newcastle primarily as a result of market share gains. Regulations in Sydney restrict growth and affiliated fleet declined in that city following the introduction of vehicle age limits on 1 January 2019 that disqualified older vehicles from representing the 13cabs and Silver Service brands. The Melbourne and Sydney markets for affiliation have simultaneously seen the emergence of low cost providers. A2B has responded with the introduction of CHAMP targeting the budget end of the market. CHAMP caters for Drivers and Operators with their own book of client work and for Drivers that are content servicing rank and hail trips. CHAMP also provides a mechanism for Operators with vehicles that don't qualify for 13cabs or Silver Service to continue their access to the support and convenience of the A2B network.

A2B's core Passenger App – 13cabs – continued to grow with a 66% increase in downloads in FY19. App bookings increased by 41% during FY19 with a 73% uptick in Passengers utilising the option to pay within the app.

13cabs app FY19 performance

13cabs

66% increase in App downloads

41% increase in trips booked

4.8 star rating — Class leading in the iOS App store

"We are constantly iterating our technologies to remove friction and deliver enhanced user experiences."

The mobile website for 13cabs was rebuilt during FY19 leveraging our new Passenger facing brand and our emerging expertise in user experience. Accessing a web based booking service via a phone is faster than visiting an app store, downloading an app, and completing a registration process. The new mobile website is already the top performer in organic search rankings in its category having attracted over 1 million visitors.

Despite the increasing importance of software as a differentiator, purpose built hardware continues to be essential in meeting regulatory requirements and setting the standard in some jurisdictions. An example of A2B's leadership in this category is the introduction of a new proprietary in-vehicle camera designed in house to exceed the required specifications in Queensland, NSW, Victoria, Western Australia and Tasmania.

The sophistication of A2B's technologies and the emerging strength of its brands is attracting third party networks to access them through the provision of network services under a Bureau contract. During FY19 A2B was delighted to welcome Taxi businesses from Coffs Harbour and Tamworth as Bureau clients.

Payment turnover during the year dipped below FY18. Outages at our switching partner and communications outages caused by Telstra substantially impacted our payments turnover and disrupted our business during the FY19 year. Unfortunately, a long Telstra outage that incapacitated our payment terminals coincided with the peak of Victoria's Spring Racing Carnival. It is likely that economic softness and a decline in rank and hail work across the industry as consumers increased their use of booking platforms also impacted payment turnover in FY19.

The world will keep changing but A2B's strategic focus, affinity with the growing personal transport industry, and emerging expertise in technology and payments are combining to deliver growth. In FY19 revenue increased by 6.7%, underlying EBITDA increased by 5.1%, and underlying NPAT increased by 9.8%. The strategic and operational advancements made and the projects delivered during FY19 have built the foundations for ongoing growth in the years to come.

Financial Results

A2B has built a sound platform for growth following a period of investment in technology and brands. A2B is delivering on its strategy and achieved earnings growth of 9.8% in FY19.

REVENUE	UNDERLYING EBITDA	UNDERLYING NPAT	DIVIDEND	NET CASH
$197.9m	$36.4m	$14.9m	FY19: 8¢	$16.5m
↑ 6.7%	↑ 5.1%	↑ 9.8%	FY18: 8¢	FCF $11.3m

In FY19 A2B achieved a $14.1 million improvement in statutory net profit after tax to $11.9 million (FY18 -$2.2 million).

- Revenue increased 6.7% or $12.4 million to $197.9 million (FY18 $185.5 million)
- Organic revenue growth of 3% coupled with cost control discipline (organic costs increased 1.1%) contributed to a 5.1% underlying EBITDA improvement
- Underlying NPAT improved 9.8% to $14.9 million (FY18 $13.6 million)
- A full year dividend of 8 cents fully franked was declared

REVENUE

UNDERLYING EBITDA

UNDERLYING NPAT

UNDERLYING EARNINGS PER SHARE

Unless otherwise stated full year results disclosed in this Operating and Financial Review are underlying results from continuing operations excluding significant items. Underlying profit is a non-statutory measure for the purpose of assessing the performance of the group.

Underlying financial results	FY19 $m	FY18 $m	Change over PCP
Revenue	**197.9**	**185.5**	**6.7%**
Other income	0.3	0.4	
Expenses	(161.8)	(151.3)	
EBITDA	**36.4**	**34.6**	**5.1%**
Depreciation & Amortisation	(14.6)	(14.9)	
EBIT	**21.8**	**19.7**	**10.9%**
Net interest	(0.6)	(0.7)	
Profit before tax	**21.3**	**19.0**	**11.8%**
Income tax	(6.4)	(5.5)	
NPAT from continuing operations	**14.9**	**13.6**	**9.8%**
EBITDA margin	18.4%	18.7%	
EBIT margin	11.0%	10.6%	
Underlying earnings per share (AUD)	12.4 cents	11.3 cents	

Reconciliation of underlying profit to statutory profit	FY19 $m	FY18 $m	Change over PCP
Underlying profit before tax	**21.3**	**19.0**	**11.8%**
Taxi license compensation	0.0	2.2	
Taxi plate impairment charges	0.0	(15.7)	
Rebranding cost	(1.7)	0.0	
Acquisition and integration cost	(2.1)	(1.4)	
Employee separation cost	(0.3)	(0.1)	
Accelerated depreciation	0.0	(0.3)	
Total items excluded from underlying profit before tax	**(4.1)**	**(15.3)**	**73.3%**
Statutory profit before tax	**17.2**	**3.7**	**361.7%**
Income tax	(5.3)	(5.6)	
Statutory NPAT from continuing operations	**11.9**	**(1.9)**	**739.9%**
(Loss)/profit from discontinued operations	0.0	(0.4)	
Statutory NPAT	**11.9**	**(2.2)**	**635.5%**
Statutory earnings per share (AUD)	9.9 cents	(1.5cents)	739.9%

Revenue and Taxi fares processed

A2B recorded an all-time high revenue of $197.9 million (FY18 $185.5 million) representing an increase of 6.7% or $12.4 million compared to prior year.

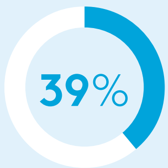
Acquisitions contributed $9 million of revenue or 4.8% growth. Organic revenue growth contributed $5.6 million or 3% prior to the adverse impact of regulatory changes in Queensland implemented in October 2017. This change resulted in a $2.2 million reduction in service fee income on a like for like basis in the first quarter of FY19.

$140m or 71% of revenue delivered through four key revenue streams

FLEET
Network subscription fee

$76.7m

+9.6% vs pcp



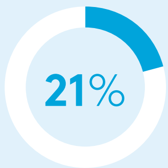
of total revenue

- Subscription revenue growth of $6.7m or 9.6%
- Organic growth $5.7m or 8.1%
- Growth through acquisitions of $1m or 1.5% primarily relating to 13cabs Qld
- Completion of 13cabs Qld integration with business performing in line with expectations
- Fleet numbers declined in 2H19 following the introduction of vehicle age limits
- Melbourne fleet stabilising following 40% growth in past 24 months
- Qld and SA achieved single digit growth while NSW continued to be restricted by State regulation (-3.6%)
- 95% of 13cabs fleet rebrand completed

FARES PROCESSED
Taxi service fee

$42.1m

-5.8% vs pcp



of total revenue

- The introduction of service fee caps in Qld adversely affected first quarter service fee income by $2.2m
- Service fee income on a like for like basis ended $0.4m or 0.9% below pcp
- Total fares processed of $983m down 1% or $10m
- Adjusted for 33 hour Telstra failure in Nov18 fares ended at ~$988m, down 0.5% vs pcp
- Cabcharge account turnover of $312m in line with pcp
- Launch of digital FASTCARD and eTicket
- Continued volume growth in handheld channel, up 31% vs pcp
- Bank issued/3rd Party card turnover of $671m down 1.3% vs pcp

FLEET OPERATIONS
Taxi operating revenue

$11.6m

+50.3% vs pcp

of total revenue

- Taxi operating revenue increased $3.9m or 50%
- A2B now operates 256 Taxis across Qld (129), Adelaide (110) and Sydney (17)
- Adelaide fleet has grown from 67 operated vehicles to 110
- In FY19 A2B launched Taxi Operations in Sydney
- Vertical integration provides greater control over service delivery
- Tiger Taxis pathway program supports the transition from Driver to Operator

TECHNOLOGY
Software & Hardware

$9.5m

+114% vs pcp

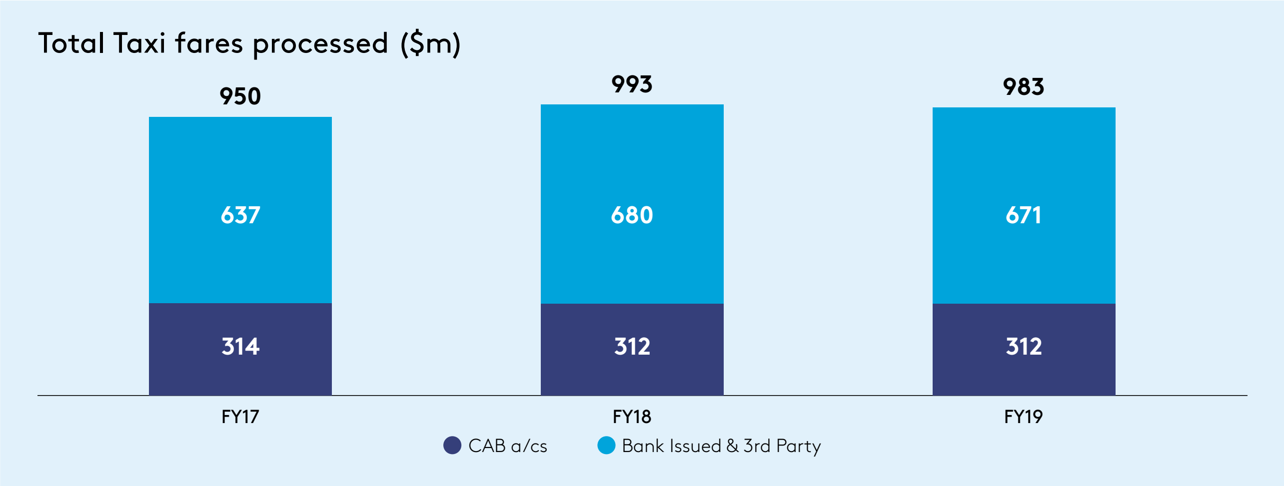
of total revenue

- Includes software consulting and software licensing ($5.1m)
- Includes hardware rental and hardware sales ($4.4m)
- Income generated across A2B brands globally leveraging proprietary technology and payments expertise
- FY19 growth of $5.1m primarily driven by MTI acquisition ($4m), camera rentals and EFT Solutions
- MTI serves 140 customers globally and has signed up 10 new customers since the acquisition was announced
- EFT Solutions is attracting new customers from other industries.

Brokered Taxi license plate income declined $2.6 million to $23.5 million in FY19 (FY18 $26.1 million) due to lower average market rates, primarily in New South Wales. Reduction was offset by reduced associated brokered license plate cost with net revenue of $1.5m ending in line with pcp (FY18 $1.5 million).

Courier services income generated by the 13cabs Queensland business increased $0.7 million or 18.9% to $4.4 million (FY18 $3.7 million). On a like for like basis courier service fee income increased 9.5%.

Vehicle sales income increased $1.4 million to $6 million (FY18 $4.6 million) with 244 cars sold in FY19.

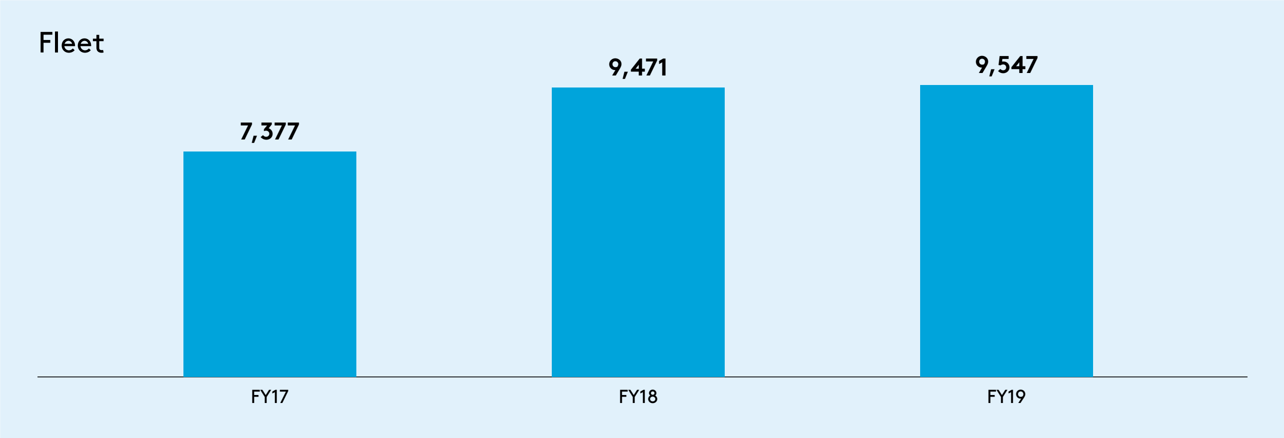


Softening macro-economic conditions coupled with a 33 hour Telstra outage in November put pressure on Taxi fares processed in FY19. Cabcharge Payments processed $983 million in Taxi fares representing a decline of 1% or $10 million vs pcp (FY18 $993 million).

In addition to the Taxi fares processed reflected above, Cabcharge Payments facilitated payment for 8 million trips supporting Passengers with a disability that rely on Taxi services across Australia.

The handheld channel (Spotto and Giraffe) continued to grow with a 10% increase in the number of terminals deployed and a 31% increase in Taxi fares processed totalling to $135 million. In FY19 A2B introduced contact centre payments and, although a small proportion of total Taxi fares, Taxi fare payments made through the App increased by 73% on FY18.

Cabcharge corporate account volumes ended in line with pcp at $312 million. In FY19 Cabcharge Payments rolled out new products including the Digital Pass allowing corporate account customers to self-manage and distribute a digitised version of the FASTCARD and eTicket.



A2B's investment in technology, brands and service continued in FY19 demonstrated by increased marketing activity, the introduction of vehicle age limits and rebrand of the national 13cabs fleet, now 95% completed. Total fleet peaked at 9,963 cars during the year after which a decline was experienced following the introduction of vehicle age limits.

Modest fleet growth returned in 4Q19 with the Victorian market stabilising and single digit growth in the remaining markets. Fleet as at 30 June 2019 ended at 9,547 cars, up 76 cars or 0.8%.

Other income

Statutory other income includes $0.3 million in gain on disposal of plant and equipment primarily relating to disposal of vehicles.

Cash expenses

On a statutory basis total cash expenses increased 8.5% or $13 million to $165.9 million (FY18 $152.8 million) with $8.9 million relating to the impact of acquisitions. In FY19 $2.1 million in acquisition and integration costs, $1.7 million in rebranding costs and $0.3 million in employee separation costs were incurred. These expenses are excluded from underlying cash expenses.

On an underlying basis total operating cash expenses increased 7% or $10.5 million to $161.8 million (FY18 $151.3 million). The impact of the Yellow Cabs Queensland and MTI acquisitions contributed $8.9 million in operating cash expenses. On a like for like basis, excluding the impact of acquisitions, operating expenses increased 1.1% or $1.6 million.

Volume driven cash expenses

Volume driven cash expenses increased 1.9% or $0.9 million to $50.6 million (FY18 $49.7 million). On a like for like basis, excluding the impact of acquisitions, volume cash expenses decreased 4.1% or $2.1 million. This decrease is primarily attributable to $3 million lower brokered Taxi license plate costs and $0.7 million lower processing fees paid to Taxi networks partly offset by increased costs of goods sold of $1 million relating to vehicle sales and Taxi operating expenses of $0.8 million.

Non-volume driven cash expenses

Non-volume driven cash expenses increased 9.5% or $9.6 million to $111.2 million (FY18 $101.6 million). On a like for like basis, excluding the impact of acquisitions, non-volume cash expenses increased 3.6% or $3.7 million. From the $3.7 million increase $2.3 million relates to employee expenses mostly driven by wage increases. Other non-volume cash expenses increased $1.7 million compared to prior year, primarily driven by an increase premises related costs of $0.9 million and cloud hosting costs of $0.5 million.

Depreciation and amortisation

Total depreciation and amortisation charges decreased 2.6% or $0.3 million. On a like for like basis, excluding the impact of acquisitions total depreciation and amortisation charges decreased 6.8% or $1 million. This includes $0.9 million in amortisation charges of intangible assets that were recognised following the acquisition of MTI and Yellow Cabs.

Net finance costs

Net finance costs decreased $0.1 million to $0.6 million (FY18 $0.7 million) as a result of reducing our finance facility in December 2018.

Income tax expense

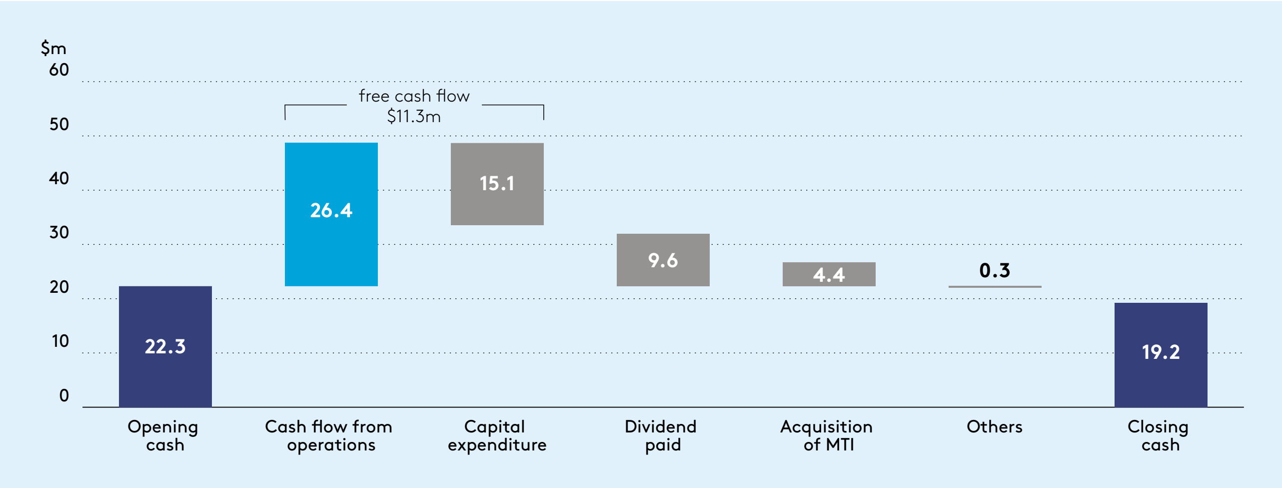
The income tax effective rate on pre-tax statutory profit was 31% (FY18 150%) affected by the non-tax deductibility of an increase in the employee benefits provision.

Profit after tax from continuing operations

Underlying net profit after tax was $14.9 million (FY18 $13.6 million). The 9.8% or $1.3 million increase in profit is largely driven by revenue growth. Statutory net profit after tax of $11.9 million was recorded in FY19 (FY18 $2.2 million loss).

Cash flow

In FY19 A2B generated $26.4 million in cash flow from operations and invested $15.1 million in capital expenditure recording free cash flow of $11.3 million. Total dividend payments of $9.6 million were distributed to shareholders and MTI was acquired for a net consideration of $4.4 million.



A2B continued to generate strong cash flows with cash flow from operations representing 100% conversion of statutory cash profit (profit after tax and before depreciation, amortisation and impairment charges).

Total capital expenditure for FY19 was $15.1 million (FY18 $15.7 million). The main components of capital expenditure included $6.1 million in software development, $2.9 million for in-car equipment, $2.7 million supporting expansion of fleet operations and a $1.8 million investment in new premises and office refurbishments.

A fully franked final FY18 dividend of 4 cents per share and an FY19 interim dividend of 4 cents per share were paid totalling $9.6 million (FY18 $16.9 million).

Dividend

A2B paid a fully franked interim dividend of 4 cents per share in April 2019. Directors have declared a fully franked final dividend of 4 cents per share scheduled for payment on 31 October 2019, taking full year dividends to 8 cents per share fully franked (FY18 8 cents). The record date for the FY19 final dividend is 27 September 2019.

Financial position

Balance sheet

	FY19 $m	FY18 $m
Cash and cash equivalents	19.2	22.3
Other current assets	81.3	76.1
Total current assets	**100.5**	**98.4**
Property, plant and equipment	38.9	38.3
Taxi plate licences	17.5	17.6
Other non-current assets	58.1	50.5
Total non-current assets	**114.5**	**106.3**
Total assets	**214.9**	**204.7**
Loans and borrowings	2.7	3.1
Other liabilities	48.1	39.4
Total liabilities	**50.8**	**42.5**
Total net assets	**164.1**	**162.2**
Net cash	16.5	19.2

A2B maintained its strong financial position and is well positioned to execute on investment opportunities with net cash of $16.5 million and access to an undrawn finance facility of $50 million.

A2B reduced its finance facility limits from $70 million to $50 million in December 2018 reducing financing costs relating to unused lines of credit while maintaining its ability to fund future growth initiatives.

Goodwill increased $0.6 million following the acquisition of MTI in November 2018.

Investments

In July 2019 A2B acquired the business operations of Gold Coast Cabs for $2.5 million. Gold Coast Cabs provides booking and dispatch services to approximately 380 Taxis on the Gold Coast. The acquisition of Gold Coast Cabs further advances A2B's strategy of offering services on a national basis.

Outlook

The markets that we serve will continue to change, and so will we. Our strengthening capabilities in technology and marketing are delivering service improvements that resonate with our stakeholders.

Growth in affiliated fleet will benefit from the acquisition of Gold Coast Cabs which was completed on 2 July 2019. We have been able to retain 100% of the 380 strong Gold Coast fleet as affiliates, up on our initial estimates of 230 cars. We are continuing to strengthen our bureau service offering for independent Taxi Networks and anticipate the announcement of additional clients in 1H20. At the budget end of the network affiliation market, our newly launched CHAMP brand competes on price whilst retaining the support of the A2B group's resources and facilities.

We do anticipate fierce and price driven competition for customers to continue throughout FY20. Australian Governments typically welcomed what was previously unlawful with open arms; without proper consideration of the longstanding rationale for even handed regulations covering price, safety, quality and accessibility. There are not yet signs this pattern will reverse. Together, these factors are impacting how Passengers access trips with an increase in booked trips at the expense of rank and hail, pressuring the payment turnover that A2B processes in particular on behalf of third party Taxi Networks. To counter these forces we are increasing the value proposition of our offerings. For example, we have integrated our Cabcharge Account offering with SAP's Concur, the world's largest expense management system, with further integrations scheduled for FY20. In another example, Drivers using our Spotto handheld payment terminals can now access cash at any ATM following the recent launch of Spotto Cards.

We have been at the leading edge of payment innovation for some time, offering Passengers the full range of payment options and leading the world in closed loop digital payments. We anticipate this will continue with a healthy pipeline of opportunities for our EFT Solutions payment consulting business. There may be further changes to regulations that impact service fees in the Taxi Industry. For example, a reduction in service fees may lead to a transition to a terminal rental model rather than providing the terminals and payment services free of charge to industry participants. A2B currently issues the Giraffe payment terminal on a rental basis and we will consider extending Giraffe terminals into other verticals.

The acquisition of MTI has positioned A2B on the global stage. MTI has continued to grow since the acquisition was announced in June 2018. Already in FY20 MTI has won contracts for the provision of technology to CareCabs in Alberta, Canada and Yellow Cabs Seattle in the USA. During FY20 the group will focus on removing duplication between MTI and A2B's pre-existing technologies so development efforts converge to accelerate delivery of best in class products to clients.

Our efforts to relocate and remodel business premises to improve customer and staff engagement and provide better service to Drivers and Operators will continue, with improvements being explored on the Gold Coast, in Adelaide, and in inner Melbourne.

Strategic acquisitions will continue to be examined on their merits. The organic cost base is broadly stable presenting the opportunity to capture benefits of scale as our reset business grows. A2B believe in the importance of accessible, dependable and equitable transport throughout the community and we are building the team, technology and brands to support its delivery. We are passionate about working collaboratively to make a difference to the lives of those around us.

Material business risks

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

The risks 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	A2B's operations are subject to State and Territory regulation and control. New State Passenger levies were introduced. Queensland implemented a 5% limit on payment service fees in FY18 effective October 2017 with Tasmania now being the only state without service fee restrictions. It is possible that Taxi Regulators may impose lower limits on the level of service fees able to be charged to Cabcharge Customers thereby potentially impacting revenue and earnings. It is possible that Taxi Regulators may change rules around required standards and quality control aspects of Taxi Networks. Taxi Regulators may 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 and the Taxi industry more broadly. Taxi Regulators may also restrict the supply of Taxi plate licences which limits growth opportunities for the Taxi Industry.	Continue to work with Taxi Regulators on issues affecting the Taxi Industry. Building applications to collect levies. Operators can reconcile their levies with Drivers and the Network through our Operator Portal and CabAccess Administration tool which we now offer nationally as well as providing additional levy report improvements. 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. Maximise opportunities for A2B presented by regulatory frameworks.
Changes to competitive landscape/ changes to IT environment	Continued emergence of 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 technology development serving the personal transport industry. Development and integrate bookings and payments. Strategic acquisition-led growth to bolster existing technology and resources and leverage scale. Continue investment in technology and marketing as reflected by: • Acquisition of MTI • 13cabs national fleet rebrand roll-out • Cabcharge Payments rebrand • Expansion of digital payment offerings through World first launch of Digital Pass, replacing physical eTICKET and FASTCARD • Upgrades and added features to the 13cabs and Silver Service Taxi apps • Rebuild of class leading mobile web booking platform

Corporate Governance Statement

The Board of A2B Australia Limited (the **Company** or **A2B**) is responsible for the corporate governance of the Company and its controlled entities (**Group**). The Board believes that robust corporate governance practices, internal control systems and an effective risk management framework will contribute to the responsible and sustainable creation of long-term value for the Company's shareholders.

Throughout the year ended 30 June 2019 (**FY19**), the Company's corporate governance arrangements were consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**ASX Principles**).

In light of the recently released 4th edition of the ASX Principles, the Board has also engaged external advisers to review the Company's corporate governance practices with respect to the new ASX Principles and developments in market practice over the past year. While the Company already complies with the majority of the recommendations set out in the 4th edition of the ASX Principles, the Company is working towards meeting all relevant recommendations for its financial year commencing 1 July 2020.

This Corporate Governance Statement is current as at 24 September 2019 and has been approved by the Board.

Corporate governance highlights

The Company continued to focus on corporate governance during FY19, reflecting the Board's commitment to fostering a strong governance culture. Key highlights included:

Corporate governance benchmarking

During FY19, the Company benchmarked A2B's corporate governance arrangements against current best practice, including with respect to the 4th edition of the ASX Principles and market developments and learnings following the APRA inquiry into Commonwealth Bank of Australia and Royal Commission into Banking, Superannuation and Financial Services Industry.

Policy refresh

The Company reviewed its whistleblowing program and anti-bribery and corruption procedures to ensure that A2B continues to align its business with best practice standards of corporate governance. The Company intends to implement refreshed Speak Up and Anti-bribery and Corruption policies.

Modern slavery compliance

Following the recent enactment of the Modern Slavery Act, the Company has reviewed its existing procurement and supplier management practices with regard to mitigating potential risk areas for modern slavery practices in its operations and supply chain. This has resulted in enhancements to certain A2B and Group contracts and supplier on-boarding processes, and the implementation of a Supplier Code of Conduct. The Company is currently preparing to commence reporting under the legislation, with its first modern slavery statement due for the financial year ended 30 June 2020.

1. A2B's values and culture

The Company has four core values as set out in A2B's Code of Conduct. These values underpin all activities of the Group and are embedded in its leadership. All Group representatives are expected to behave and conduct business in the workplace in a manner which is consistent with these core values.

Integrity	**Progression**	**Wellbeing**	**Engagement**
For a fair go	Always look ahead	Every moment matters	Build trust
• Customers can depend on us • Our staff follow through on agreements and promises to their colleagues • Suppliers and partners can depend on us when we are doing business together	• We continuously strive to improve the customer experience and performance of our business • Our workplace provides opportunities for personal and professional growth for our employees	• We care about and fulfil our role within the transport ecosystem and the wider community • All our staff act with respect and consideration towards our customers, Drivers, colleagues and other stakeholders • Through our actions we seek to create mutual benefit for our stakeholders	• We believe we can build a better A2B when we work as a team • Our staff are active and proud members of our business • We are open to different views and new ideas to solve our greatest challenges • We continuously strive to get better at what we do

The Board sets and monitors A2B's culture and adherence to its core values through 'tone from the top'. Together with Management, it monitors the Group's culture and considers whether it appropriately reflects the Company's values and identity. The Board is committed to instilling a culture where its people are expected to behave in a lawful, ethical and socially responsible manner.

Further details on the standards of ethics and conduct that its representatives are expected to follow in all business and workplace activities can be found in A2B's Code of Conduct, available on the A2B website at www.a2baustralia.com/investor-center/corporate-governance. The Board continuously monitors the appropriateness of the Code of Conduct and its alignment with market best practice.

2. The board and its role

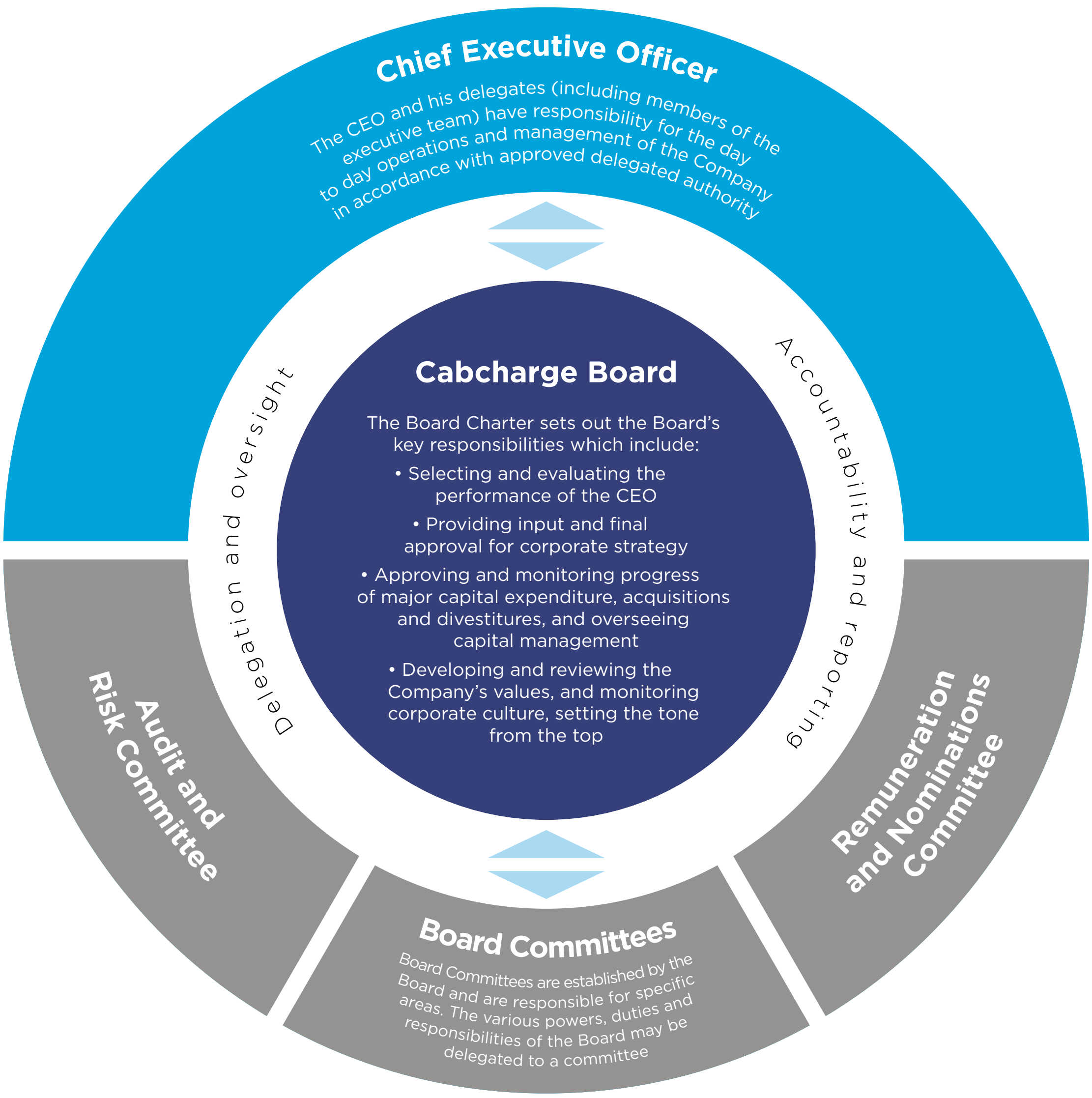
2.1 Responsibilities of the Board

The Board has overall accountability for the proper management of the Group. The Board reviews and approves the strategic direction of the Company and oversees Management's implementation of the Company's business model and achievement of the Company's strategy.

The Board delegates responsibility to Management, through the CEO and Managing Director, for overseeing the day-to-day operation of the Company. This includes oversight of the implementation of the Company's strategy and ensuring that the Company continues to operate within the risk parameters set by the Board.

The Board also delegates a number of responsibilities to its Committees.

The respective roles and responsibilities of the Board, its Committees and the CEO and Managing Director are set out in the diagram below.



The responsibilities of the Board and its Committees are set out in their Charters, which are available on the A2B website at www.a2baustralia.com/investor-center/corporate-governance. The Board reviews the Charters at least annually, and more frequently if required. A review of the Board and Committee Charters was conducted in FY19 and the Board considers that they are in line with best practice and largely address new aspects of the 4th edition of the ASX Principles already. However, the Board intends to update the Charters in FY20 to ensure that they continue to reflect best practice into the future.

The Company Secretary is responsible for the coordination of all Board business. This includes the preparation of agendas and minutes, co-ordinating the completion and circulation of Board and Committee papers, and communications with regulatory bodies and the ASX.

All Directors have access to the Company Secretary and the Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

2.2 Composition of the Board

The Board currently comprises four Non-executive Directors and the Managing Director. Ms Trudy Vonhoff retired from the Board on 22 November 2018.

The Board believes that its current composition represents a depth and breadth of skills and experience that will allow it to continue operating effectively. The skills and attributes of the Board are discussed further in section 2.4.

The Directors in office as at the date of this Corporate Governance Statement are set out in the table below.

Director	Independent	Date of appointment	Term in office
Paul Oneile Chairman	✓	27 February 2017	2.5 years
Louise McCann Non-executive Director	✓	29 August 2017	2 years
Richard Millen Non-executive Director	✓	4 June 2014	5 years
Clifford Rosenberg Non-executive Director	✓	29 August 2017	2 years
Andrew Skelton CEO and Managing Director	–	10 December 2014	5 years

Details of each Director's experience, qualifications and Committee memberships are set out on pages 18 and 19 of this Annual Report.

The number of Board and Committee meetings held during FY19 and the attendances of individual Directors and Committee members at those meetings are set out on page 50 of this Annual Report.

2.3 Director independence and tenure

The Board has adopted the factors set out in box 2.3 of the ASX Principles relevant for assessing the independence of a Director. Those factors are set out in the Board's Charter.

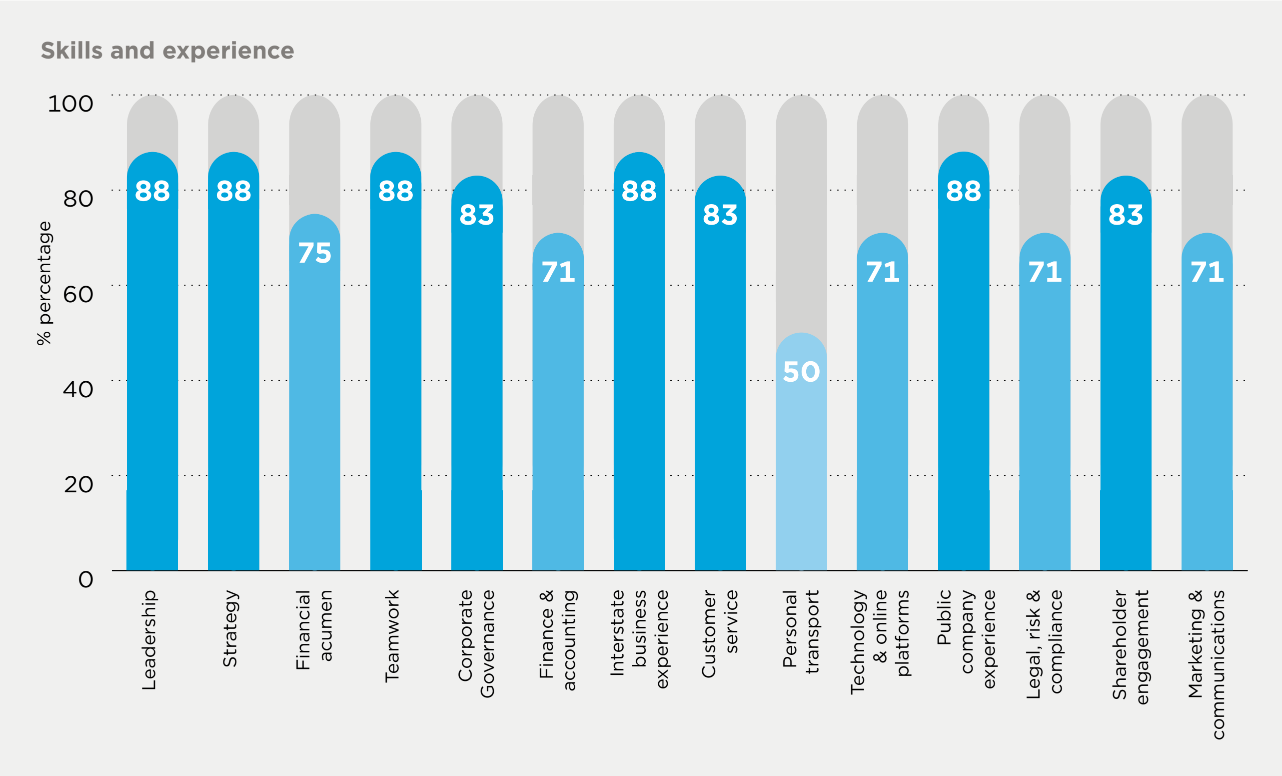
The Board has recently assessed the independence of each Non-executive Director and considers that, as at the date of this Corporate Governance Statement, all of its Non-executive Directors, including the Chairman, are independent.

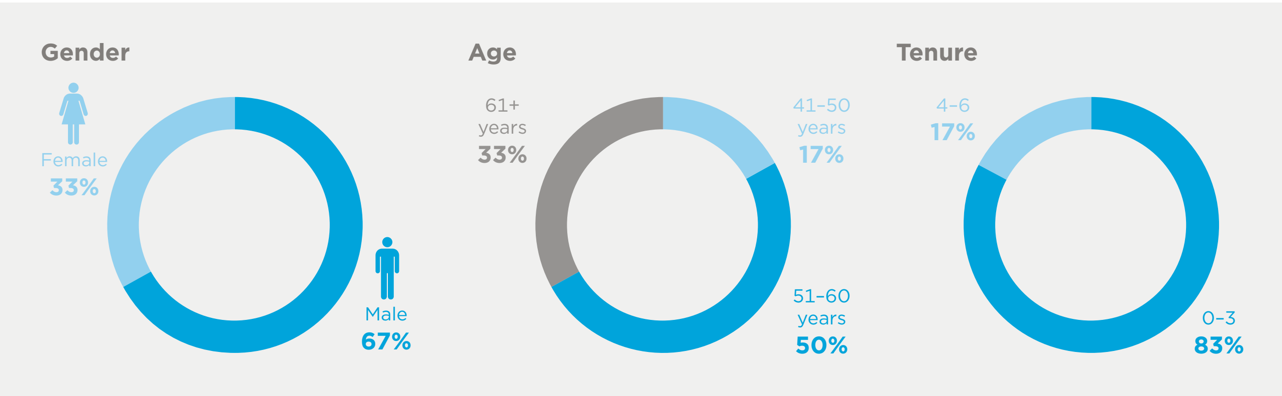
2.4 Skills and attributes of Directors

The Board has developed a skills and attributes matrix that sets out the collective mix of skills and attributes that the Board would like to achieve.

The Remuneration and Nominations Committee (**RANC**) refers to the skills and attributes matrix when assessing and selecting new Directors and also when considering professional development opportunities for current Directors.

The diagram below demonstrates the relevant skills, experience and attributes that the Board considers are possessed by current Directors.





The Board is satisfied that the current Directors collectively possess the necessary mix of skills, expertise and industry knowledge to meet the needs of the Company. The Board considers that the collective skills of the Directors will continue to enable the Company to meet its strategic objectives, including those related to the implementation of marketing initiatives and digital platforms.

The Board recognises that there remains an opportunity to enhance the diversity (including gender) of the Board in future years and considers diversity as a factor in assessing the relevant mix of skills and attributes on the Board. Further details about the Company's diversity policy is set out in section 5.1 of this Corporate Governance Statement.

2.5 Succession planning and Director appointments

The Board, with the assistance of the RANC, is responsible for succession planning. The RANC assists the Board with identifying potential Director candidates, having regard to the overarching principle that there should be a broad range of skills and attributes represented on the Board, by reference to the Board's skills and attributes matrix.

All shortlisted Director nominees are interviewed by the RANC and then by the other Directors. The final appointment decision is made by the Board. Detailed background checks are carried out prior to all appointments.

New Directors are put forward to shareholders for election at the first Annual General Meeting following their appointment. The Company will provide shareholders with all material information in the Company's possession about a Director candidate that is relevant to shareholders' decision on that Director's election and subsequent re-elections.

2.6 Induction and training

Non-executive Directors are given a letter of appointment setting out the terms of their appointment, time commitment envisaged and the Company's expectations. Directors appointed since the introduction of the Company's Minimum Shareholding Requirement Policy are also informed of the requirement that Directors acquire a meaningful shareholding in the Company (being a holding equivalent to 100% of their total annual base fee) within three years from the date of their appointment.

On appointment, Directors receive an induction package which includes the Company's Constitution, the Board and Committee Charters and other relevant governance documentation. All new Directors have the opportunity to meet with members of Management and be formally briefed on the Group's corporate strategy.

Directors are also encouraged to undertake programs of continuing professional development to ensure that they remain up to date on developments relating to law and governance practices, as well as key changes within the personal transport industry generally.

2.7 Access to information, independent advice and indemnification

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

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 a Director.

3. Board Committees

3.1 Audit and Risk Committee

Roles and responsibility

The Audit and Risk Committee (**ARC**) operates under a Charter. Its key responsibilities and functions are to oversee 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 Code of Conduct; and
- Processes for identifying and managing risk.

Membership

The ARC must consist of:

- At least three members;
- Only Non-executive Directors;
- A majority of independent Directors; and
- An independent Director as Chairman, who is not the Chairman of the Board.

The ARC was comprised of the following members in FY19, all of whom were independent Non-executive Directors:

- Richard Millen (Chairman)
- Louise McCann
- Clifford Rosenberg
- Trudy Vonhoff (until 22 November 2018)

Selection and appointment of the external auditor

The ARC reviews the performance of the external auditor and recommends to the Board the approval of the terms of the external audit engagement. The ARC also considers the independence of the external auditor and oversees the external audit partner rotation.

KPMG is the current external 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. KPMG has commenced its audit partner rotation process, with the transition to its new audit partner to occur following the Company's 2019 Annual General Meeting on 21 November 2019.

3.2 Remuneration and Nominations Committee

Roles and responsibility

The RANC operates under a Charter. Its key responsibilities and functions are to review and make recommendations to the Board in relation to:

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

Membership

The RANC must consist of:

- At least three members;
- Only Non-executive Directors;
- A majority of independent Directors; and
- An independent Director as Chairman.

The RANC was comprised of the following members in FY19, all of whom were independent Non-executive Directors:

- Louise McCann (Chairman from 4 October 2018)
- Richard Millen
- Clifford Rosenberg
- Trudy Vonhoff (Chairman until 4 October 2018 and member until 22 November 2018)

Remuneration of Key Management Personnel

The RANC is responsible for overseeing and making recommendations to the Board in relation to remuneration of the CEO and Managing Director and the Non-executive Directors. The CEO and Managing Director, in consultation with the RANC, makes recommendations to the Board in relation to the remuneration and performance of his direct reports. The Company's remuneration policies appropriately reflect the different roles and responsibilities of Non-executive Directors compared with the CEO and Managing Director and other executives.

The remuneration entitlements of each executive Key Management Personnel (**KMP**) (including superannuation entitlements) are contained in written employment agreements between the executive and the Company. Each executive KMP's employment agreement includes a description of their position and responsibilities and their fixed remuneration which is benchmarked by independent remuneration consultants.

Where appropriate, the Board will exercise its discretion to adjust remuneration outcomes to hold executive KMP accountable for their conduct and performance.

The Company's policies and practices in relation to the remuneration of KMP are set out in the Remuneration Report on pages 52 to 69 of this Annual Report.

4. Performance evaluation

The process for the performance evaluation of the Board, its Committees, individual Directors and executive KMPs 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 RANC or the CEO and Managing Director (where appropriate). The Board or RANC may also engage an external consultant to facilitate the annual performance evaluation process.

The Board

The Board as a whole discusses and analyses its own performance during the year, including suggestions for change or improvement. This process is facilitated by the RANC.

Committees

The Chairman of each Committee discusses the performance of the Committee with its members. Directors complete a questionnaire relating to the role, composition, procedures and practices of the Board and the Committees.

Chairman of the Board

Non-executive Directors evaluate the performance of the Chairman, led by the Chairman of the Audit and Risk Committee.

Directors

The Chairman conducts interviews with each Non-executive Director separately to discuss individual performance and ideas for improvement.

Chief Executive Officer

The RANC assesses the CEO's performance against targets (which are set by reference to the strategic objectives of A2B for that year).

Senior Executives

The CEO assesses the performance of each senior executive, in light of the operational and financial responsibilities of the executive and his or her contribution to management and leadership at A2B. The CEO's evaluation is reviewed in consultation with the RANC.

A copy of the Performance Evaluation Policy is available on the A2B website at www.a2baustralia.com/investor-center/corporate-governance.

FY19 performance evaluations

In accordance with the Performance Evaluation Policy, the Company undertook performance evaluations of the Board, its Committees, individual Directors and executive KMP for FY19.

The results of the performance reviews of executive KMP are reflected in their remuneration outcomes set out in the Remuneration Report on pages 52 to 69 of this Annual Report.

5. Corporate governance and Group policies

All of the Company's policies referred to in this section are available on the A2B website at www.a2baustralia.com/investor-center/corporate-governance.

5.1 Diversity

Policy and programs

A2B values diversity and inclusiveness in the workforce and recognises that diversity drives the Company's ability to attract, retain, motivate and develop the best talent and deliver the highest quality services to its customers. The Company recognises that its greatest assets are its people, and 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's vision for diversity relates to a broad range of areas. A2B's diversity objectives include cultural background, religion, sexual orientation, gender, age, disability, ethnicity and includes differences that have arisen as a result of varied experiences such as education, problem solving skills, functional expertise and interpersonal skills.

The Company actively ensures that its diversity objectives and the Diversity Policy are followed by adopting initiatives, programs and policies including the following:

- Encouraging Management to include at least one female candidate on all shortlists 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.
- Providing corporate and social responsibility, including supporting National Harmony Day and Royal Children's Good Friday Appeal and the Malabar Ocean swim.
- Providing appropriate facilities for our new parents to assist with the transition back to the workforce.
- Improving cultural awareness through training and employee engagement, such as celebrating various multicultural and faith events.
- Encouraging open discussions about diversity to promote awareness and openness at all levels of the A2B business.

In accordance with the Workplace Gender Equality Act, the Company has lodged its annual compliance report with the Workplace Gender Equality Agency. The report contains the Company's "Gender Equality Indicators". A copy of the report is available on the A2B website at www.a2baustralia.com/investor-center/corporate-governance/.

Gender diversity measurable objectives

In accordance with the Company's Diversity Policy, the Board has set measurable objectives for achieving gender diversity and is required to annually assess both the objectives and the Company's progress in achieving them. These objectives and the Company's progress towards achieving them for FY19 are set out below.

Objective	Target	Outcome
Diversity awareness		
A2B 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 A2B. 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.	The Diversity Policy is made available to all employees through the A2B website. Employees are also invited to provide feedback and comments on workplace gender equality.
Recruitment		
Efforts are made to identify prospective appointees who are female.	Recruiter briefings to include diversity requirements.	All roles attracted female applicants.
Efforts are made for any shortlist of prospective appointees to include at least one female candidate.	Any shortlist of prospective appointees should include at least one female candidate.	Female applicants successfully gained employment in key managerial and sales roles.
Retention		
Pay parity has been assessed to ensure females are not paid less than males for equivalent roles.	Pay parity analysis performed to understand the extent of pay parity discrepancies.	A pay parity exercise has been undertaken and no roles identified where pay parity is of concern.
Workflow flexibility		
A2B has flexible work arrangements in place – compressed working weeks, flexible work, time in lieu, telecommuting, carer's leave, unpaid leave and part time work.	100% of employees offered workplace flexibility programs to the extent possible for the particular role and the arrangement suits the business' needs.	All 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.

Although A2B is not within the scope of the new recommendation in the 4th edition of the ASX Principles which provides that a listed entity within the ASX300 should have a target of having at least 30% of Directors of each gender, the Board of A2B acknowledges the role that numerical gender targets can play in promoting diversity and understands there is a variety of stakeholder views on the matter. Accordingly, the Board will continue to assess the appropriateness of adopting numerical targets for the Company in the future, including the timeframe over which any such change would be appropriate having regard to the Board's succession planning processes and the wording of the ASX Principles which suggests that the period over which the objective will be achieved should be specified.

5.2 Securities dealing

The Company has adopted a Securities Dealing Policy which is intended to uphold shareholder, investment community, and public confidence in the integrity of the market for A2B shares. The policy prohibits Directors, senior executives and other staff members from trading in securities or directing the trade of securities on the basis of inside information or communicating inside information to other people.

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

- The one month period commencing at 10.00am on the next trading day after the announcement to ASX of A2B's half-yearly results;
- The one month period commencing at 10.00am on the next trading day after the announcement to ASX of the preliminary final statement or full year results; and
- Any other period the Board determines, from time to time.

The Board may determine at any time that a trading window is closed. Permission to trade outside of these windows may only 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).

5.3 Market disclosure and investor engagement

The Company has processes in place 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 Company has adopted a Market Disclosure and Investor Engagement Policy, which 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;
- Details the procedures in place for promoting the understanding of continuous disclosure requirements, minimising risks associated with selective disclosure and monitoring compliance against the Company's disclosure obligations; and
- Establishes procedures to ensure that all material matters which may potentially require disclosure are promptly reported to the CEO and Managing Director 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 relevant changes to the continuous disclosure regime established by the ASX Listing Rules or the Corporations Act.

5.4 Environmental, social and governance

The Company recognises the interdependence of financial returns, social benefits and environmental impacts and aims to create sustainable value for all its stakeholders – customers, employees, shareholders, business partners and the communities which the Company serves.

Environment

A2B seeks to minimise environmental harm in its business operations. Although A2B is not a substantial carbon emitter it seeks to reduce usage and increase efficiencies in relation to waste, water and energy to reduce the Company's carbon footprint.

A2B follows the principles of reduce, re-use and recycle and actively seeks to improve systems and processes to minimise the operational impact of the Company on the environment. In addition, environmental considerations are now an integral part of new product development.

Community

The Company has a strong interest in developing successful community partnerships. A2B recognises the importance of providing its customers and the community more generally with services that are safe, accessible and efficient.

A2B actively seeks to become involved in the communities in which it operates and believes it is important to play a role in contributing to the community, both directly, and through involvement in and support of personal transport industry initiatives.

Some of the initiatives the Company was involved in throughout FY19 are set out in A2B in the community section on pages 16 and 17 of this Annual Report.

5.5 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.

A summary of the Company's Shareholder Communications Policy and communications practices to encourage shareholder participation at general meetings are set out below.

<table>
<tr><th>Company policy</th><th>Communication practice</th></tr>
<tr><td>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 the market so that the market for shares in the Company can function in an informed manner; and
• Develop a strong culture of disclosure and make relevant information available to shareholders, potential shareholders and other stakeholders in a timely and accurate manner.</td><td>• The Company's website contains all market announcements, annual reports, important dates, and important governance documents;
• 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; and
• 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.</td></tr>
</table>

In addition to the Policy, the Company also has a practice of putting substantive resolutions at general meetings to a poll, to ensure that voting outcomes reflect the true will of the shareholders attending, both in person and by proxy.

6. Risk framework

6.1 Risk identification and management

The Board, in consultation with the ARC, is responsible for reviewing, ratifying and monitoring the Company's systems of risk management.

The ARC 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.

The CEO and Managing Director and Management are responsible for developing and promoting the appropriate management of risk and the ongoing maintenance of the control environment. Management are required to report to the ARC on the Company's risk management and internal control systems.

6.2 Annual risk management review and declaration

The ARC reviews A2B's risk management framework at least annually to ensure that it continues to be sound and effectively identifies all areas of potential risk. The ARC provides reports to the Board on the findings of its review.

During FY19 the Board undertook a review of the Company's risk management framework. Based on the results of the review, the Board is satisfied that the risk management framework is sound and continues to operate effectively.

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

- In their opinion and as required by the 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 for FY19.

6.3 Internal audit process

The ARC has appointed PwC to carry out the Group's internal audit function. The internal auditor is independent of the external auditor, KPMG. Representatives from the internal auditor meet with the ARC and key senior executives to understand the business and the existing risk management framework and execute a process to identify and understand the current risks facing the business in light of the strategic direction of the Company.

The ARC reviews and recommends to the Board the approval of the annual internal audit plan each financial year. The ARC and Management meet with PwC regularly to consider and if necessary refine the internal audit plan.

6.4 Material economic, environmental and social sustainability risks

A2B monitors and seeks to manage material 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 ARC, the internal audit function and Management.

As set out on page 33 of this Annual Report, A2B 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 A2B are escalated within the business and to the executive team, the ARC 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.

Directors' Report

The Directors present their report (including the Remuneration Report), together with the financial statements of the consolidated entity being A2B Australia Limited ("**A2B**" or the "**Company**") and the entities it controls (the "**Group**") for the financial year ended 30 June 2019.

Directors

The Directors of the Company at any time during or since the end of the financial year up to the date of this report are:

- Paul Oneile (Chairman)
- Louise McCann
- Richard Millen
- Clifford Rosenberg
- Andrew Skelton (CEO and Managing Director)
- Trudy Vonhoff (retired 22 November 2018)

The qualifications, experience and special responsibilities of current Directors of the Company are set out in the Board of Directors section. Particulars relating to Trudy Vonhoff, who retired on 22 November 2018, are provided below.

Trudy Vonhoff

Independent Non-executive Director

Trudy was appointed as a Director in August 2015. Trudy is a Director of Ruralco Holdings Limited, AMP Bank Limited and Tennis NSW Limited. Trudy has a strong finance and risk management background in the financial services industry. She has held senior executive positions with Westpac and AMP, including leading Westpac's Commercial Banking and Agribusiness unit. Trudy holds a Bachelor of Business from the Queensland University of Technology, a Master of Business Administration from the University of Technology Sydney and is a graduate of the Australian Institute of Company Directors.

Directorships of other listed companies

The current Directors' directorships of other listed companies held at any time in the last three years immediately before the end of the financial year are set out in the table below.

Director	Name of listed company	Appointment date	Cessation date
Paul Oneile	Intecq Ltd	21 September 2012	16 December 2016
Louise McCann	Macquarie Media Ltd	10 June 2015	–
Richard Millen	–	–	–
Clifford Rosenberg	Technology One Ltd	27 February 2019	–
	IXUP Ltd	29 September 2017	2 July 2019
	Afterpay Touch Group Ltd	30 March 2017	–
	Pureprofile Ltd	12 June 2015	28 February 2019
	Nearmap Ltd	3 July 2012	–
Andrew Skelton	–	–	–

Company Secretary

Adrian Lucchese

Group General Counsel and Company Secretary

Adrian Lucchese was appointed as Group General Counsel and Company Secretary in October 2014. Adrian began his career with Blake Dawson Waldron (now Ashurst) in 1988 and has held a number of senior management and executive 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 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.

Dividends

Dividends paid or declared for payment since the end of the previous financial year are set out in the table below.

Type	Cents per share	Total paid or declared ($'000)	Payment date
Final FY18	4.0	4,817	31 October 2018
Interim FY19	4.0	4,817	30 April 2019
Final FY19	4.0	4,817	31 October 2019

The final dividend has a record date of 27 September 2019.

Principal activities

The principal activities of the Group are included in the Operating and Financial Review ("**OFR**") set out on pages 20 to 33 of this Annual Report. Other than those mentioned in the OFR there were no other significant changes to the nature of the activities of the Group during the year.

Review of operations

A review of the Group's operations during the year and the results of those operations, together with its financial position, are included in the OFR set out on pages 20 to 33 of this Annual Report. The Group's business strategies and prospects for future financial years are also included in the OFR.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group during the financial year, other than those changes mentioned in the OFR.

Events subsequent to reporting date

Since the reporting date:

- The Directors declared a final dividend of 4.0 cents per share (fully franked) payable on 31 October 2019. The record date to determine entitlement to the dividend is 27 September 2019.
- **Acquisition of Regent Taxis Ltd's business assets**
  During the year the Group has entered into an agreement with the Board of Directors of Regent Taxis Limited to acquire the business operations and various assets of Gold Coast Cabs, for a consideration of $2.5 million. Satisfaction of the conditions precedent to the agreement were completed on 2 July 2019, being the date of the acquisition.

No other matter or circumstance has arisen since the reporting date that significantly affects or may significantly affect the Group's operations in future years, the results of those operations in future years, or the Group's state of affairs in future years.

Likely developments

Information about likely developments in the Group's operations is included in the "Outlook" section of the OFR on page 32 of this Annual Report.

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.

Directors' interests and benefits

The relevant interests and benefits of each Director as at the date of this report are set out in the table below.

Director	Interest in shares
Paul Oneile	56,968
Louise McCann	33,800
Richard Millen	60,000
Clifford Rosenberg	111,307
Andrew Skelton	6,861

Mr Skelton has been granted performance rights under the Company's Long Term Incentive ("**LTI**") Plan

Grant period	Performance Rights
FY16 grant (for period ending 30 June 2019)	78,624
FY17 grant (for period ending 30 June 2020)	124,611
FY18 grant (for period ending 30 June 2021)	222,222
FY19 grant (for period ending 30 June 2021)	179,372
Total	**604,829**

Remuneration Report

The Remuneration Report is set out on pages 52 to 69 of this Annual Report and forms part of this Directors' Report, has been audited as required by section 308(3C) of the Corporations Act.

Directors' meetings

The number of Directors' meetings and attendance by each Director at those meetings during the financial year are set out in the table below.

Director [1]	Board		Audit and Risk [2]		Remuneration and Nominations [2]	
	Held [3]	Attended	Held [3]	Attended	Held [3]	Attended
Paul Oneile	9	9	–	–	–	–
Louise McCann	9	9	4	4	4	4
Richard Millen	9	9	4	4	4	4
Clifford Rosenberg	9	9	4	4	4	4
Andrew Skelton	9	9	–	–	–	–
Trudy Vonhoff [4]	5	3	1	1	2	2

1 "Director" in the table means a Director who was a director of the Company at any time during the financial year.
2 All Directors are invited to and generally attend, Board Committee meetings. The "Attended" columns in the table reflect attendance at meetings by Committee members.
3 The "Held" columns in the table reflect the number of meetings held during the period in which the Director held office.
4 Trudy Vonhoff retired on 22 November 2018.

Share options and performance rights

There were no options over unissued shares of the Company granted to the Directors or any executives during or since the end of the financial year.

As at the date of this report there are 1,813,066 performance rights over unissued shares which have been granted to the CEO and Managing Director and other senior executives under the Company's LTI Plan. Further information on the LTI Plan is included in the Remuneration Report on pages 52 to 69 of this Annual Report.

Indemnification and insurance of officers and auditors

The Company's Constitution requires it to indemnify current and former Directors (including alternate directors), officers, and auditors (if determined by the directors) of the Company against liabilities incurred by the person as an officer (or auditor if determined by the Directors).

The Company has agreed to provide indemnities to and procure insurance for past and present Directors and officers 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 and officers 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.

Non-audit services by auditors

Details of the non-audit services provided by the Group's auditor, KPMG, during the financial year including fees paid or payable for each service, are set out in note 26 to the Consolidated Financial Statements.

The Board has considered the non-audit services provided during the year by KPMG and in accordance with written advice provided by resolution of the Audit and 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 policies and procedures adopted by the Company and have been reviewed by the Audit and 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.

Lead auditor's independence declaration

The lead auditor's independence declaration required under section 307C of the Corporations Act is set out on page 70 of this Annual Report.

Rounding off

A2B is a company of the kind referred to in ASIC Corporation 2016/191 (Rounding in Financial/Directors' Reports) Instrument. 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.

Paul Oneile
Chairman

27 August 2019

Andrew Skelton
CEO and Managing Director

27 August 2019

Remuneration Report

Letter from the Chairman of the Remuneration and Nominations Committee

Dear Shareholders

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 30 June 2019. The Report provides an overview of our remuneration structures, policies and practices and is intended to demonstrate how they align executives' interests with the creation of long-term shareholder value and with the achievement of high individual and corporate performance as measured against specific targets.

The Remuneration and Nominations Committee assists the Board to evaluate the Company's remuneration framework so that it aligns, supports and drives achievement against our strategic focus areas as set out in the Operating and Financial Review.

Remuneration outcomes in FY19

FY19 saw the Company enjoy a period of continued growth built upon the momentum that we generated in FY18. During FY19, the Company undertook significant work on the acquisition of Gold Coast Cabs to advance our strategy of growing our fleet and increasing our national coverage. On the technology front, the Company completed the acquisition of Mobile Technologies International Pty Ltd, which fast-tracked the creation of innovative dispatch and payment tools and expanded the Company's customer reach. Achievement of these projects is important to the implementation of the Company's strategy, and accordingly these results are reflected in the remuneration outcomes for our executives.

Committee activities in FY19

The past financial year has seen a lot of spirited public discussion regarding corporate governance, executive accountability and remuneration practices in the financial services sector. The Board and the Remuneration and Nominations Committee have been cognisant of how these learnings might be able to be applied to the Company and in FY19 we have commenced a process to review, benchmark and enhance our governance practices in light of market best practice.

Key activities undertaken by the Remuneration and Nominations Committee during the year include:

- reviewing A2B's Board and Committee Charters with respect to current market practice and learnings, including considering the role of the Remuneration and Nominations Committee in ensuring our remuneration practices are responsive to risk and behavioural issues;
- commencing benchmarking of A2B's broader corporate governance arrangements against current market practice and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations;
- reviewing and adjusting executives' fixed annual remuneration and maximum long-term incentive opportunity;
- setting performance measures for each executive's short-term incentives that are linked to the achievement of financial targets and individual goals aligned with the Company's strategic plan; and
- reviewing the structure of executives' long-term incentives to better align with current market practice, resulting in the introduction of an indexed total shareholder return performance hurdle and changes to the period over which performance is measured.

Outlook FY20

For FY20, the Committee will remain focused on ensuring that the Company maintains a robust remuneration framework that is responsive to change and aligned with the Company's strategic focus areas and values. The Committee will work towards enhancing our corporate governance arrangements through implementation of recommendations arising from the benchmarking process outlined above.

On behalf of the Board, thank you for your ongoing support and we look forward to receiving your feedback on this report.

Yours faithfully

Louise McCann
Chairman of the Remuneration and Nominations Committee

Remuneration Report

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This Remuneration Report for the year ended 30 June 2019 outlines the remuneration arrangements of A2B Australia Limited ("**A2B**" or "**Company**") and is prepared in accordance with the requirements of the *Corporations Act 2001* ("**Corporations Act**") and the *Corporations Regulations 2001*. The information in sections 1 to 7 has been audited as required by section 308(3C) of the Act.

1. Overview

The Board of Directors present the Company's Remuneration Report for the financial year ended 30 June 2019 ("**FY19**"). This report details the Company's remuneration framework and its alignment with the Company's performance and strategy. It also sets out the remuneration arrangements and outcomes for the Company's key management personnel ("**KMP**") who have authority and responsibility for planning, directing and controlling the activities of the Company.

Who is covered by this report

The KMP covered by this report are listed in table 1 below.

Table 1: KMP included in this report

KMP	Role	Change in FY19
Non-executive Director		
Paul Oneile	Independent Chairman	
Louise McCann	Independent Director	
Richard Millen	Independent Director	
Clifford Rosenberg	Independent Director	
Trudy Vonhoff	Independent Director	Retired 22 November 2018
Executive		
Andrew Skelton	Managing Director and CEO	
Adrian Lucchese	General Counsel & Company Secretary	
Deon Ludick	Chief Technology Officer	
Fred Lukabyo	Chief Operating Officer	
Stuart Overell	Chief Operating Officer – Taxi Networks	
Ton van Hoof	Chief Financial Officer	

Realised remuneration

The details of statutory executive KMP remuneration prepared in accordance with the Australian Accounting Standards can be found in table 6 on page 65. Details of statutory Non-executive Director fee arrangements can be found in table 9 on page 67.

The table below provides shareholders with an understanding of remuneration earned by executive KMP in FY19. The amounts disclosed in the table below are intended to provide an explanation of the pay for performance relationship in our remuneration framework and are in addition to the information provided in the statutory executive KMP remuneration table prepared in accordance with the Australian Accounting Standards.

Table 2: Executive remuneration earned in FY19 (non-statutory) (unaudited)

Executive	Fixed remuneration [1] $	STI earned for FY19 & deferred STI $	LTI vested in FY19 [2] $	Total $
Andrew Skelton	800,000	447,135 [3]	0	1,247,135
Adrian Lucchese	410,000	135,000	0	545,000
Deon Ludick	420,000	131,250	0	551,250
Fred Lukabyo	450,000	110,000	0	560,000
Stuart Overell	415,000	110,000	0	525,000
Ton van Hoof	350,000	133,125	0	483,125

1 Fixed remuneration means contracted remuneration amount for base salary and superannuation.
2 The LTI rights awarded in FY16 are due to vest in September 2019. Further information on vesting is set out in the LTI section of this report.
3 This amount includes both STI earned in respect of FY19 and STI earned in FY17 ($42,785) and FY18 ($44,350) and deferred and paid in July 2019. For FY19, 75% will be paid in September 2019 and 25% will be deferred and paid in cash in two equal instalments over the next 24 months after payment of the first 75%.

Remuneration strategy

The Board is committed to ensuring that A2B's remuneration framework remains responsive, robust and reflective of current market practice. The Company's remuneration strategy continues to align with and support the Company's business strategy, while motivating and rewarding its executives. Adjustments will be introduced progressively, recognising both the need to remain flexible and the ability to fine-tune the remuneration framework from time to time in an orderly and fair manner for both the Company and its people.

2. Remuneration governance

The Board consults with the Remuneration and Nominations Committee ("**Committee**"), management and where necessary, external advisors, when making remuneration decisions. The diagram below illustrates the remuneration decision-making process.

Board

- Ensures remuneration is fair and competitive, and supports the Company's strategic and operational goals
- Approves remuneration policies, structures and arrangements after consideration of recommendations from the Committee
- Approves performance measures and outcomes after consideration of recommendations from the Committee

Remuneration and Nominations Committee

- Comprises at least three members appointed by the Board
- Must have an independent chair and a majority of independent Directors
- Makes recommendations to the Board regarding remuneration policies, structures and arrangements
- Makes recommendations to the Board regarding performance measures and outcomes
- The Committee met four times in FY19

For more detail on the Company's charters and policies, see:

www.a2baustralia.com/investor-center/corporate-governance/

Management

- CEO proposes individual remuneration arrangements and performance outcomes for direct reports to the Committee
- CEO not present when his remuneration is decided

External remuneration consultants and advisors

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

Use of remuneration consultants and advisors

The Company retained Godfrey Remuneration Group and PwC to provide advice in relation to its LTI plan. No remuneration recommendations by a remuneration consultant as defined under the Corporations Act were made during FY19.

3. Executive KMP remuneration arrangements

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 executive KMP and Non-executive Director remuneration is balanced and market competitive in order to recruit, motivate, reward and retain skilled senior executives and Directors
- Align the interests of executive KMP 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
- Ensure any termination benefits are justified and appropriate

Business objectives

- Enhance and expand operational platform for the creation of a sustainable business model for future growth
- Focus on creation of shareholder value

Remuneration strategy objectives

- Attract and retain key talent through balanced remuneration, market competitive pay and performance focused STI and LTI
- Focus the executive team on the key strategic business imperatives
- Align interests of executive KMP and shareholders
- Invite executive KMP to participate in the STI and LTI plans

Remuneration structure

Fixed annual remuneration ("FAR")
Set with reference to job size and organisations of similar complexity and industry dynamics

Short-term incentive ("STI")
Cash incentive comprising a group financial performance target (60%) and individual targets focused on strategic priorities (40%)

Long-term incentive ("LTI")
Equity incentive comprising of performance rights vesting over three years, subject to achievement of an absolute total shareholder return and an indexed total shareholder return performance metrics

Executive arrangements
Executive services agreements formalise incentive arrangements, and include termination and post-termination provisions

Remuneration structure

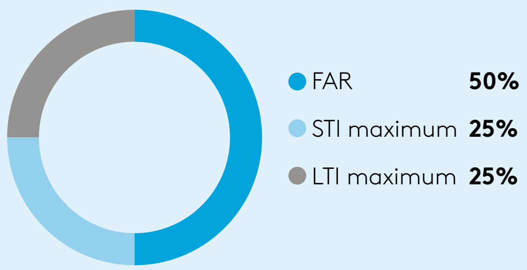
The Company aims to reward its executive KMP with a level and mix of remuneration appropriate to an individual's experience, position, responsibilities and performance.

The Board and the Committee regularly review the remuneration level and structure for the Company's executive KMP and make adjustments where appropriate to support the strategic initiatives of the business whilst ensuring that it remains market competitive for recruiting and retaining skilled individuals.

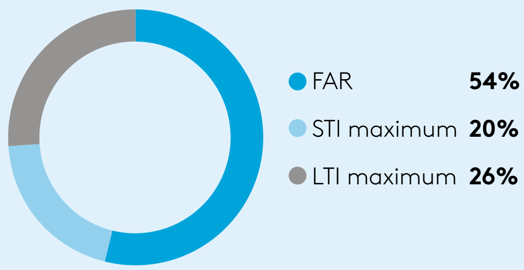
In FY19, the executive KMP remuneration structure consisted of FAR and performance based at risk short term and long term incentives awarded pursuant to STI and LTI plan rules. Adjustments or changes to remuneration arrangements made in FY19 are detailed under each remuneration element below.

The following graphs summarise the CEO and other executive KMP's remuneration mix for FY19. In line with the Company's stated commitment to align executive KMP remuneration with current market practice and the Company's strategic direction, this year there was a decrease in the at risk remuneration for the CEO (FY19 50%; FY18 54%). There was an increase in the at risk remuneration of other executive KMP (FY19 46%; FY18 44%). The percentages in the diagram below represents the maximum at risk opportunity and not outcomes for FY19.

CEO



Other executives



Remuneration elements and incentive plans

FAR

Details of executive KMP FAR are disclosed below.

What is FAR?	FAR is comprised of salary and other benefits provided to an executive on an ongoing basis, such as superannuation contributions.
How is FAR determined?	FAR is reviewed annually and our standard executive services agreements do not include any guaranteed FAR increases. When reviewing FAR for executives a number of factors are considered, including the individual's skills and experience relevant to their role, and internal and external factors. The Company's policy is to position FAR competitively with reference to companies and roles of a similar complexity and industry dynamic to that of A2B.
Were any changes made in FY19?	The Board reviewed the FAR for each executive for FY19. Changes to FAR are typically implemented and take effect on 1 July of each year. Biennial benchmarking of executive FAR bands was completed by two independent consultants during FY18. As a result, except for Mr Overell's FAR (which remained the same), the FAR for each executive KMP increased as shown in table 2 on page 55.

STI

Details of executive KMP STI are disclosed below.

<table>
<tr><td>What is the STI plan?</td><td>The STI plan provides participating executives with an opportunity to be rewarded for their individual achievements, as well as the achievements of their business unit and the Company. This further aligns their interests with the strategic priorities of the Company. All executive KMP are eligible and participated in the STI plan in FY19.</td></tr>
<tr><td>What is the format for STI awards?</td><td>STI awards are delivered annually in the form of a cash payment that is subject to the satisfaction of performance measures that are set at the beginning of each financial year. For the CEO, 25% of any STI award is deferred and paid in two equal instalments over the next 24 months.</td></tr>
<tr><td>What is the performance period?</td><td>The performance period for the FY19 STI award is from 1 July 2018 to 30 June 2019.</td></tr>
<tr><td>What is the maximum opportunity?</td><td>The STI maximum opportunity is set individually and based upon market benchmarks for the remuneration mix. This figure when referenced to FAR is: CEO: 50% of FAR and other executives: on average 37% of FAR.</td></tr>
<tr><td>What are the STI performance measures?</td><td>The FY19 STI award vests subject to the achievement of a Group-wide financial performance measure and individual performance measures. The financial performance measure continues to apply to all executive KMP to ensure their common focus on the achievement of the Company's financial objectives. The individual performance measures for each executive are directly linked to the strategic imperatives of the Company and the contributions of the relevant executive towards achieving them.
<table>
<tr><th>Role</th><th>Performance measure</th></tr>
<tr><td>CEO</td><td>Customer engagement and corporate culture (15%)
Grow the personal transport and payments business (15%)
Initiation and execution of strategic initiative (10%)</td></tr>
<tr><td>Other executive KMP</td><td>Position-specific performance measures tailored for each executive having regard to their role, responsibility and specific strategic goals over which they have influence. Examples include:
Employee safety, remuneration and governance
Grow Cabcharge accounts
Risk management
Strengthen booked trips
Fleet growth
Enrich Driver engagement</td></tr>
</table>
A summary of the FY19 performance measures is set out below.

Group-wide financial performance measure (60% of STI)
Earnings before interest, tax, depreciation and amortisation excluding acquisitions, divestments and impairments ("Gateway Hurdle").

100% of the Gateway Hurdle is $34.9m. The minimum threshold for the Gateway Hurdle is 90% being $31.4m, triggering a 35% payment of the financial performance measure. Straight line vesting of 65% will occur between the minimum threshold of $31.4m and the maximum amount of $34.9m.

If the 90% minimum threshold is not met, no payment will be made under the financial performance measure and, subject to the Board's discretion, the individual performance measures below may be discounted by up to 33%.

Individual performance measures (40% of STI)
Details regarding the STI outcomes for FY19, based on achievement of the performance measures outlined above, are set out in section 4 of the Remuneration Report.</td></tr>
</table>

STI (continued)

How is performance tested?	The 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 CEO considers the performance of other executive KMP against the performance measures set for the year and, in consultation with the Committee, provides a recommendation of the STI to be paid (if any) to the Board for approval. The Board may approve, amend or reject the recommendations.
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 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?	A2B 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. In respect of the deferred STI, when employment ends after payment of the initial STI instalment but prior to payment of the deferred portion of an STI award: • By reason of fraudulent or dishonest conduct, or termination for gross misconduct, the entitlement to the deferred portion of the STI award will be forfeited at termination of employment. • For any other reason, the deferred portion of the STI award will remain on foot and be paid in the ordinary course.
Were any changes made in FY19?	The STI performance measures were reviewed to ensure that they continue to align with strategic goals.

LTI

Details of executive KMP LTI are disclosed below.

What is the LTI plan?	The LTI plan provides participating executives with an opportunity to share in the long-term growth of A2B and aligns their interests with those of the Company's shareholders. All executive KMP are eligible and participated in the LTI plan in FY19.
What is the format for LTI awards?	LTI awards are delivered in the form of rights which are granted to participants for nil consideration. LTI awards are granted annually. The FY19 awards are subject to a three-year performance period. Rights 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 FY19 LTI award commenced on 1 July 2018 and will end on 30 June 2021. Subject to the satisfaction of the relevant performance measures, the FY19 award vests following testing of the performance measures, which is anticipated to occur following the release of the Company's audited financial results for the year ending 30 June 2021.
What is the maximum opportunity?	The maximum LTI opportunity is set individually and based upon market benchmarks for the remuneration mix. This figure when compared to FAR is: CEO: 50% of FAR and other executives: on average 49% of FAR. The number of rights granted to individuals was calculated by dividing their maximum LTI opportunity by the volume weighted average market price ("**VWAP**") of the Company's shares over the 5 trading day period commencing 30 days after the date of the release of the Company's audited financial results for the year ended 30 June 2018. No discount is made for dividends foregone nor for performance or other considerations.
What are the LTI performance measures?	The rights are subject to two performance metrics which are independent and will be tested separately. **1. Absolute total shareholder return** 60% of the rights vest subject to absolute total shareholder return ("**aTSR**") performance over the performance period. The aTSR metric requires minimum threshold performance of at least 4% compounded annual growth rate ("**CAGR**") in total shareholder return ("**TSR**") before any vesting will occur. The percentage of rights subject to the aTSR metric that vest, if any, will be determined by the Board in accordance with the following vesting schedule.

A2B aTSR CAGR performance	Rights that vest (% of tranche)
< 4%	0%
= 4%	35%
> 4% and < 12%	Straight-line vesting between 35% and 100%
12% or more	100%

LTI (continued)

What are the LTI performance measures? (continued)	**2. Indexed total shareholder return** 40% of the rights vest subject to indexed total shareholder return ("**iTSR**") performance over the performance period. The vesting of the rights subject to the iTSR metric will be determined by comparing the Company's TSR with the movement of the S&P/ASX 300 Index ("**Index**") over the performance period. The iTSR metric requires minimum threshold performance of at least 100% of the Index before any vesting will occur. The percentage of rights subject to the iTSR metric that vest, if any, will be determined by the Board in accordance with the following vesting schedule.

A2B iTSR performance	Rights that vest (% of tranche)
< 100% of Index	0%
= 100% of Index	25%
> 100% of Index and < 100% of Index +8% CAGR	Straight-line vesting between 25% and 100%
> 100% of Index +8% CAGR	100%

	Decisions regarding the level of performance achieved and relevant remuneration outcomes will be made by the Board according to the above vesting schedules following the end of the performance period, with the outcomes communicated to shareholders in the Remuneration Report.
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 to 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.
Does the plan provide for clawback?	The Company 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 inappropriate LTI outcome. The Board may use its discretion to ensure that no unfair benefit is obtained by a participant, subject to applicable laws.
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.

LTI (continued)

Were any changes made in FY19?	**Change to performance measures and period** During a period of regulatory change, disruption, growth and acquisition of assets, the aTSR remains an appropriate method to align the efforts of executives with superior returns to shareholders. The addition of the iTSR as a second performance metric for FY19, as well as a three year performance period, was driven by feedback from the Company's stakeholders to better align the LTI with current market practice. Accordingly, the Board recommended, and shareholders approved (at the 2018 annual general meeting), the adoption of an aTSR performance metric together with an iTSR performance metric. **Change to maximum opportunity** The maximum LTI opportunity for Mr Ludick and Mr Lukabyo increased to $200,000. Mr van Hoof was also invited to participate in the LTI (with a maximum opportunity of $200,000). As a result all executive KMP except for Mr Skelton (whose maximum LTI opportunity remains at $400,000) now have the same maximum opportunity of $200,000. The Board believes that the changes were appropriate given the emphasis on long term success.

Executive KMP contracts

The Company has a contemporary standard executive service agreement. The remuneration arrangements for executive KMP are formalised in these agreements.

Table 3: Executive KMP contract terms

Executive	Contract term	Notice period[1]
Andrew Skelton	Ongoing	12 months
Adrian Lucchese	Ongoing	6 months
Deon Ludick	Ongoing	6 months
Fred Lukabyo[2]	Ongoing	6 months
Stuart Overell	Ongoing	6 months
Ton van Hoof	Ongoing	6 months

1 The length of the notice period is the same for the executive KMP and the Company. The Board has the discretion to make payments to executive KMP in lieu of notice.

2 In relation to Mr Lukabyo's notice period, up until 30 June 2020 both he and the Company are required to give nine months' notice. From 1 July 2020 both Mr Lukabyo and the Company are required to give six months' notice

4. Executive KMP remuneration outcomes for FY19

FY19 was a year of continued growth for the Company with further investments in products and services improving efficiencies and delivering increases in revenue and profit. The Company completed the acquisition of Mobile Technologies International Pty Ltd. The acquisition has fast-tracked the creation of innovative dispatch and payment tools to deliver seamless travel experiences to customers. The acquisition also expanded the Company's customer reach by increasing its ability to compete with other fully integrated personal transport companies and extended its product offerings internationally.

In recognition of the importance of corporate culture and its inclusion in the CEO's FY19 STI objectives, during FY19 all staff participated in an organisation-wide culture inventory survey. The results of this survey and other programs that followed were considered by the Board in assessing the CEO's performance against the customer engagement and corporate culture performance measure.

FAR

The fixed annual remuneration of executive KMP (except for Mr Overell) increased for FY19. See table 2 on page 55 for further details.

STI performance and outcomes

The CEO assessed the performance of each executive KMP against their individual FY19 STI performance measures with recommendations presented to the Committee. The Committee also assessed the performance of the CEO with reference to his STI performance measures and made recommendations to the Board.

The Board considered the material provided to the Committee, its recommendations, and the annual financial results. The Board determined that $35.9m was achieved for the financial performance measure which exceeded the minimum threshold for the Gateway Hurdle of $34.9m. The Board also agreed with the recommendations in relation to the individual performance of each executive KMP and the applicable value payable.

In respect of the CEO's FY19 STI outcomes, the Board approved the following.

Financial performance measure – Gateway Hurdle	100%	Target 60%
Customer engagement and corporate culture	100%	Target 15%
Grow the personal transport and payments business	50%	Target 15%
Initiation and execution of strategic initiative	75%	Target 10%

The individual FY19 STI outcomes for each executive KMP, including percentages and values payable are detailed in the table below.

Table 4: FY19 STI award outcomes

Executive	Maximum FY19 STI opportunity $	STI earned in FY19 $	% of maximum opportunity achieved	% of maximum STI opportunity forfeited
Andrew Skelton	400,000	360,000 [1]	90%	10%
Adrian Lucchese	150,000	135,000	90%	10%
Deon Ludick	150,000	131,250	88%	12%
Fred Lukabyo	150,000	110,000	73%	27%
Stuart Overell	150,000	110,000	73%	27%
Ton van Hoof	150,000	133,125	89%	11%

1 25% of the STI earned in FY19 being $90,000 is deferred and paid in two equal instalments of $45,000 in July 2020 and $45,000 in July 2021.

LTI performance and outcomes

The Company's shareholders approved the LTI plan in November 2014. The first tranche of performance rights under the LTI plan were granted for the performance period 1 July 2014 – 30 June 2018. The rights were tested in September 2018 and, due to regulatory and market disruption and disruptors, did not vest and lapsed immediately as the performance conditions attached to the rights, being an absolute TSR and a compound annual growth hurdle, were not achieved. Further details are shown in table 7 on page 66.

Snapshot of Group performance

Table 5: Performance outcomes for the last five years

		FY19	FY18	FY17	FY16	FY15
Profit after tax from continuing operations	($m)	11.9	(1.9)	13.8	10.3	46.5
Profit attributable to the owners of the Company	($m)	11.8	(2.2)	(90.5)	25.6	46.5
Dividend paid	($m)	9.6	16.9	120.4	24.1	24.1
Dividend paid per share fully franked	(cents)	8	14	100	20	20
Closing share price at 30 June	($)	1.77	2.4	2.53	3.19	3.66

Note: Opening share price in FY15 was $4.04.

Executive remuneration in FY19

The statutory remuneration of each executive KMP in FY19 is set out in the table below.

Table 6: FY19 executive KMP remuneration (statutory)

		Short-term benefits			Post employment benefits			Share based payments		
Executive		Salary and fees $	STI $	Non-cash benefits[1] $	Superannuation contributions $	Termination benefits $	Other long-term employee benefits $	LTI $	Total $	Performance related rem of total rem[2]
Andrew Skelton	**2019**	**779,469**	**360,000[3]**	**59,848**	**20,531**		**53,413**	**82,404**	**1,355,665**	**32.63%**
	2018	679,951	354,800[4]	–	20,049	–	12,287	37,339	1,104,426	35.51%
Adrian Lucchese	**2019**	**389,468**	**135,000**	**5,324**	**20,531**		**3,658**	**46,428**	**600,409**	**30.22%**
	2018	369,951	135,000	–	20,049	–	2,340	9,594	536,934	26.93%
Deon Ludick	**2019**	**399,469**	**131,250**	**–**	**20,531**		**658**	**45,732**	**597,640**	**29.61%**
	2018	363,201	135,000	6,417	20,049	–	1,045	20,500	546,212	28.47%
Fred Lukabyo	**2019**	**429,469**	**110,000**	**13,394**	**20,531**		**12,604**	**49,003**	**635,001**	**25.04%**
	2018	419,950	131,325	14,795	23,373	–	7,620	23,771	620,834	24.98%
Stuart Overell	**2019**	**394,509**	**110,000**	**–**	**20,531**		**–**	**46,428**	**571,468**	**27.37%**
	2018	394,951	113,775	–	20,049	–	10,099	9,594	548,468	22.49%
Ton van Hoof	**2019**	**329,468**	**133,125**	**15,296**	**20,531**		**2,190**	**25,232**	**525,843**	**30.11%**
	2018	109,191	–	10,933	3,092	–	539	–	123,755	0.00%
Total	**2019**	**2,721,852**	**979,375**	**93,863**	**123,186**	**–**	**72,524**	**295,227**	**4,286,026**	**29.74%**
	2018	2,337,195	869,900	32,145	106,661	–	33,930	100,798	3,480,629	27.89%

1 Movements in accruals for annual leave and reportable fringe benefits are disclosed as non-cash benefits. Other long-term employee benefits represent provisions for long service leave.

2 This represents the percentage of the total remuneration that relates to performance.

3 $90,000 is deferred and will be paid in two equal instalments of $45,000 the first in July 2020 and the second in July 2021.

4 $88,700 is deferred and will be paid in two equal instalments of $44,350 the first in July 2019 and the second in July 2020.

LTI awards held by executive KMP

Details of all outstanding rights granted to executive KMP as LTI awards are set out in the table below. The tranche of performance rights under the LTI plan granted for the performance period 1 July 2014 – 30 June 2018 were tested in September 2018 and, due to regulatory and market disruption and disruptors, did not vest and lapsed immediately as the performance conditions attached to the rights, being an absolute TSR and a compound annual growth hurdle, were not achieved. Further details are shown in table 11 on page 69.

Table 7: LTI rights held by executive KMP

Executive	Grant Date	Performance period	Number of rights granted	Performance conditions	Vesting date
Andrew Skelton	21 February 2019	1 July 2018 – 30 June 2021	179,372	Absolute TSR hurdle and indexed TSR	September 2021
	22 February 2018	1 July 2017 – 30 June 2021	222,222	Absolute TSR hurdle	14 September 2021
	30 January 2017	1 July 2016 – 30 June 2020	124,611	Absolute TSR hurdle and ROE hurdle	14 September 2020
	6 June 2016	1 July 2015 – 30 June 2019	78,624	Absolute TSR hurdle and ROE hurdle	16 September 2019
Adrian Lucchese	21 February 2019	1 July 2018 – 30 June 2021	89,686	Absolute TSR hurdle and indexed TSR	September 2021
	15 February 2018	1 July 2017 – 30 June 2021	111,111	Absolute TSR hurdle	14 September 2021
	30 January 2017	1 July 2016 – 30 June 2020	62,305	Absolute TSR hurdle and ROE hurdle	14 September 2020
	6 June 2016	1 July 2015 – 30 June 2019	26,247	Absolute TSR hurdle and ROE hurdle	16 September 2019
Deon Ludick	21 February 2019	1 July 2018 – 30 June 2021	89,686	Absolute TSR hurdle and indexed TSR	September 2021
	15 February 2018	1 July 2017 – 30 June 2021	83,333	Absolute TSR hurdle	14 September 2021
	30 January 2017	1 July 2016 – 30 June 2020	31,153	Absolute TSR hurdle and ROE hurdle	14 September 2020
Fred Lukabyo	21 February 2019	1 July 2018 – 30 June 2021	89,686	Absolute TSR hurdle and indexed TSR	September 2021
	15 February 2018	1 July 2017 – 30 June 2021	83,333	Absolute TSR hurdle	14 September 2021
	19 June 2017	1 July 2016 – 30 June 2020	46,729	Absolute TSR hurdle and ROE hurdle	14 September 2020
Stuart Overell	21 February 2019	1 July 2018 – 30 June 2021	89,686	Absolute TSR hurdle and indexed TSR	September 2021
	15 February 2018	1 July 2017 – 30 June 2021	111,111	Absolute TSR hurdle	14 September 2021
	30 January 2017	1 July 2016 – 30 June 2020	62,305	Absolute TSR hurdle and ROE hurdle	14 September 2020
	6 June 2016	1 July 2015 – 30 June 2019	26,247	Absolute TSR hurdle and ROE hurdle	16 September 2019
Ton van Hoof	21 February 2019	1 July 2018 – 30 June 2021	89,686	Absolute TSR hurdle and indexed TSR	September 2021

5. Non-executive Director fee arrangements

Board and Committee fees

Non-executive Director (“**NED**”) fees are paid out of an aggregate fee pool of $1.3m per annum which was approved by shareholders on 26 November 2014. The fee pool is inclusive of statutory entitlements (including superannuation). When recommending the aggregate fee pool for shareholder approval, the Board considers the fees required to attract and retain NEDs with the necessary skills and experience whilst incurring a cost acceptable to our shareholders.

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. Fees are not linked to performance and no STI or LTI is provided to NEDs.

Fees in FY19

The Committee reviewed the NED fees for FY19. Having taken into account the Committee’s recommendation, the Board determined that there were to be no NED fee increases for FY19.

The table below summarises NED fees payable in respect of FY19.

Table 8: Board and committee fees

	Chairman $	Member $
Board	220,000	100,000
Audit and Risk Committee	20,000	11,000
Remuneration and Nominations Committee	16,000	11,000

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

NED remuneration in FY19

The statutory remuneration of each NED for FY19 is set out in the table below.

Table 9: FY19 NED remuneration (statutory)

		Short-term benefits	Post-employment benefits	
		Salary and fees $	Superannuation contributions $	Total $
Paul Oneile	**2019**	**200,913**	**19,087**	**220,000**
Chairman	2018	200,913	19,087	220,000
Louise McCann	**2019**	**114,840**	**10,910**	**125,750**
Non-executive Director	2018	92,225	8,761	100,986
Richard Millen	**2019**	**106,004**	**24,996**	**131,000**
Non-executive Director	2018	95,552	35,358	130,910
Clifford Rosenberg [1]	**2019**	**122,000**	**–**	**122,000**
Non-executive Director	2018	99,833	–	99,833
Trudy Vonhoff [2]	**2019**	**47,565**	**4,519**	**52,084**
Non-executive Director	2018	115,525	10,975	126,500
Total fees	**2019**	**591,322**	**59,512**	**650,834**
	2018	604,048	74,181	678,229

1 Mr Rosenberg’s fees were invoiced and paid monthly to Rosenberg Trading Pty Ltd, a personal services company nominated by him.

2 Ms Vonhoff retired as a Director on 22 November 2018.

6. Additional disclosures relating to securities

Shares

In order to align the interests of NEDs with the Company's shareholders, the Board has adopted a policy that requires each NED to accumulate a minimum shareholding equivalent to their annual base fee. NEDs who were members of the Board before 20 June 2016 have three years from this date to meet the expected level of share ownership. NEDs appointed after 20 June 2016 have three years from their appointment date to meet the expected level of share ownership.

Executive KMP are granted rights under the LTI plan which convert into shares on the achievement of performance measures. The first tranche of performance rights under the LTI plan granted for the performance period 1 July 2014 – 30 June 2018 were tested in September 2018 and, due to regulatory and market disruption and disruptors, did not vest and lapsed immediately as the performance conditions attached to the rights, being an absolute TSR and a compound annual growth hurdle, were not achieved. Further details are shown in table 11 on page 69.

The relevant interests of each KMP (and their related parties) in the share capital of the Company for FY19 are detailed in the table below.

Table 10: Shareholdings of KMP and their related parties

	Balance 1 July 2018		Received as remuneration		Net other change		Balance 30 June 2019	
	Direct interest	Indirect interest	Direct interest	Indirect interest	Direct interest	Indirect interest	Direct interest	Indirect interest
Non-executive Director								
Paul Oneile [1]	–	56,968	–	–	–	–	–	56,968
Louise McCann [2]	–	23,800	–	–	–	10,000	–	33,800
Richard Millen [3]	–	60,000	–	–	–	–	–	60,000
Clifford Rosenberg [4]	–	111,307	–	–	–	–	–	111,307
Trudy Vonhoff [5]	22,000	–	–	–	(12,000)	–	10,000	–
Executive								
Andrew Skelton	6,861	–	–	–	–	–	6,861	–
Adrian Lucchese	3,856	–	–	–	–	–	3,856	–
Deon Ludick	–	–	–	–	–	–	–	–
Fred Lukabyo	2,450	–	–	–	–	–	2,450	–
Stuart Overell	–	–	–	–	–	–	–	–
Ton van Hoof	–	–	–	–	–	–	–	–

1 56,968 fully paid ordinary shares held by PNM Management Pty Ltd atf the Kyambra Superannuation Fund.
2 33,800 fully paid ordinary shares held by Tyrrell McCann Pty Ltd atf the Tyrrell McCann Superannuation Fund.
3 60,000 fully paid ordinary shares held by Woor Pty Ltd atf the Millen Superannuation Fund.
4 111,307 fully paid ordinary shares held by Cliffro Pty Ltd atf the Cliffro Trust.
5 22,000 fully paid shares held directly by Ms Vonhoff at the time of her retirement on 22 November 2018, as at 30 June 2019 Ms Vonhoff held 10,000 fully paid shares.

Rights

The table below details the performance rights granted to executive KMP under the LTI plan as part of their remuneration.

Table 11: Rights granted under the LTI plan to executive KMP

Executive	Balance 1 July 2018	Number of rights granted in FY19 [1]	Value of rights granted in FY19	Net other change	Vested	Value of rights vested	Lapsed	Balance 30 June 2019
Andrew Skelton	468,493	179,372	400,000	–	–	–	43,063	604,802
Adrian Lucchese	224,233	89,686	200,000	–	–	–	24,570	289,349
Deon Ludick	114,486	89,686	200,000	–	–	–	–	204,172
Fred Lukabyo	130,062	89,686	200,000	–	–	–	–	219,748
Stuart Overell	224,233	89,686	200,000	–	–	–	24,570	289,349
Ton van Hoof	–	89,686	200,000	–	–	–	–	89,686

1 For performance rights granted as remuneration, the fair value is $529,865. The fair value has been calculated by an independent advisor as at the date of grant, using a Monte Carlo simulation model for the total shareholder return ($0.82 per absolute TSR right and $0.88 per relative TSR right).

7. Transactions with 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 Company (or any of its controlled entities) 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. Information about these transactions would not adversely affect investment decisions by shareholders, or the discharge of accountability by KMP.

8. Shareholder voting for the 2018 Remuneration Report

The Company received a "yes" vote on more than 98.9% of votes cast on its Remuneration Report for the 2018 financial year. The Board is committed to ongoing and transparent engagement with all stakeholders. It will continue to review the effectiveness of the Company's remuneration practices and their alignment with strategic performance objectives to appropriately reward its executives and deliver shareholder value.

Auditor's Independence Declaration

KPMG

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

To the Directors of A2B Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of A2B Australia Limited for the financial year ended 30 June 2019 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

Julie Cleary
Partner
Sydney

27 August 2019

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Consolidated Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Continuing operations			
Revenue	3	197,943	185,543
Other income	3	259	2,572
Processing fees to taxi networks		(6,707)	(7,436)
Brokered taxi plate licence costs		(21,963)	(24,538)
Other taxi related costs		(6,322)	(7,413)
Taxi operating expenses		(7,057)	(5,056)
Courier service expenses		(3,048)	(2,544)
Employee benefits expenses		(62,179)	(54,136)
Cost of cars and hardware sold		(6,559)	(2,731)
General and administrative expenses		(40,165)	(37,814)
Depreciation	11	(11,069)	(11,379)
Amortisation	13 &15	(3,481)	(3,821)
Impairment charges	13 &15	–	(15,681)
Other expenses		(11,883)	(11,169)
Results from operating activities		**17,769**	**4,397**
Finance income	4	214	416
Finance costs		(804)	(1,092)
Net finance costs		**(590)**	**(676)**
Profit before income tax from continuing operations		**17,179**	**3,721**
Income tax expense	5	(5,296)	(5,578)
Profit/(Loss) after tax from continuing operations		**11,883**	**(1,857)**
Discontinued operations			
(Loss) from discontinued operations (net of income tax)	10	–	(362)
Profit/(Loss) for the year		**11,883**	**(2,219)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences, net of tax		(83)	–
Items that will not be reclassified to profit or loss:			
Net change in fair value of financial assets		(712)	–
Income tax on other comprehensive income		214	–
Other comprehensive loss for the year, net of income tax		(581)	**–**
Total comprehensive income/(loss) for the year		**11,302**	**(2,219)**
Attributable to:			
Owners of the Company		11,822	(2,219)
Non-controlling interest		61	–
Total profit/(loss) for the year		**11,883**	**(2,219)**
Owners of the Company		11,241	(2,219)
Non-controlling interest		61	–
Total comprehensive income/(loss) for the year		**11,302**	**(2,219)**
Earnings per share			
Profit/(Loss) from continuing operations attributable to owners of the Company:			
Basic earnings per share	21	9.8 cents	(1.5 cents)
Diluted earnings per share	21	9.8 cents	(1.5 cents)
Profit/(Loss) attributable to owners of the Company:			
Basic earnings per share	21	9.8 cents	(1.8 cents)
Diluted earnings per share	21	9.8 cents	(1.8 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 2019

	Notes	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	30	19,172	22,253
Trade and other receivables	6	72,559	64,880
Current tax assets		–	1,137
Inventories	7	3,401	4,232
Prepayments		5,324	5,861
Total current assets		**100,456**	**98,363**
Non-current assets			
Trade and other receivables	6	4,880	3,768
Financial assets	8	2,186	3,007
Property, plant and equipment	11	38,923	38,300
Net deferred tax assets	12	4,111	2,901
Taxi plate licences	13	17,459	17,553
Goodwill	14	25,708	25,098
Intellectual property	15	21,185	15,703
Total non-current assets		**114,452**	**106,330**
Total assets		**214,908**	**204,693**
Current liabilities			
Contract liabilities, trade and other payables	16	37,913	32,490
Loans and borrowings	17	2,701	3,052
Current tax liabilities		1,120	–
Provisions	18	7,527	6,170
Total current liabilities		**49,261**	**41,712**
Non-current liabilities			
Provisions	18	1,561	786
Total non-current liabilities		**1,561**	**786**
Total liabilities		**50,822**	**42,498**
Net assets		**164,086**	**162,195**
Equity			
Share capital	19	138,325	138,325
Reserves	19	71	348
Retained earnings		25,513	23,522
Total equity attributable to owners of the Company		**163,909**	**162,195**
Non-controlling interest		177	–
Total equity		**164,086**	**162,195**

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 2019

	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers and others		1,196,468	1,213,196
Payments to suppliers, licensees and employees		(1,166,085)	(1,175,107)
Dividends received		261	361
Interest received		214	416
Finance costs paid		(681)	(753)
Income tax paid		(3,786)	(8,261)
Net cash provided by operating activities	**30**	**26,391**	**29,852**
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,084)	(11,709)
Payments for development of intellectual property		(6,135)	(3,957)
Government's compensation for cancelling the tradeable value of taxi plate licences		–	750
Acquisition of business assets, net of cash acquired		(4,406)	(20,886)
Net capital gain tax paid		–	(252)
Proceeds from sale of associate	10	–	12,906
Proceeds from sale of property, plant and equipment		1,114	3,577
Net cash (used in) investing activities		**(19,511)**	**(19,571)**
Cash flows from financing activities			
Proceeds from borrowings		349	662
Repayment of borrowings		(700)	(1,286)
Dividends paid	20	(9,634)	(16,860)
Net cash (used in) financing activities		**(9,985)**	**(17,484)**
Net (decrease) in cash and cash equivalents		(3,105)	(7,203)
Cash and cash equivalents at 1 July		22,253	29,456
Effect of movements in exchange rates on cash held		24	–
Cash and cash equivalents at 30 June	**30**	**19,172**	**22,253**

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 2019

	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 30 June 2018		138,325	348	23,522	–	162,195
Effects of transition to AASB 9, net of tax		–	–	(197)	–	(197)
Balance at 1 July 2018 after the transition to AASB 9		138,325	348	23,325	–	161,998
Total comprehensive income for the year						
Profit for the year		–	–	11,822	61	11,883
Other comprehensive income		–	(581)	–	–	(581)
Total comprehensive income for the year		–	(581)	11,822	61	11,302
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payments		–	304	–	–	304
Dividends paid	20	–	–	(9,634)	–	(9,634)
Total contributions by and distributions to owners		–	304	(9,634)	–	(9,330)
Total transactions with owners		–	304	(9,634)	–	(9,330)
Recognition of non-controlling interest		–	–	–	116	116
Balance at 30 June 2019		138,325	71	25,513	177	164,086
Balance at 1 July 2017		138,325	228	42,601	–	181,154
Total comprehensive income for the year						
(Loss) for the year		–	–	(2,219)	–	(2,219)
Other comprehensive (loss)		–	–	–	–	–
Total comprehensive (loss) for the year		–	–	(2,219)	–	(2,219)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payments		–	120	–	–	120
Dividends paid	20	–	–	(16,860)	–	(16,860)
Total contributions by and distributions to owners		–	120	(16,860)	–	(16,740)
Total transactions with owners		–	120	(16,860)	–	(16,740)
Balance at 30 June 2018		138,325	348	23,522	–	162,195

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 2019

1. Reporting entity

A2B Australia Limited, formerly known as 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 as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the "**Group**"). The Group is a for-profit entity and during the year ended 30 June 2019 was involved in Taxi related services.

2. Basis of preparation

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 27 August 2019.

Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for financial assets (unlisted investments), which are measured at fair value through other comprehensive income.

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.

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.

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 8 Financial assets
- Note 13 Taxi plate licences
- Note 14 Goodwill
- Note 15 Intellectual property
- Note 18 Provisions
- Note 31 Financial instruments and financial risk management

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.

Changes in accounting standards

The Group adopted AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers from 1 July 2018. The impact of these standards are described below:

AASB 9 *Financial Instruments*

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement and includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss approach to be used for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial liabilities from AASB 139.

The adoption of AASB 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the Consolidated Financial Statements. The key changes and its impact are demonstrated as follows:

Classification

From 1 July 2018, the Group classifies financial assets as either:

- Those measured at fair value, with adjustments to fair value recorded through other comprehensive income (FVOCI) or through profit or loss (FVTPL), and
- Those measured at amortised cost.

The Group's trade and other receivables were previously classified as loans and receivables under AASB 139 are now classified as amortised costs under AASB 9. They are held within a business model whose objective is to collect the contractual cash flows and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Therefore, these balances are subsequently measured at amortised cost under AASB 9, which is consistent with their treatment in prior years.

The Group has made an irrevocable election to classify its unlisted equity investments as equity instruments measured at FVOCI. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. These investments were accounted for as available for sale investments under AASB 139 before 1 July 2018. There has been no measurement adjustment arising from this classification change on the date of transition.

There has been no change in the measurement of the Group's financial liabilities and other financial assets on transition from AASB 139 to AASB 9 – these items continue to be measured at amortised cost.

Impairment

The Group's trade and other receivables (including financial lease receivables) are subject to AASB 9's new expected credit loss approach for recognising and measuring impairment of financial assets.

Under AASB 139, an impairment adjustment was only recognised against the receivable when there was objective evidence of impairment, which often resulted in losses being recognised too late. AASB 9 seeks to address this by requiring loss allowances to be recognised before loss events become evident.

The Group has adopted the simplified approach under AASB 9 for calculating the loss allowance which is based on the historical default percentage in each portfolio and adjusted for other current observable and forward-looking information as a means to estimate the lifetime expected credit losses for similar financial assets. Lifetime expected credit losses are thus recognised before the receivable is due for payment. The estimate of credit losses is recognised as a loss adjustment against trade and other receivables.

Impact

The Group has not adjusted comparative information and has recorded the effect of the transition as an adjustment to the Group's equity on 1 July 2018 as follows:

Equity $'000	At 30 June 2018 (previously reported)	Effects on transition to AASB 9 (net of tax)	At 1 July 2018 (after the transition to AASB 9)
Retained earnings	23,522	(197)	23,325

The adjustments to the carrying amounts of the Group's financial assets and the Group's loss allowance account is explained as follows on 1 July 2018:

Financial instrument $'000	At 30 June 2018 (previously reported)	Effects on transition to AASB 9	At 1 July 2018 (after the transition to AASB 9)
Trade and other receivables			
– Application of expected credit loss (ECL) model	61,452	(269)	61,183
Finance lease receivables			
– Application of expected credit loss (ECL) model	7,196	(13)	7,183

Loss allowance against trade and other receivables and finance lease receivables $'000	Carrying amount
At 30 June 2018 (previously reported)	1,365
Application of expected credit loss (ECL) model	282
At 1 July 2018 (after the transition to AASB 9)	1,647

The application of AASB 9 has had no impact on the Consolidated Statement of Cash Flows of the Group, basic and diluted earnings per share.

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.

The Group has adopted AASB 15 using the cumulative effect method, with the effect of initially applying this standard at the date of initial application (1 July 2018).

Previously the Group recognised unearned revenue comprising of advance billing of network subscription and taxi licensing fees for services to be provided in the following month. Under AASB 15, the balance at 1 July 2018 was presented as contract liabilities as the Group has an obligation to transfer the goods to customers for which an amount of consideration is due or has been collected from customers.

The effect of initial transition to the standard was immaterial on the Group's Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows for the year ended 30 June 2019.

New standard and interpretations not yet adopted

A new accounting standard, AASB 16 Leases, has been published. The Group will apply the new standard in FY20. The Group's assessment of the impact of the new standard and interpretations is set out below:

AASB 16 Leases

AASB 16 Leases will replace the existing accounting requirements in AASB 117 Leases.

Leases are currently classified based on their nature as either finance leases, which are recognised as part of Trade and other receivables (refer Note 6) on the Consolidated Statement of Financial Position, or operating leases, which are not capitalised.

Under AASB 16, the Group's accounting for operating leases as a lessee will result in the recognition of a Right-of-Use (ROU) asset and an associated lease liability on the balance sheet. The lease liability represents the present value of future lease payments, with exception of short-term and low value leases. An interest expense will be recognised on the lease liabilities and a depreciation charge will be recognised for the ROU assets. The Group's accounting for leases as a lessor remains unchanged under AASB 16.

The Group will initially apply AASB 16 on 1 July 2019, using the modified retrospective approach, whereby, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The Group has elected to use the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

The Group has estimated the potential impact of AASB 16 arising from its portfolio of property leases and office equipment leases. The Consolidated Financial Statements on initial application of the standard will be adjusted as follows:

Recognise new lease liabilities	Between $19,000,000 and $22,000,000
Recognise new ROU asset	Between $19,000,000 and $22,000,000

Whilst the ROU assets is matched in value to the lease liability at transition, it differs in value throughout the life of the lease. In the Consolidated Statement of Comprehensive Income, the AASB 117 rental charge is replaced by amortisation and interest. Application of AASB 16 therefore results in an increase to the Group's operating result, which is reported prior to interest being deducted.

Whilst amortisation is changed on a straight-line basis, interest is charged on outstanding lease liabilities on an effective interest method where interest is higher in the earlier years of the lease term and decreases over time.

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.

3. Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The following is a description of the Group's principal activities from which the Group generates its revenue:

Taxi service fee income

Taxi service fee income is derived from Taxi payments processed through the A2B 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 Taxi payments proceeds. Taxi service fee income is recognised at the point in time when the payment is processed.

Network subscription fee and Taxi plate licence incomes

Network subscription fee and Taxi plate licence incomes are billed every month in advance. Revenue is recognised over the period when the services are provided. Advance billing relating to services performed in the period beyond the current financial year are shown in the Consolidated Statement of Financial Position as contract liabilities under the heading of Current liabilities – Contract liabilities, trade and other payables, refer to Note 16.

Other Taxi related services income

Other Taxi related services income is generated from fit-out of vehicles as Taxis, repair and replacement of in-vehicle Taxi equipment. Revenue is recognised over the period when the services are provided, or a point in time when the Group has transferred the control to the buyer through ownership, generally when the customer has taken delivery of the goods.

Taxi operating income

Taxi operating income is derived from the operation of Taxis by independent Drivers. This revenue is recognised at a point in time or over time when services are rendered, whichever is applicable.

Courier service income

Courier service income is generated from providing courier dispatch services to Customers, of which revenue is recognised at point in time when services are rendered. Revenue is also generated from subscriptions by courier agents, which is recognised over the period when the services are rendered.

Car sales income

Car sales income is generated through the sale of cars to Taxi Operators. This revenue is recognised at a point in time when the ownership of the car is transferred to Customers.

Insurance commission revenue

Insurance commission revenue comprised of brokerage fees received from referral to insurance products. Revenue is recognised at point in time when the referral has been fully rendered.

School bus route services revenue

School bus route services revenue is based on contracts for these services with State Government. It is billed weekly in arrears and recognised over the period when services are rendered.

Taxi subsidy scheme revenue

The Taxi Subsidy Scheme (TSS) revenue is derived from providing services to issue TSS cards and process Taxi travel transactions of TSS participants in some States and Territories. It is billed monthly in arrears and is recognised over the period when services are rendered.

Hardware sales

Sales of hardware is recognised at point in time when the Group has transferred the control to the buyer through ownership, generally when the customer has taken delivery of the goods. Hardware sales primarily relates to sale of Taxi equipment.

Software consulting and licence income

Software consulting and licence income is derived through the provision of a software license to a licensee for the return of a fixed fee. Software consulting income is derived in relation to payment consulting and software development. It is recognised over time when services are rendered.

Other

Other revenue is generated from other ancillary Taxi operations. It is recognised at a point in time or over time, whichever is applicable, when services are rendered.

Interest on finance lease receivables

Interest earned on finance lease receivables is recognised over the period of the contract using the effective interest rate method.

Taxi equipment and terminal rental income

Taxi equipment and terminal rental income is derived from the rental of Taxi equipment and payment terminals. This revenue is recognised on a monthly basis based on the fixed rental rates.

Revenue

	2019 $'000	2018 $'000
Revenue from contracts with customers		
Taxi service fee income	42,074	44,665
Network subscription fee income	76,748	70,030
Brokered taxi plate licence income	23,467	26,074
Owned taxi plate licence income	3,225	3,395
Other taxi related services income	6,312	7,910
Taxi operating income	11,642	7,746
Courier service income	4,391	3,705
Insurance commission revenue	1,550	1,733
Hardware sales	920	–
Car sales income	5,999	4,579
School bus route services income	4,327	4,446
Taxi subsidy scheme revenue	1,966	2,009
Software consulting and licence income	5,054	1,618
Other	5,606	3,619
Total revenue from contracts with customers	**193,281**	**181,529**
Other revenue		
Interest on finance lease receivables and others	1,120	1,182
Taxi equipment and terminal rental income	3,542	2,832
Total other revenue	**4,662**	**4,014**
Total revenue	**197,943**	**185,543**

For more information about receivables and contract liabilities from contract with customers, refer Note 6 and 16, respectively.

The Group has elected to apply the following practical expedient under AASB 15.121: information on future performance obligations has not been disclosed as performance obligations form part of a contract that has an original expected duration of one year or less.

Other income

	2019 $'000	2018 $'000
Non-operating activities		
Taxi industry assistance from Government	–	2,210
Gain on disposal of property, plant and equipment	259	362
Total other income	**259**	**2,572**

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. A2B's credit risk is based on turnover rather than revenue.

4. Finance income

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues using the effective interest method.

	2019 $'000	2018 $'000
Finance income		
Gain on foreign exchange fluctuation	26	–
Interest income	188	416
Total finance income	**214**	**416**

5. Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised 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.

A2B Australia Limited and its wholly owned Australian resident subsidiaries form a tax consolidated group. The current tax rate applicable to the group is 30%.

Amounts recognised in profit and loss

	2019 $'000	2018 $'000
Current income tax expense		
Current year	5,968	6,412
Adjustment for prior years	43	(221)
	6,011	6,191
Deferred tax expense		
Origination and reversal of temporary differences	(715)	(703)
Adjustment for prior years – deferred tax	–	90
Total income tax expense on continuing operations	**5,296**	**5,578**

Amounts recognised in other comprehensive income

	2019			2018		
	Before tax $'000	Tax (expense) benefit $'000	Net of tax $'000	Before tax $'000	Tax (expense) benefit $'000	Net of tax $'000
Items that may be reclassified subsequently to profit or loss:						
Foreign exchange translation differences	(83)	–	(83)	–	–	–
	(83)	**–**	**(83)**	**–**	**–**	**–**
Items that will not be reclassified to profit or loss:						
Net change in fair value of financial assets	(712)	214	(498)	–	–	–
	(712)	**214**	**(498)**	**–**	**–**	**–**
	(795)	**214**	**(581)**	**–**	**–**	**–**

	2019 $'000	2018 $'000
Numerical reconciliation between tax expense and pre-tax profit		
Profit before tax from continuing operations	17,179	3,721
Prima facie income tax using the corporate tax rate of 30% (2018: 30%)	5,154	1,116
Effect of tax rates in foreign jurisdiction	(35)	–
Add tax effect of:		
Non-deductible depreciation	102	185
Non-allowable impairment charges	–	4,704
Other non-allowable items	194	39
Less tax effect of:		
Rebateable fully franked dividends	(33)	(35)
Tax exempt dividends	(50)	(75)
Utilisation of previously unbooked tax losses	(79)	–
Capital (profit) not subject to income tax	–	(225)
Adjustment for prior years – tax payable	43	(221)
Adjustment for prior years – deferred tax	–	90
Income tax expense	**5,296**	**5,578**
Effective tax rate on pre-tax profit from continuing operations	**30.8%**	**149.9%**

6. Trade and other receivables

Trade receivables are recognised initially at the value of the invoice sent to the Customer and subsequently at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains or losses on derecognition is recognised in profit or loss. The Group derecognises a financial asset when contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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.

Impairment

For trade and other receivables (including the financial lease receivables), the Group recognises an allowance for expected credit losses using the simplified approach allowed under AASB 9.

Expected credit losses are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive. The Group's allowance for impairment reflects both specific doubtful debt provision and collective (portfolio) loss impairment.

The collective loss allowance is determined based on the historical default percentage in each portfolio and adjusted for other current observable and forward looking information as a means to estimate lifetime expected credit losses for assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

	2019 $'000	2018 $'000
Current		
Trade receivables	63,742	56,690
Accumulated impairment losses	(2,275)	(1,152)
Finance lease receivables	4,318	3,428
Other receivables	6,774	6,127
Accumulated impairment losses	–	(213)
	72,559	**64,880**
Non-current		
Finance lease receivables	4,880	3,768
	4,880	**3,768**
Movement in allowance for impairment		
Opening balance	**(1,365)**	**(2,781)**
Effects of transition to AASB 9	(282)	–
Balance after the transition to AASB 9	**(1,647)**	**(2,781)**
Net remeasurement in allowance for impairment	(1,360)	(466)
Amount written off as uncollectable	732	1,882
Closing balance	**(2,275)**	**(1,365)**

Ageing of trade receivables

	2019			2018		
	Gross $'000	Impairment $'000	Net $'000	Gross $'000	Impairment $'000	Net $'000
Not past due	53,594	(98)	53,496	49,531	(30)	49,501
Past due 1–30 days	5,211	(17)	5,194	3,687	(39)	3,648
Past due 31–60 days	2,703	(1,478)	1,225	2,122	(749)	1,373
Past due 61–90 days	501	(1)	500	382	(119)	263
Past due over 90 days	1,733	(681)	1,052	968	(215)	753
	63,742	**(2,275)**	**61,467**	**56,690**	**(1,152)**	**55,538**

The Group's credit risk management policies are outlined in Note 31. There have been no changes to the credit risk management policies during the year.

Finance lease receivables

	2019			2018		
	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	4,318	778	3,540	3,428	603	2,825
Between one and five years	4,880	720	4,160	3,768	543	3,225
	9,198	**1,498**	**7,700**	**7,196**	**1,146**	**6,050**

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.

7. Inventories

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.

	2019 $'000	2018 $'000
Motor vehicles – at cost	1,064	1,068
Parts, safety cameras and sundries – at cost	2,337	3,164
	3,401	**4,232**

Inventories of $11,582,000 (2018: $9,238,000) were recognised as an expense during the year and included in "cost of cars and hardware sold" and "other taxi related costs".

8. Financial assets

Financial assets comprised of unlisted equity investments are recognised initially and subsequently at each reporting date at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and presented in the fair value reserve in equity. There is no subsequent reclassification of fair value gains and losses to profit or loss on derecognition of the investment. Dividends from these investments are recognised in profit or loss when the Group's right to receive payments is established. For more information about dividend income during the year, refer to Consolidated Statement of Cash Flows.

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.

	2019 $'000	2018 $'000
Unlisted investments		
Shares in other corporations	2,186	3,007
	2,186	**3,007**

9. Business combination

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.

Mobile Technologies International Pty Ltd

On 9 November 2018 the Group purchased all of the issued shares in Mobile Technologies International Pty Ltd ("**MTI**") for a purchase consideration of $6,600,000 inclusive of $1,500,000 in deferred employee retention payments. MTI is a leading global provider of automotive dispatch and booking technologies. MTI has an established presence in North America, Europe, Australia and New Zealand, and is also the owner and operator of ManTax Taxis, the largest network of Black Cabs in Manchester, England.

The Group incurred acquisition related costs of $401,000 included in general administrative expenses and $600,000 in employee retention related cost recorded in employee benefits expenses.

The acquisition will fast track the creation of innovative dispatch and payment tools to deliver seamless outcomes for the personal transport industry. The acquisition provides an opportunity to expand A2B's customer reach and increases A2B's ability to compete with other fully integrated personal transport companies.

Goodwill of $610,000 is attributable to the knowledge and expertise of the workforce and the locations of the business acquired. None of the goodwill recognised is expected to be deductible for tax purposes. The fair value of the identifiable assets and liabilities acquired are as follows:

	9 Nov 18 $'000
Cash and cash equivalents	1,051
Trade and other receivables	2,140
Inventory	647
Other current assets	214
Property, plant and equipment	372
Intellectual property	2,780
Deferred tax assets	196
Trade and other payables	(2,116)
Current tax liabilities	(89)
Employee entitlements	(749)
Fair value of identifiable net assets acquired	**4,446**
Consideration paid, satisfied in cash	**(5,056)**
Goodwill (refer to Note 14)	**(610)**

Impact of acquisition on the results of the Group

The Consolidated Statement of Comprehensive Income includes revenue and loss for 8 months ended 30 June 2019 of $5,861,000 and $178,000 respectively, as a result of the acquisition of MTI on 9 November 2018.

The revenue and net loss included in the Consolidated Statement of Comprehensive Income had the acquisition occurred at the beginning of the reporting period, are $10,822,000 and $281,000.

Yellow Cabs Queensland

On 31 July 2017 the Group acquired the business and assets of Yellow Cabs Queensland for cash consideration of $19,500,000. Yellow Cabs Queensland operates a fleet of Taxis and provides Taxi Network services to Taxi Operators and Drivers.

The Group incurred acquisition-related cost of $1,449,000 primarily relating to external legal fees and stamp duty. These amounts have been included in general administrative expenses in the Consolidated Statement of Comprehensive Income. The fair value of the identifiable assets and liabilities acquired are as follows:

	31 July 17 $'000
Cash and cash equivalents	63
Trade and other receivables	3,435
Inventory	977
Other current assets	622
Shares in unlisted companies	1,058
Net deferred tax liabilities	(725)
Property, plant and equipment	3,022
Intellectual property	3,534
Trade and other payables	(1,227)
Employee entitlements	(1,108)
Fair value of identifiable net assets acquired	**9,651**
Consideration paid, satisfied in cash	**(19,500)**
Goodwill (refer to Note 14)	**(9,849)**

10. Discontinued operations

On 28 June 2017 the Group entered into an agreement to sell its investment in CityFleet Networks Ltd in the UK ("**CFN**"). The disposal of CFN was completed on 28 July 2017.

Results of discontinued operations	**2019 $'000**	**2018 $'000**
Foreign exchange loss on sale of CityFleet Networks Ltd	–	(362)
(Loss) from discontinued operation, net of tax	**–**	**(362)**

Cash flows of discontinued operation		
Cash flows from operating activities	–	–
Cash flows from investing activities	–	12,906
Cash flows from financing activities	–	–
Net increase in cash and cash equivalents	**–**	**12,906**

11. Property, plant and equipment

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 50 years
- Leasehold improvements 10 years
- Furniture, fittings, plant and equipment 3 to 8 years
- EFTPOS Equipment 4 to 8 years

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

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. During the year ended 30 June 2019, equipment amounting $1,293,000 were reclassified from inventories to property, plant and equipment to be held for use in rendering services to Customer.

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
2019 year:				
Cost				
Opening balance	12,949	61,644	42,858	117,451
Additions	1,569	8,290	976	10,835
Additions through acquisition	–	372	–	372
Reclassification	–	1,293	–	1,293
Disposals	–	(1,570)	–	(1,570)
Closing balance	14,518	70,029	43,834	128,381
Accumulated depreciation				
Opening balance	(3,657)	(47,196)	(28,298)	(79,151)
Depreciation expense	(379)	(5,063)	(5,627)	(11,069)
Disposals	–	762	–	762
Closing balance	(4,036)	(51,497)	(33,925)	(89,458)
Net Book Value				
Opening balance	9,292	14,448	14,560	38,300
Closing balance	**10,482**	**18,532**	**9,909**	**38,923**

	Land & buildings $'000	Furniture, fittings, plant and equipment $'000	EFTPOS equipment $'000	Total $'000
2018 year:				
Cost				
Opening balance	12,631	50,627	40,281	103,539
Additions	286	8,846	2,577	11,709
Additions through acquisition	32	2,990	–	3,022
Disposals	–	(819)	–	(819)
Closing balance	12,949	61,644	42,858	117,451
Accumulated depreciation				
Opening balance	(3,335)	(42,509)	(22,303)	(68,147)
Depreciation expense	(322)	(5,062)	(5,995)	(11,379)
Disposals	–	375	–	375
Closing balance	(3,657)	(47,196)	(28,298)	(79,151)
Net Book Value				
Opening balance	9,296	8,118	17,978	35,392
Closing balance	**9,292**	**14,448**	**14,560**	**38,300**

12. Deferred tax assets and liabilities

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 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 OCI $'000	Charged to equity $'000	Acquisitions $'000	Closing balance $'000
2019 year:						
Accumulated impairment losses – receivables	409	189	–	85	–	683
Financial assets (unlisted investment)	–	–	214	–	–	214
Employee entitlements	2,538	333	–	–	196	3,067
Accruals	99	41	–	–	–	140
Tax losses	1,467	(12)	–	–	–	1,455
Prepayments	(458)	82	–	–	–	(376)
Intellectual property	(875)	200	–	–	–	(675)
Other taxable temporary differences	(279)	(118)	–	–	–	(397)
	2,901	715	214	85	196	4,111
2018 year:						
Accumulated impairment losses – receivables	432	(23)	–	–	–	409
Employee entitlements	1,536	669	–	–	333	2,538
Accruals	132	(33)	–	–	–	99
Tax losses	1,570	(103)	–	–	–	1,467
Prepayments	(341)	(117)	–	–	–	(458)
Intellectual property	–	183	–	–	(1,058)	(875)
Other taxable temporary differences	(316)	37	–	–	–	(279)
	3,013	613	–	–	(725)	2,901

13. Taxi plate licences

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 of 50 years in current and comparative periods. Taxi and other licences with indefinite useful lives are not amortised. Such assets are tested for impairment in accordance with the accounting 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.

Composition and movement

	Indefinite life	Finite life		
	$'000	50 year renewable $'000	10 year $'000	Total $'000
2019 year:				
Cost				
Opening balance	**15,756**	**3,709**	**3,319**	**22,784**
Additions	–	–	–	–
Impairment	–	–	–	–
Closing balance	**15,756**	**3,709**	**3,319**	**22,784**
Accumulated amortisation				
Opening balance	**–**	**(1,912)**	**(3,319)**	**(5,231)**
Amortisation expense	–	(94)	–	(94)
Disposals	–	–	–	–
Closing balance	**–**	**(2,006)**	**(3,319)**	**(5,325)**
Net book value				
Opening balance	15,756	1,797	–	17,553
Closing balance	**15,756**	**1,703**	**–**	**17,459**
2018 year:				
Cost				
Opening balance	**29,465**	**5,600**	**3,319**	**38,384**
Additions	–	–	–	–
Impairment	(13,709)	(1,891)	–	(15,600)
Closing balance	**15,756**	**3,709**	**3,319**	**22,784**
Accumulated amortisation				
Opening balance	**–**	**(1,818)**	**(3,319)**	**(5,137)**
Amortisation expense	–	(94)	–	(94)
Disposals	–	–	–	–
Closing balance	**–**	**(1,912)**	**(3,319)**	**(5,231)**
Net book value				
Opening balance	29,465	3,782	–	33,247
Closing balance	**15,756**	**1,797**	**–**	**17,553**

Impairment considerations

After assessing the recoverable amount of Taxi plate licences based on value-in-use, using a discounted projected cash flow model, the Group determined that no impairment charge was required (FY18 $15,600,000). To determine value-in-use, free cash flows have been projected for five years based on estimated Taxi plate licence income for the forthcoming year plus 0% annual growth (FY18 0%) and a long term growth rate of 2.1% after 5 years (FY18 2.1%). A pre-tax discount rate of 13.7% (FY18 14.4%) 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 comparable industry market assumptions for the risk free rate, the market risk premium, the cost of debt, the beta and an additional risk weighting for these assets. An increase of 100 basis points in pre-tax discount rate would not result in any impairments and a decrease of 100 basis points in the long term growth rate also would not result in any impairments.

14. Goodwill

Goodwill arising on the acquisition of a subsidiary is included in intangible assets. For the measurement of goodwill at initial recognition, refer to Note 9. Goodwill is subsequently measured at cost less accumulated impairment losses.

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 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 budgeted EBITDA for the forthcoming year plus 2.1% (FY18 2.1%) annual growth and a long term growth rate of 2.1% after 5 years (FY18 2.1%). A pre-tax discount rate of 12.4% (FY18 11.2%) was applied in determining recoverable amount. The annual growth rate is based on the Australian Consumer Price Index. The long term growth rate reflects the general estimated long term Australian economic growth and the discount rate is based on comparable industry market assumptions for the risk free rate, the market risk premium, the cost of debt and the beta. For the purpose of impairment testing, goodwill is allocated to groups of CGUs, according to business operation and/or geography of operation, which represent the lowest level at which the goodwill is monitored for internal management purposes. An increase of 100 basis points in pre-tax discount rate would not result in any impairment and a decrease of 100 basis points in the long term growth rate also would not result in any impairment.

		Goodwill allocated		Impairment loss	
	CGU	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Cabcharge	CAB	3,923	3,923	–	–
Mobile Technologies International	MTI	610	–	–	–
Yellow Cabs South Australia	YSA	1,482	1,482	–	–
Yellow Cabs Australia	YCA	9,849	9,849	–	–
Combined Communications Network	CCN	3,572	3,572	–	–
Black Cabs Combined	BCC	6,272	6,272	–	–
		25,708	25,098	**–**	–

	CAB $'000	**MTI $'000**	**YSA $'000**	**YCA $'000**	**CCN $'000**	**BCC $'000**	**Total $'000**
2019 year:							
Cost							
Opening balance	**3,923**	**–**	**1,482**	**9,849**	**3,572**	**6,272**	**25,098**
Additions through acquisition	**–**	**610**	**–**	**–**	**–**	**–**	**610**
Closing balance	**3,923**	**610**	**1,482**	**9,849**	**3,572**	**6,272**	**25,708**
2018 year:							
Cost							
Opening balance	3,923	–	1,482	–	3,572	6,272	15,249
Additions through acquisition	–	–	–	9,849	–	–	9,849
Closing balance	3,923	–	1,482	9,849	3,572	6,272	25,098

For more information about the goodwill additions through acquisition, refer to Note 9.

15. Intellectual property

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination primarily relating to customer contracts, software, 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 is 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.

Amortisation

Items of intellectual property 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
- Software 5 years
- Capitalised development costs 4 to 8 years

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

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

After assessing the recoverable amount of trademarks and brand names based on value-in-use, using a discounted projected cash flow model, the Group determined that no impairment charge was required (FY18 $81,000). In assessing the recoverable amount of trademarks and brand names, the Group has applied a pre-tax discount rate of 13.6% (FY18 13.2%), an annual growth rate of 2.1% (FY18 2.1%) over the next five years and long term growth rate of 2.1% (FY18 2.1%). An increase of 100 basis points in pre-tax discount rate would not result any impairment and a decrease of 100 basis points in the long term growth rate also would not result in any impairment.

	Indefinite life			Finite life		
	Trademarks $'000	**Brands $'000**	**Customer contracts $'000**	**Software $'000**	**Capitalised development costs $'000**	**Total $'000**
2019 year:						
Cost						
Opening balance	1,392	759	5,604	–	32,676	40,431
Additions – internally developed	–	–	–	–	6,135	6,135
Additions through acquisition	–	–	80	2,700	–	2,780
Written-off	–	–	–	–	(46)	(46)
Closing balance	1,392	759	5,684	2,700	38,765	49,300
Accumulated amortisation						
Opening balance	–	(249)	(2,297)	–	(22,182)	(24,728)
Amortisation expense	–	(335)	(766)	(347)	(1,939)	(3,387)
Closing balance	–	(584)	(3,063)	(347)	(24,121)	(28,115)
Net book value						
Opening balance	1,392	510	3,307	–	10,494	15,703
Closing balance	**1,392**	**175**	**2,621**	**2,353**	**14,644**	**21,185**

	Indefinite life			Finite life		
	Trademarks $'000	**Brands $'000**	**Customer contracts $'000**	**Software $'000**	**Capitalised development costs $'000**	**Total $'000**
2018 year:						
Cost						
Opening balance	1,473	–	2,835	–	28,440	32,748
Additions – internally developed	–	–	–	–	4,230	4,230
Additions through acquisition	–	759	2,769	–	6	3,534
Impairment	(81)	–	–	–	–	(81)
Closing balance	1,392	759	5,604	–	32,676	40,431
Accumulated amortisation						
Opening balance	–	–	(1,230)	–	(19,771)	(21,001)
Amortisation expense	–	(249)	(1,067)	–	(2,411)	(3,727)
Disposals	–	–	–	–	–	–
Closing balance	–	(249)	(2,297)	–	(22,182)	(24,728)
Net book value						
Opening balance	1,473	–	1,605	–	8,669	11,747
Closing balance	**1,392**	**510**	**3,307**	**–**	**10,494**	**15,703**

16. Contract liabilities, trade and other payables

Trade and other payables are classified as measured at amortised cost. They are recognised based on the invoice received from the supplier, and subsequently measured at amortised cost using the effective interest method. The carrying value of trade and other payables is considered to approximate fair value.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

The contract liabilities primarily relate to the advance billing of network subscription and taxi licensing fees for services to be provided in the following month. The balance at 30 June 2019 will be recognised as revenue in the following month.

	2019 $'000	2018 $'000
Current		
Trade payables	11,433	8,900
Security deposit	5,547	4,706
Other payables and accruals	11,842	9,730
Contract liabilities	9,091	–
Unearned revenue	–	9,154
	37,913	**32,490**

17. Loans and borrowings

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

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

Composition	2019 $'000	2018 $'000
Unsecured loans	2,701	3,052
	2,701	**3,052**

Disclosure in the Consolidated Statement of Financial Position		
Current liability	2,701	3,052
	2,701	**3,052**

The unsecured loans are at-call and bear variable interest rates, currently 2% per annum.

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

18. Provisions

Employee benefits and make good provisions

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 in other payables 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.

Make good provision

The make good provision represents the present value of the estimated future cash outflows to be made where the obligation to restore the lease property to its original condition exists.

Composition	2019 $'000	2018 $'000
Employee benefit provision		
– Annual leave provision	3,945	3,329
– Long service leave provision	4,391	3,627
Make good provision	752	–
	9,088	**6,956**

Disclosure in the Consolidated Statement of Financial Position

Current provision		
– Employee benefits provision	7,258	6,170
– Make good provision	269	–
Total current provision	**7,527**	**6,170**

Disclosure in the Consolidated Statement of Financial Position

Current provision		
– Employee benefits provision	7,258	6,170
– Make good provision	269	–
Total current provision	**7,527**	**6,170**

Non-current provision		
– Employee benefits provision	1,078	786
– Make good provision	483	–
Total non-current provision	**1,561**	**786**
Total provisions	**9,088**	**6,956**

Defined contribution superannuation funds

Contributions to defined contribution superannuation funds	**4,554**	**4,161**

19. Share capital and Reserves

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.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of unlisted equity investments. On derecognition, the Group transfers that part of the reserve related to the underlying investment that is derecognised directly to Retained earnings.

Employee Compensation Reserve

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

Composition and movement in issued capital (number of shares)

	2019 (number)	**2018 (number)**
Composition of issued capital		
Fully paid ordinary shares	120,430,683	120,430,683

Composition and movement in share capital (dollars)

	2019 $'000	**2018 $'000**
Composition of share capital		
Fully paid ordinary shares	138,325	138,325

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.

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.

Composition and movement in reserves

	Foreign currency translation reserve $'000	Fair value reserve $'000	Employee compensation reserve $'000	Total $'000
2019 year:				
Opening balance	–	–	348	348
Net change in fair value of financial assets, net of tax	–	(498)	–	(498)
Foreign exchange translation differences, net of tax	(83)	–	–	(83)
Share-based payments	–	–	304	304
Closing balance	**(83)**	**(498)**	**652**	**71**
2018 year:				
Opening balance	–	–	228	228
Share-based payments	–	–	120	120
Closing balance	**–**	**–**	**348**	**348**

20. 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%.

Dividends paid

	2019 $'000	2018 $'000
2019 year interim – 4.0 cents per share	4,817	–
2018 year final – 4.0 cents per share	4,817	–
2018 year interim – 4.0 cents per share	–	4,817
2017 year final – 10.0 cents per share	–	12,043
Total dividends paid	**9,634**	**16,860**

Dividends cents per share – paid

	2019	2018
Interim	4.00	4.00
Final	4.00	10.00
Total	**8.00**	**14.00**

The final 4 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 2019. 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 2019 and will be recognised in subsequent financial statements.

21. Earnings per share

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.

	2019 $'000	2018 $'000
Consolidated profit/(loss)		
Continuing operations	11,822	(1,857)
Discontinued operations	–	(362)
Attributable to owners of the Company	**11,822**	**(2,219)**

	2019	2018
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 A2B's earnings per share which might arise following the exercise of the LTI awards is immaterial given the number of existing shares on issue.

	2019	2018
Basic EPS		
Continuing operations	9.8 cents	(1.5 cents)
Discontinued operations	–	(0.3 cents)
Attributable to owners of the Company	**9.8 cents**	**(1.8 cents)**
Diluted EPS		
Continuing operations	9.8 cents	(1.5 cents)
Discontinued operations	–	(0.3 cents)
Attributable to owners of the Company	**9.8 cents**	**(1.8 cents)**

22. Dividend franking balance

	2019 $'000	2018 $'000
Balance at the end of the financial year including franking credits arising from income tax payable in respect of the financial year.	**37,564**	**36,750**

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/receipt of the current tax liabilities/receivables;

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 $2,064,000 (FY18 $2,064,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax consolidated group has also assumed the benefit of $37,564,000 (FY18 $36,750,000) franking credits.

23. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2019 the parent entity of the Group was A2B Australia Limited.

	2019 $'000	2018 $'000
Result of the parent entity		
Profit for the year	5,168	14,288
Other comprehensive income, net of tax	16	–
Total comprehensive income for the year	**5,184**	**14,288**
Financial position of parent entity at year end		
Current assets	72,623	77,530
Non-current assets	264,574	259,730
Total assets	**337,197**	**337,260**
Current liabilities	30,763	26,780
Non-current liabilities	136,218	136,118
Total liabilities	**166,981**	**162,898**
Total equity of the parent entity comprising of:		
Share capital	138,325	138,325
Reserves	668	348
Retained earnings	31,223	35,689
Total equity	**170,216**	**174,362**

Parent entity capital expenditure commitments and contingencies

At 30 June 2019 the parent entity:

- has no contingent liabilities (FY18: nil); and
- has not made any capital expenditure commitments (FY18: 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 24.

24. Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, 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 Instrument that the Company and each of the subsidiaries seeking relief enter into a Deed of Cross Guarantee ("**Deed**"). 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 Corporation Act. 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.

The subsidiaries are subject to the Deed are:

- Taxis Combined Services Pty Ltd
- Black Cabs Combined Pty Ltd
- Yellow Cabs (South Australia) Pty Ltd
- Yellow Cabs Australia Pty Ltd
- Combined Communications Network Pty Ltd
- EFT Solutions Pty Ltd [1]
- Maxi Taxi (Australia) Pty Ltd [1]
- 135466 Pty Ltd [1]
- Newcastle Taxis Pty Ltd [1]
- Austaxi Group Pty Ltd [1]
- Taxitech Pty Ltd [1]
- Arrow Taxi Services Pty Ltd [1]
- North Suburban Taxis (Vic) Pty Ltd [1]
- ABC Radio Taxi Pty Ltd [1]
- Cabcharge Payments Pty Ltd [1]
- Mobile Technologies International Pty Ltd [1]

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

	2019 $'000	2018 $'000
Revenue	190,978	188,458
Expenses	(173,458)	(163,609)
Results from operating activities	**17,520**	**24,849**
Finance income	187	393
Finance costs	(804)	(1,022)
Profit before income tax	**16,903**	**24,220**
Income tax expense	(5,368)	(9,887)
Profit for the year	**11,535**	**14,333**
Items that will not be reclassified to profit or loss:		
Net change in fair value of financial assets	(712)	–
Income tax on other comprehensive income	214	–
Other comprehensive loss for the year, net of income tax	**(498)**	**–**
Total comprehensive income for the year	**11,037**	**14,333**
Retained earnings at beginning of year	27,219	47,809
Profit for the year	11,535	14,333
Dividends provided for or paid	(9,634)	(29,860)
Retained earnings at end of year	**29,120**	**32,282**

1 Those subsidiaries became a party of the Deed on 26 June 2019.

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

	2019 $'000	2018 $'000
Current assets		
Cash and cash equivalents	17,680	20,043
Trade and other receivables	79,526	54,721
Inventories	3,108	3,804
Other current assets	4,855	2,847
Total current assets	**105,169**	**81,415**
Non-current assets		
Trade and other receivables	4,880	636
Investments	2,295	75,008
Property, plant and equipment	35,786	27,395
Net deferred tax assets	4,068	1,803
Taxi plate licences	17,459	4,906
Goodwill	25,708	24,240
Intellectual property	21,157	15,514
Total non-current assets	**111,353**	**149,502**
Total assets	**216,522**	**230,917**
Current liabilities		
Trade and other payables	37,180	23,839
Loans and borrowings	2,701	–
Current tax liabilities	1,107	3,392
Provisions	7,401	5,897
Total current liabilities	**48,389**	**33,128**
Non-current liabilities		
Non-interest bearing liabilities	–	25,582
Provisions	1,561	765
Total non-current liabilities	**1,561**	**26,347**
Total liabilities	**49,950**	**59,475**
Net assets	**166,572**	**171,442**
Equity		
Share capital	137,304	138,325
Reserves	148	835
Retained earnings	29,120	32,282
Total equity	**166,572**	**171,442**

25. Related Party and Key Management Personnel 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.

KMP compensation (including Non-executive Directors)

	2019 $	2018 $
Short-term employee benefits – salary, fees, non-cash benefits and cash bonus	4,386,411	4,191,233
Post-employment benefits – superannuation	182,698	203,925
Other long-term benefits	72,524	33,930
Share-based payment expense	295,227	100,798
	4,936,860	**4,529,886**

Loans to Directors and other KMP

No loans are made to Directors or other KMP.

Transactions with Directors and other KMP

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

26. Remuneration of auditors

	2019 $	2018 $
Audit services		
Auditors of the Company – KPMG Australia		
Audit and review of financial reports	478,000	574,762
Other services		
Auditors of the Company – KPMG Australia		
Taxation services	154,350	169,320
Advisory services	54,000	60,000
	686,350	**804,082**
Other auditors		
Internal Audit	95,475	184,300
Other services – internal auditor	166,863	44,666
	262,338	**228,966**
	948,688	**1,033,048**

27. Particulars relating to controlled entities

	Group Interest % 2019	Group Interest % 2018
13cabs Innovations Pty Ltd	**100**	–
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
Cabcharge Payments Pty Ltd	**100**	100
Carbodies Australia Pty Ltd	**100**	100
Champ Australia Pty Ltd	**100**	–
Champ NSW Pty Ltd	**100**	–
Champ Victoria Pty Ltd	**100**	–
Champ WA Pty Ltd	**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
Mobile Technologies Developments Pty Ltd	**100**	–
Mobile Technologies International Pty Ltd	**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	**68**	68
Taxi Services Management (Newcastle) Pty Ltd	**100**	100
TaxiProp Pty Ltd	**100**	100
Taxis Australia Pty Ltd	**68**	68
Taxis Combined Services (Victoria) Pty Ltd	**100**	100
Taxis Combined Services Pty Ltd	**100**	100
Taxitech Pty Ltd	**100**	100
Thirteen Hundred Pty Ltd	**100**	100
Tiger Taxis NSW Pty Ltd	**100**	–

	Group Interest % 2019	Group Interest % 2018
Tiger Taxis Operations Pty Ltd	**100**	–
Tiger Taxis Pty Ltd	**100**	100
Tiger Taxis Queensland Pty Ltd	**100**	–
Voci Asia Pacific Pty Ltd	**100**	100
Yellow Cabs (Queensland) Holdings Pty Ltd	**100**	100
Yellow Cabs Australia 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 New Zealand Limited	**100**	100
Cabcharge North America Limited	**93**	93
Manchester Taxi Division Limited	**100**	–
Mobile Technologies International Limited	**100**	–
Mobile Technologies International LLC	**100**	–

28. 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 2019 (FY18 $nil).

29. Operating lease commitments

Operating leases are not recognised on the Group's Consolidated Statement of Financial Position. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expense on a straight-line basis over the term of the lease.

Operating lease commitments

	2019 $'000	2018 $'000
One year or less	2,859	2,233
From one to five years	8,540	4,517
Over five years	11,806	4,473
Total operating lease commitments	**23,205**	**11,223**

Lease commitments are in relation to the Group's offices in various locations. Under these arrangements the Group generally pays rent on a monthly basis at rates agreed at the inception of the lease. Lease expense recognised during the year is $2,908,000 (FY18: $2,519,000).

30. Notes to the consolidated statement of cash flows

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.

Reconciliation of net cash provided by operating activities with profit from ordinary activities after income tax	2019 $'000	2018 $'000
Profit/(Loss) for the year attributable to owners of the Company	11,822	(2,219)
Adjustment for non-cash items:		
Depreciation and amortisation	14,550	15,200
Net (profit) on disposal of property, plant and equipment	(259)	(137)
Share-based payments	304	120
Government's compensation for cancelling the tradeable value of taxi plate licences	–	(750)
Impairment charge	–	15,681
Acquisition related costs	401	1,449
Loss from discontinued operations (net of income tax)	–	362
Changes in assets and liabilities, net of the effects of purchase of subsidiaries:		
Change in trade and other debtors	(5,919)	(1,457)
Change in inventories	185	(2,244)
Change in creditors and accruals	3,307	5,616
Change in provisions	632	823
Change in income taxes payable	2,168	(1,978)
Change in deferred tax balances	(800)	(614)
Net cash provided by operating activities	**26,391**	**29,852**

Cash and cash equivalents

Cash on hand and at bank	10,620	10,141
Money market deposits	8,552	12,112
Balance per Consolidated Statement of Cash Flows	**19,172**	**22,253**

Restricted cash

There was no restricted cash at 30 June 2019 (30 June 2018 $nil).

31. Financial instruments and financial risk management

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 equity, which the Group defines as profit after tax divided by total shareholders' equity. The Board also determines 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 equity over the medium term.

There were no changes in the Group's approach to medium term 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.

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 activities. The Committee reports regularly to the Board of Directors on risk management.

Risk management practices are established to identify and analyse the risks faced by the Group, to set appropriate policies which include risk limits and controls, and to monitor risks and adherence to policies. Risk management practices 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.

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, investments with financial institutions and securities. The carrying value of cash and cash equivalents, trade and other receivables and deposits with financial institutions represents the maximum credit exposure of these assets.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2019 $'000	2018 $'000
Impairment loss on trade receivables arising from contracts with customers	(1,360)	(466)
Impairment loss on financial assets measured at FVOCI	(727)	–
	(2,087)	**(466)**

a) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each Customer. At 30 June 2019, the exposure to credit risk for trade receivables arising from geographic region outside of Australia is $1,511,000 (FY18: Nil).

The Group minimises concentration of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of Customers.

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

- The Board has established delegated limits and authority for agreements, contracts and receivable write-off
- Each new Customer is analysed individually for creditworthiness under a credit policy before the Group's standard payment and delivery terms and conditions are offered
- Payment terms are 28 days or monthly
- 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 (refer to Note 3).

The Group has established an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables and similar investments. The allowance for trade and other receivables is the 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.

b) Cash and cash equivalents

The Group limits its exposure to credit risk by placing deposits with major Australian banks.

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 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
2019 year						
Trade and other payables	37,913	37,913	37,913	–	–	–
Loans and borrowings	2,701	2,865	2,865	–	–	–
	40,614	**40,778**	**40,778**	**–**	**–**	**–**
2018 year						
Trade and other payables	32,490	32,490	32,490	–	–	–
Loans and borrowings	3,052	3,156	3,156	–	–	–
	35,542	**35,646**	**35,646**	**–**	**–**	**–**

	2019 $'000	2018 $'000
Financial facilities		
Revolving credit facility	45,000	50,000
Multi option facility	5,000	20,000
Total facility	**50,000**	70,000
Amount used at 30 June	**–**	–
Amount unused at 30 June	**50,000**	70,000

The bank borrowing facility is a revolving facility and expires on 1 July 2021. The Company reduced the finance facility limits from $70m to $50m during the year.

Typically the Group ensures that it has sufficient cash on demand to meet expected current operational expenses, 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.

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.

a) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies.
The functional currencies of Group companies incorporated overseas are primarily in USD and GBP. The Group has no significant exposure to foreign exchange risk.

b) 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.

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

	2019 $'000	2018 $'000
Fixed rate instruments		
Financial assets	7,700	6,050
Financial liabilities	–	–
	7,700	**6,050**
Variable rate instruments		
Financial assets	19,172	22,253
Financial liabilities	(2,701)	(3,052)
	16,471	**19,201**

As at 30 June 2019 the carrying value of financial assets and liabilities on the above table are considered to approximate their fair value.

c) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows were as follows:

	2019	2018
Loans and borrowings	2%	2%
Finance lease receivables	10% to 12%	10% to 12%

d) Fair value hierarchy

To determine fair value, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising unobservable inputs. Fair value measurements that are recognised in the Consolidated Financial Statements are categorised as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value hierarchy of the investments is provided below:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2019				
Unlisted equity investments	–	–	2,186	2,186
30 June 2018				
Unlisted equity investments	–	–	3,007	3,007

The valuation techniques and significant unobservable inputs used to determine the fair value of on these unlisted equity investments at 30 June 2019 is as follows:

Valuation techniques	Significant unobservable inputs
Future Maintainable Earnings (FME) methodology – the estimate of FME represents the fair value of the unlisted equity investments on a going concern and cash flow basis, determined by capitalising the maintainable earnings of the investee using an appropriate earnings multiple.	Expected earnings at 30 June 2019, with an adjusted earnings multiple of 3.5x to 4.6x (weighted), derived from comparable companies to the investee. The estimate of the fair value will increase (decrease) if the earnings and earnings multiple increases (decreases).
Net Tangible Assets approach – the estimate of fair value is determined by valuing the assets and liabilities of the investee at market value (excluding operating assets and liabilities).	Minority discount of 20%. The estimate of the fair value will increase (decrease) if the discount rate decreases (increases).

The carrying amount of the unlisted equity investments is sensitive to possible changes in the significant unobservable inputs.

e) Sensitivity analysis

i. 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.

ii. 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 2018.

	Profit or loss	
	100 bp increase $'000	100 bp decrease $'000
2019	(27)	27
2018	(29)	29

32. Operating segment

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 Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group operates predominantly in one business and geographic segment being the provision of taxi related services in Australia.

A subsidiary, MTI which was purchased by the Group on 9 November 2018, operates in other geographic segments operating in Australia, Europe and North America. MTI's contribution from 9 November 2018 was included in the Group's Consolidated Statements of Comprehensive Income and it is not material. For more information about the revenue and loss after tax of MTI for the year ended 30 June 2019, refer to Note 9.

33. Share-based payment – Long term incentive

The Group has provided Long term incentive ("**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.

The total share-based payment expense for the year was $303,836 (FY18 $120,920).

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
2019 year						
Rights granted to CEO and key management personnel On 21 February 2019	376,681	Absolute Total Shareholder Return (market condition) [1]	Monte Carlo simulation	$0.82	15 September 2021	1 July 2018 to 30 June 2021
	251,121	Relative Total Shareholder Return (non-market condition) [1]	Monte Carlo simulation	$0.88		
Rights granted to senior management personnel On 21 February 2019	53,812	Absolute Total Shareholder Return (market condition) [1]	Monte Carlo simulation	$0.82	15 September 2021	1 July 2018 to 30 June 2021
	35,874	Relative Total Shareholder Return (non-market condition) [1]	Monte Carlo simulation	$0.88		
Total number of Rights	**717,488**					
2018 year						
Rights granted to CEO and key management personnel On 15 February 2018	611,110	Absolute Total Shareholder Return (market condition) [1]	Monte Carlo simulation	$0.67	15 September 2021	1 July 2017 to 30 June 2021
Total number of Rights	**611,110**					

1 Details of the operation of LTI awards are outlined on pages 61 to 63 of this Annual Report.

Key assumptions

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

	2019	2018
	21 February 2019	**15 February 2018**
Share price at grant date	$2.02	$1.84
Expected life	3 years	4 years
Expected volatility	40%	35%
Dividend yield	4.84%	6.83%
Risk-free interest rate	1.60%	2.19%

Reconciliation

The reconciliation of outstanding rights is shown the following table:

	Number of Rights	
Performance Rights reconciliation	**2019**	**2018**
Rights outstanding as at 1 July	1,212,324	689,766
Rights granted	717,488	611,110
Rights forfeited	–	–
Rights lapsed	(116,746)	(88,552)
Rights exercised	–	–
Rights outstanding as at 30 June	1,813,066	1,212,324
Rights exercisable as at 30 June	–	–

34. Subsequent event

Dividends

The Directors have declared a final dividend of 4 cents per share (fully franked) scheduled to be paid on 31 October 2019. The record date to determine entitlement to dividend is 27 September 2019.

Acquisition of Regent Taxis Ltd's business assets

During the year the Group has entered into an agreement with the Board of Directors of Regent Taxis Limited to acquire the business operations and various assets of Gold Coast Cabs, for a consideration of $2,500,000. Satisfaction of the conditions precedent to the agreement were completed on 2 July 2019, being the date of the acquisition.

At the time the financial statements were authorised for issue, the Group is in the process of determining the fair values of the assets and liabilities acquired in Gold Coast Cabs.

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 2019.

Director's Declaration

1. In the opinion of the Directors of A2B Australia Limited ("**Company**"):
   a. the Consolidated Financial Statements and Notes set out on pages 71 to 112, and the Remuneration Report in the Directors' Report, set out on pages 52 to 69, are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the consolidated entity's financial position at 30 June 2019 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. there are reasonable grounds to believe that the Company and the controlled entities identified in Note 24 as parties to a Deed of Cross Guarantee 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 entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.
2. The Consolidated Financial Statements and Notes comply with International Financial Reporting Standards as disclosed in Note 2.
3. The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act.

Signed in accordance with a resolution of the Directors

Paul Oneile
Chairman

27 August 2019

Andrew Skelton
Managing Director

27 August 2019

Independent Auditor's Report

To the shareholders of A2B Australia Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of A2B Australia Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2019;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of A2B Australia Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

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

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

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

KPMG

Key Audit Matters

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

- Valuation of Taxi Plate Licences
- Valuation of Goodwill

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Taxi plate licences at 30 June 2019 ($17.5m)

Refer to Note 13 in the Financial Report

The key audit matter

Valuation of Taxi plate licences is a Key Audit Matter due to:

- The level of judgement required by us in evaluating the estimates determined by management for forecast revenues. This is a significant driver in the taxi plate licence value in use model.
- The level of growth in revenue for taxi companies continues to be threatened by changes in consumer habits and government regulations. This is driven by the increased use of alternative platforms, including mobile application based offerings and restrictions on taxi fee incomes. These ongoing changes create uncertainty in the key assumptions used in the taxi plate licence value in use model, and were a focus of our audit work, specifically:
  - taxi plate licence growth expectations: short, medium and long term; and
  - the discount rate.
- These conditions increase the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider.

How the matter was addressed in our audit

Our procedures included:

- Working with our valuation specialists, we challenged the valuation assumptions used to value the taxi plate licences. This included evaluating the key inputs to the discount rate, including the risk free rate, cost of debt, market participant gearing levels and industry beta, against published rates of comparable entities.
- We challenged the short, medium and long term forecast for taxi plate licence growth expectations by assessing the assumptions against published industry growth expectations.
- We assessed the historical accuracy of the Group's revenue forecasts, by comparing the forecasts used in the prior year model to the actual revenue generated in the current year. We also considered the changes in the contracted price for licences. These procedures enabled us to evaluate the accuracy of forecasting the cash flows as included in the value in use calculations.
- We assessed the mathematical accuracy of the Group's value in use model.
- We performed a sensitivity analysis on key assumptions, in particular the discount rate and growth expectations rates to assess the risk of bias or inconsistency in application.
- We assessed the disclosures in relation to the valuation by comparing these disclosures to our understanding of the valuation, the business and accounting standards requirements.

KPMG

Valuation of Goodwill at 30 June 2019 ($25.7m)	
Refer to Note 14 in the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The valuation of Goodwill is considered a key audit matter due to: • The industry in which the Group operates is impacted by disruptive technologies. Further, there are changes in government regulations impacting the taxi service fee that can be applied when processing payments. These conditions increase the possibility of goodwill being impaired. • Discount rates which are applied to determine the Goodwill value are complicated in nature and vary according to the conditions and environment the specific CGU is subjected to. We involve our valuations specialists with the assessment of this assumption. In addition to the above, the Group's model is largely manually developed and the application of corporate cost and assets to each CGU requires judgment. These conditions necessitate additional scrutiny by us, in particular to address the objective of sources used for assumptions, and their consistent application.	Our procedures included: • We assessed the growth rate assumptions for each CGU based on comparable companies and industry data. We considered impact of industry and regulatory changes on the Group's key assumptions, for indicators of bias and inconsistent application, using our industry knowledge. • We performed sensitivity analysis for focusing on the forecast cash flows, the discount rate and terminal growth rate, within a reasonably possible range, to identify those assumptions which are at higher risk of bias or inconsistency in application and to focus our procedures. • Working with our valuation specialists, we independently assessed and challenged the Group's discount rate against publicly available data of group comparable entities. • We assessed the allocation of corporate costs and assets to CGUs by comparing the Group's allocation methodology to our understanding of the business and the criteria in the accounting standards. • We assessed the accuracy of previous forecasting for the group as an indicator to inform our evaluation of forecasts included in the value in use models. • We assessed the Group's disclosures of the qualitative and quantitative considerations in relation to the valuation of goodwill, by comparing these disclosures to our understanding of the matter and accounting standard requirements.

Other Information

Other Information is financial and non-financial information in A2B Australia Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of A2B Australia Limited for the year ended 30 June 2019, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 23 to 38 of the Directors' report for the year ended 30 June 2019.

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

KPMG

KPMG

Julie Cleary
Partner
Sydney

27 August 2019

Shareholder Information

The information below was prepared as at 4 October 2019.

20 largest shareholders

	Name	Number of shares held	% issued capital
1	HSBC Custody Nominees (Australia) Limited	40,510,410	33.64
2	J P Morgan Nominees Australia Pty Limited	13,889,425	11.53
3	Citicorp Nominees Pty Limited	13,125,926	10.90
4	Comfortdelgro Corporation Limited	8,980,676	7.46
5	National Nominees Limited	4,800,954	3.99
6	BNP Paribas Nominees Pty Ltd (DRP)	2,788,235	2.32
7	Swan Taxis Co-Operative Ltd	2,631,004	2.18
8	Legion Cabs (Trading) Co-Operative Society Limited	1,750,000	1.45
9	Prudential Nominees Pty Ltd	1,000,000	0.83
10	National Exchange Pty Ltd	1,000,000	0.83
11	Sandhurst Trustees Ltd (SISF A/C)	620,000	0.51
12	BNP Paribas Nominees Pty Ltd (AGENCY LENDING DRP A/C)	588,566	0.49
13	Ms Faby Fielan Chong	525,487	0.44
14	Neweconomy Com Au Nominees Pty Limited (900 ACCOUNT)	454,628	0.38
15	Akat Investments Pty Ltd (TAG FAMILY NO2 A/C)	450,000	0.37
16	Mr Raymond J Meredith	303,702	0.25
17	Paden Valley Investments Pty Ltd (A & F SUPER FUND)	301,585	0.25
18	Jeremy & Lynette King Superannuation Pty Ltd	250,000	0.21
19	Kerway Investments Pty Ltd	240,000	0.20
20	Mr Ian Alexander Armstrong	233,212	0.19
Total		94,443,810	**78.42**

Substantial shareholders

Name	Number of shares held	% issued capital
Spheria Asset Mgt	20,755,306	17.23
Investors Mutual	15,012,508	12.47
Comfortdelgro	11,611,680	9.64
Edgbaston Investment Partners	9,935,386	8.25
Dimensional Fund Advisors	6,571,839	5.46

Information included in the substantial shareholders table is sourced from substantial shareholder notices or the register that the Company maintains in accordance with section 672DA of the *Corporations Act 2001*, in each case as at 4 October 2019.

Spread of shareholders

Size of holding	Number of holders	Number of shares held	% issued capital
1 – 1,000	1,639	882,574	0.73
1,001 – 5,000	1,712	4,521,062	3.75
5,001 – 10,000	546	3,807,281	3.16
10,001 – 100,000	593	15,650,927	13
100,001 and over	36	95,568,839	79.36
Total		**120,430,683**	**100**

641 shareholders hold less than a marketable parcel of shares in the Company based on the closing market price on 4 October 2019.

Voting rights

The voting rights of shareholders are set out in the Company's Constitution. Each shareholder is entitled, either personally, or by proxy, attorney or representative, to be present at any general meeting of the Company and to vote on any resolution on a show of hands or on a poll. Every shareholder present in person, by proxy, or attorney or representative, has one vote for every share held.

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

ASX listing

The Company's ordinary shares are quoted on the ASX under the trading code "A2B", with Sydney being the Company's home exchange.

Details of trading activity are published in most daily newspapers and are also available on a 20 minute delayed basis, on the Company's website at www.a2baustralia.com/investor-center/share-price/.

The Company is not currently conducting an on-market buy-back of its shares.

Website

An electronic version of the Annual Report is available on the Company's website at www.a2baustralia.com/investor-center/reports/. A printed copy of the Annual Report will only be sent to shareholders who have elected to receive one.

Corporate Directory

Annual General Meeting

The 2019 Annual General Meeting of the shareholders of A2B Australia Limited will be held at 11.00am on Thursday 21 November 2019 in the Gold Melting Room, The Mint, 10 Macquarie Street, Sydney.

Full details will be provided in the Notice of Meeting.

Registered Office

A2B Australia Limited
ABN 99 001 958 390
152–162 Riley Street
East Sydney NSW 2010

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F: +61 2 9361 4248
www.a2baustralia.com

Company Secretary

Adrian Lucchese

Auditor

KPMG
International Towers Sydney 3
300 Barangaroo Avenue
Sydney NSW 2000

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

T: 1300 724 911
www.linkmarketservices.com.au

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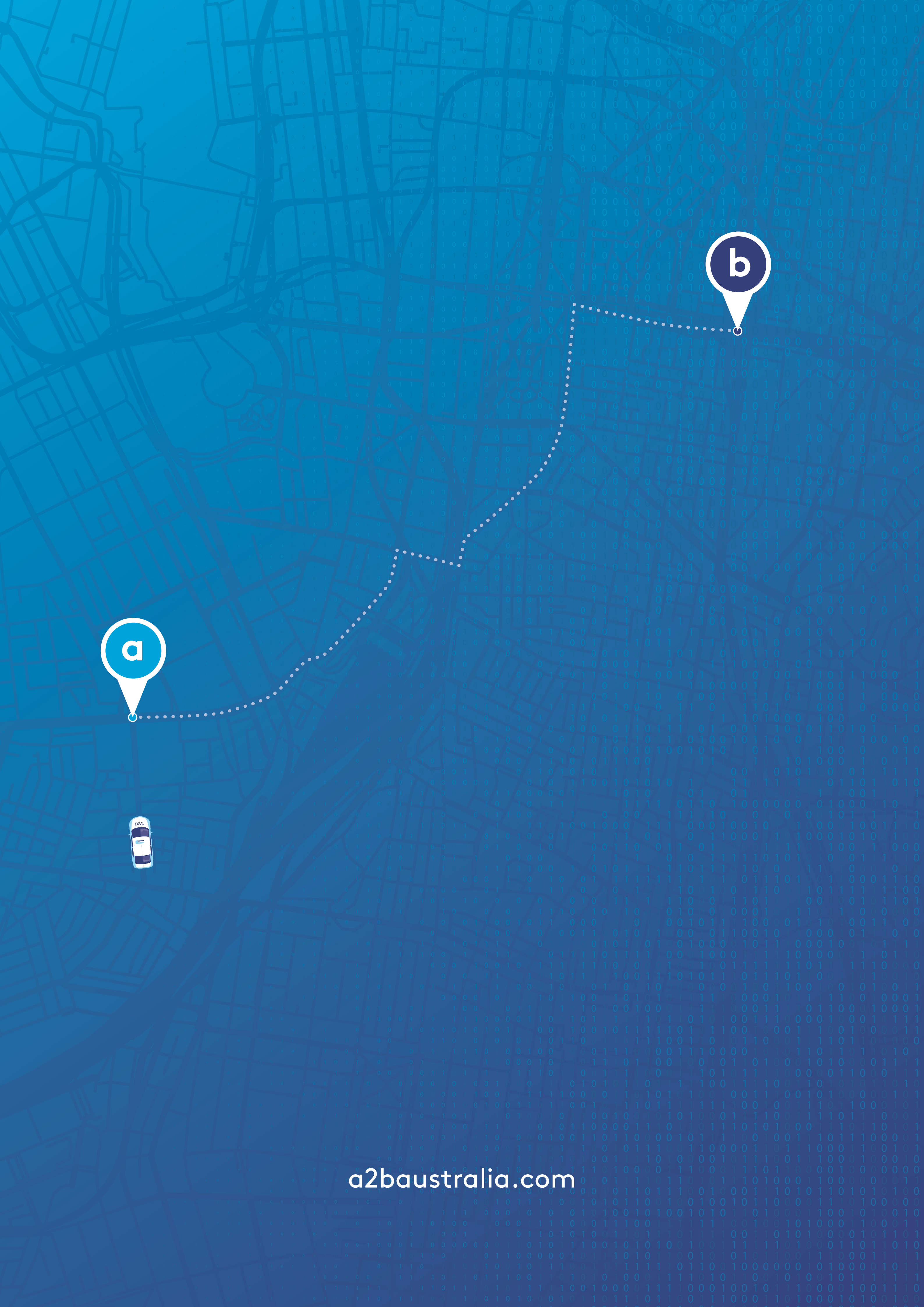

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