
Cabcharge
ANNUAL REPORT 2012

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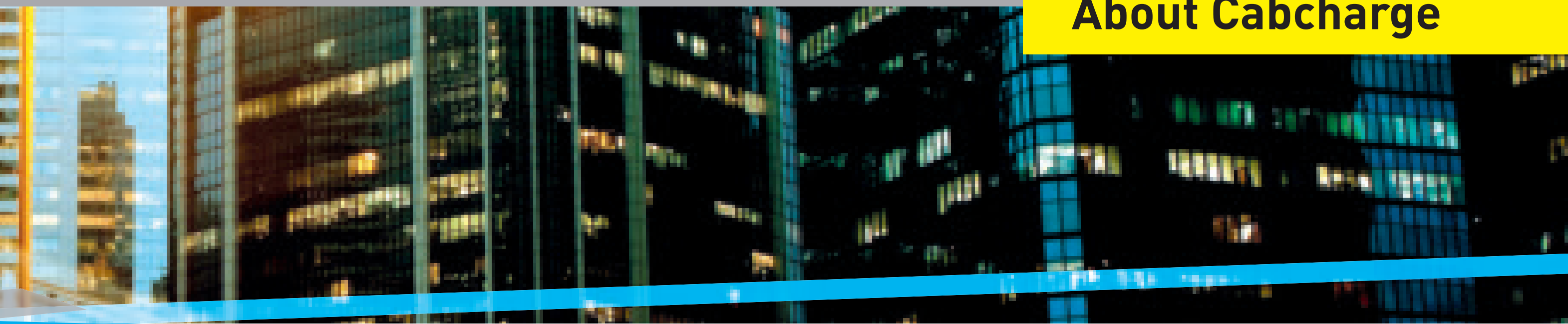


Cabcharge Australia Limited is a diversified Australian technology, financial services, taxi payments and passenger land transport Company. It also develops and supplies in-taxi equipment. Throughout its history, Cabcharge has had a strong community focus, especially in relation to assisting the Taxi Industry to improve services to those with mobility constraints.

The Cabcharge payment system is still core to what we do and it processes all credit and debit chip and contactless cards, as well as those with magnetic stripe. This includes bank issued cards such as MasterCard and Visa and third party cards such as American Express and China UnionPay cards. We source and build the in-vehicle equipment which is world class with a particular focus on customer protection and ease of payment for drivers (which includes taxi integration, GPS, trip details capture and contactless processing capability). Our customer base spans accounts ranging from large corporations and government bodies to small businesses and individuals.

In 2008, Cabcharge established EFT Solutions which develops payment system software for other clients, including major banks and retailers, as well as for the Cabcharge system. This has placed us at the forefront of payment system technology development. Growth and diversification into related markets have long been priorities for Cabcharge and remain so.

Our Taxi Networks have grown over the years and we provide services to member Groups to assist them in controlling inevitable cost increases. Many Operators and Drivers remain very loyal to the Company, appreciating the assistance they have received over many years.

In 2005 Cabcharge, together with ComfortDelGro Corporation Limited (Singapore), formed a joint venture company, ComfortDelGro Cabcharge Pty Ltd (CDC) – with ComfortDelGro owning 51% and Cabcharge 49% of the business. It purchased the Westbus Group and later the Baxter private bus business and Toronto Bus Services. CDC is the largest private bus operator in Australia and operates under brands that include Westbus, Hillsbus and Hunter Valley Buses. In 2009, CDC purchased the Kefford Group in Victoria. In August 2012, CDC purchased Deane's, a 97 bus operation based in Queanbeyan with services operating into Canberra and Yass. With this acquisition, CDC will have a total bus fleet of over 1600 buses.

The success of Cabcharge has stemmed from its commitment to look ahead, seek new opportunities to grow, invest in leading technology and set consistently high standards. This commitment continues to ensure Cabcharge's position as an industry leader. We share this vision and commitment with our joint venture partners.

Our initiatives in relation to contactless payments technology demonstrate that we are still at the forefront of a very competitive market in the Taxi Industry. New opportunities are continually emerging for us in different areas; for example, innovative technology in taxi meter and camera products, further development in other modes of transport such as buses, and expanding into new geographic centres. We examine each opportunity on the basis of its value to our shareholders and the Operators and Drivers who are the backbone of our Industry and who appreciate just what is done for their business.

Highlights

Financial

Healthy Profit result despite uncertain economic conditions, Net profit after Tax $60.0m.

Total Revenue increased by 4.2% to $192.4m.

Full year Dividend up 16.7% to 35c per share fully franked.

Members Taxi related services revenue up 7.6% to $90.0m.

Successful diversification strategy – Associates now contribute 28.2% of Group Profit (before one off items).

Operational

Successful EMV capability activation enables acceptance of all contactless cards – Visa, Mastercard as well as Cabcharge products.

Rapid growth in contactless transactions since EMV activation completed.

Cabcharge FASTCARD proving popular due to its ease of use, speed and security.

National rollout of FASTeTicket commenced.

Agreement reached with China UnionPay, the world's largest payment card scheme, to process their cards Australia wide.

Successful re-tender of service agreement with Queensland Transport to administer Queensland Government Taxi Subsidy Scheme.

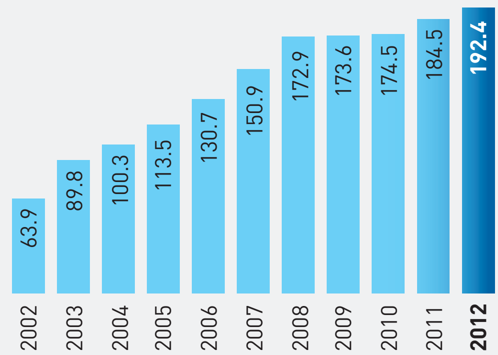
Strong growth in fleet numbers in New South Wales and Victoria.

Successful acquisition of Austaxi Group Pty Ltd, enabling the provision of a more integrated service to the transport disadvantaged in Sydney.

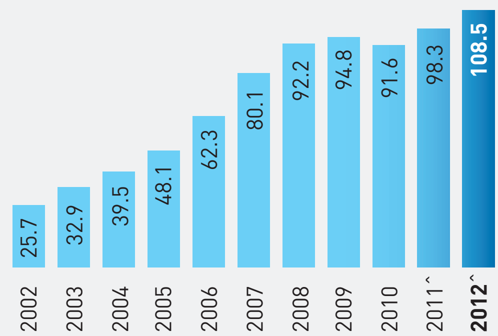
Post balance date, successful acquisition of Yellow Cabs in Adelaide to ensure the continued growth.

Post balance date, successful acquisition of Deane's Bus Line Pty Ltd and Transborder Express by ComfortDelGro Cabcharge Pty Ltd (our Associate).

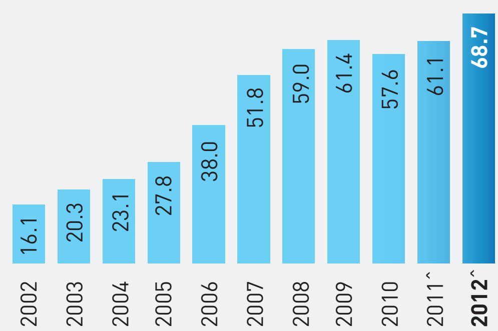
REVENUE ($m)



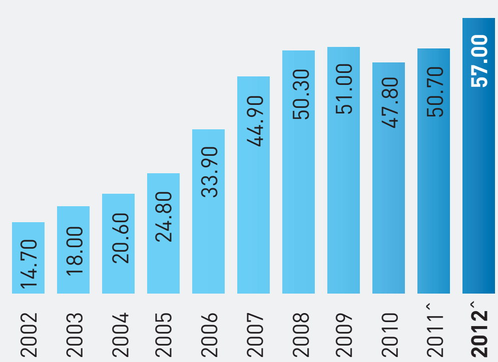
EBITDA ($m)



PROFIT AFTER TAX ($m)



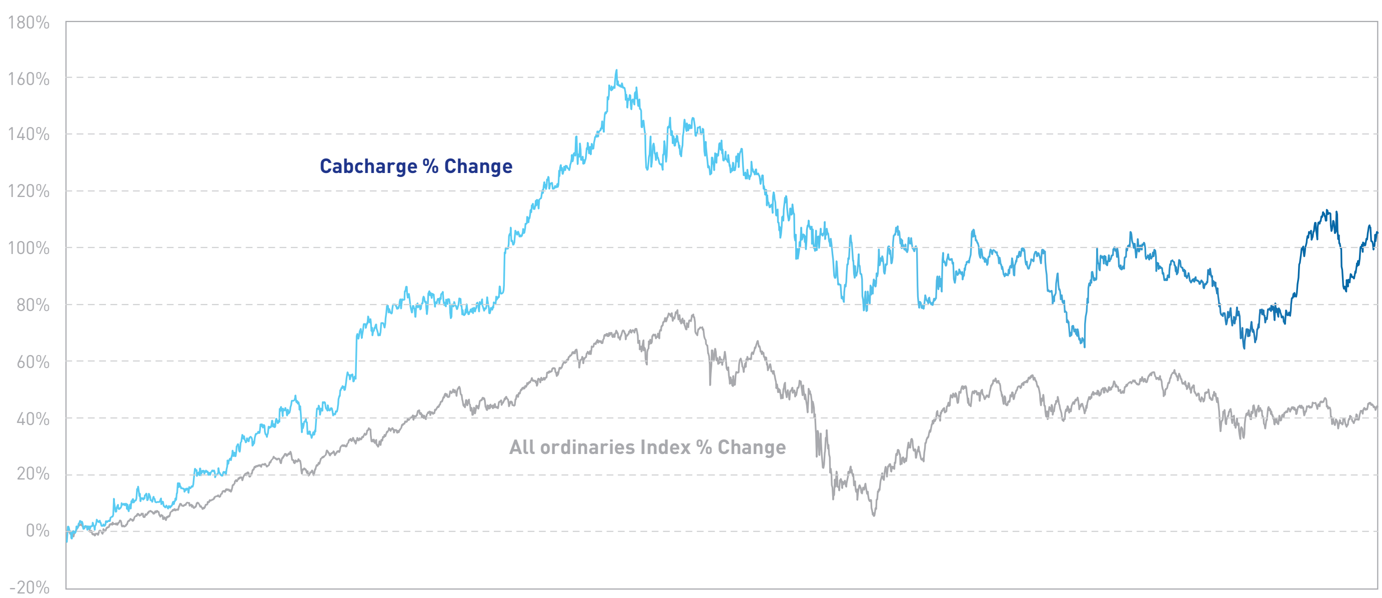
EARNINGS PER SHARE (cents)



^ Before one off items:
- Impairment charge in FY 12 (see note 14)
- ACCC settlement in FY 11 (see note 37)

	2002	2003	2004	2005	2006
Financial Performance ($m)					
Turnover	588.1	645.7	693.5	779.3	883.3
Revenue*	63.9	89.8	100.3	113.5	130.7
EBITDA**	25.7	32.9	39.5	48.1	62.3
EBIT**	21.2	26.4	30.6	36.8	53.0
Profit after tax	16.1	20.3	23.1	27.8	38.0
Financial Position ($m)					
Total assets employed	137.8	145.8	158.4	168.9	229.1
Capital and reserves	103.5	120.6	126.7	140.0	156.7
Per share (cents)					
Earnings per share - basic	14.70	18.00	20.60	24.80	33.90
Earnings per share - diluted	14.60	18.00	20.60	24.80	33.90
Ordinary dividends per share	10.00	12.00	13.75	17.00	23.00
Net assets per share (ex goodwill)	90.4	104.6	106.2	114.7	139.1
Key ratios (%)					
Earnings per share growth	32	23	14	20	37
Return on contributed equity	22	27	32	38	53

TEN YEAR SHARE PRICE PERFORMANCE VERSUS ALL ORDINARIES INDEX



Figures presented in tables and graphs for years 2005 onward are expressed on the basis of AIFRS Standards while earlier years are per previous AGAAP

#CAGR is Compound Annual Growth Rate over the 10 year period

*Revenue in 2009, 2010, 2011 and 2012 excludes interest income

**EBIT (Earnings Before Interest and Tax) and EBITDA (EBIT before Depreciation and Amortisation) are shown inclusive of equity accounted share of profit of associates

^Before one off items:
- Impairment charge in FY 12 (see note 14)
- ACCC settlement in FY 11 (see note 37)

HIGHLIGHTS

2007	2008	2009	2010	2011	2012	CAGR#
1,024.9	1,149.7	1,130.9	1,096.5	1,131.6	1,156.9	7%
150.9	172.9	173.6	174.5	184.5	192.4	12%
80.1	92.2	94.8	91.6	98.3^	108.5^	15%
72.0	83.9	86.4	81.1	85.8^	95.4^	16%
51.8	59.0	61.4	57.6	61.1^	68.7^	16%
310.2	380.8	418.9	447.9	479.0	520.7	14%
217.6	263.4	279.7	294.9	306.8	320.8	12%
44.90	50.30	51.00	47.80	50.70^	57.00^	15%
44.90	50.30	51.00	47.80	50.70^	57.00^	15%
30.00	34.00	34.00	34.00	30.00	35.00	13%
185.0	213.1	221.3	233.9	243.8	255.4	11%
32	12	1	-6	6^	12^	
46	43	44	42	44^	50^	

Highlights (Cont.)

On behalf of the Board, I am pleased to report on a very solid performance for the Company for the 2012 financial year. Our continued investment in leading technology, product innovation and diversification is delivering what we envisaged and we have established a strong platform for future growth. This has enabled the Board to increase the full year dividend to shareholders to 35 cents, up 16.7% on the previous year.

The financial results demonstrate how far the Company has come since it was founded. When I joined in 1976 it was a Co-operative with 750 shareholders, no assets and paid up capital of $375. Since the restructure and growth of the Company to listing in 1999 and to the present day Cabcharge's success has been built on a clear vision for the future, a deep understanding of the industries in which we operate and the commitment and expertise of our people, many of whom have been with us for over 20 years. This is not easy to replicate, particularly when combined with our track record of achievement over many years in delivering significant benefits not only for shareholders but also for consumers, the Taxi Industry and the community, especially those with mobility constraints. In a highly competitive marketplace, these are real strengths which should not be underestimated and on which we continue to build.

The Company has been built on a culture of accountability and responsibility. People understand their level of responsibility and that of others within the organisation which leads to cohesion and consistency. We have a culture where no one is afraid to openly discuss how and why things were done a certain way and if they could have been done better – this leads to a healthy environment at senior levels which permeates across the Group.

Of outstanding value to the Company has been partnership and how it accelerates our learning process. When you enter a partnership (a joint venture, for example) you start sharing. Our organisation is built around absorbing and sharing and applying the experience gained from partnership to put back into our organisation, hence an accelerated learning process for all parties. If you use the multiplier effect, we all benefit more and more from each other.

If we want our Company to continue to be proud participants in the global environment in areas such as taxi services for the disabled, booking and dispatch systems and payments technology, we must share and learn. This way, we can add in some small way to the development of our nation and support Governments for the ultimate benefit of our Company's shareholders and the community. We try hard not to let our shareholders and interested stakeholders down – it is a principle in which we believe and honour. If you start from a position of credibility people change from a 'blame' to a 'help' situation. You must always maintain credibility in the public space and in the political and regulatory space as well. Unwarranted and unreliable media reporting can unfortunately have a negative impact which is a sad reflection for those who try so hard to promote quality Public Transport and the need for transparency with the diversity of people we need to serve.

This is what responsible Government is trying so hard to instil in people, and we believe we can and do play a major role, particularly with regulatory bodies. In our view, consultation and engagement by regulatory bodies with all stakeholders results in more informed decisions and better outcomes for both Government and the community.

During the year, tough as it was, we completed a number of major projects, reached some important milestones and continued to improve customer service. Our key highlights are outlined below.

Financial Performance

The Cabcharge Group's revenue increased to $192m in FY12, up 4.2% on FY11, with growth in all parts of the business. The reported net profit of your Company was $60m in FY12, compared with $46.1m in FY11, up 30%. This year's results include an $8.7m impairment charge on our investment in our associate CityFleet UK, while the FY11 results include the $15m ACCC settlement expense. Excluding these significant items Cabcharge's underlying net profit has increased to $68.7m for the year, up 12.3% (2011: 6.1%).

Taxi service fee income, derived from taxi payments turnover through the Cabcharge Payment System, increased to $89.6m from $87.3m in FY11, up 2.6%. As Cabcharge assumes the credit risk for the full value of each transaction, it is pertinent to discuss the turnover. Included in total turnover of $1.157 billion in FY12 was taxi payment turnover of $1.051 billion, up 1.7% on FY11 of $1.033 billion. Taxi payment turnover is made up of Cabcharge accounts, bank issued cards and third party cards. Cabcharge account turnover of $438m was up 3.5% from $423m in FY11, a positive result for our sales and marketing efforts to date under the circumstances. Turnover from bank issued cards was of $490m, up 3.7% from $473m in FY11 with growing use of contactless cards. Turnover from third party cards was $123m, down by 10.2% compared to $137m in FY11. Taxi payment turnover in 2H12 was impacted by softer economic conditions.

Members' taxi related services revenue increased by 7.6% to $90m mainly due to an increase in the number of taxis electing to use our Taxi Network services in both NSW and Victoria, with additional licences being issued in both States.

Our thoughtful and well executed diversification into the Bus industry continues to be an important and successful part of our sustainable growth strategy and is gathering momentum. The equity accounted NPAT contribution from our Associate, ComfortDelGro Cabcharge Pty Ltd (CDC), for the year grew

Executive Chairman's Report

to $17.8m (2011: $13.2m), 25.9% of the Group's underlying profit. The equity accounted NPAT contribution from our other Associate, CityFleet UK was maintained at $1.7m. The impact of the prolonged weakness of the UK economy on corporate account revenue and the subdued outlook led to the decision to provide for the impairment of our investment in CityFleet UK by $8.7m. The relationship with Singapore based ComfortDelGro Corporation Limited continues to prosper in the spirit of trust, business integrity and loyalty.

As expected, the completion of the rollout of the new dispatch system for all our Taxi fleets, combined with our investment in the contactless EFTPOS terminals increased our interest and depreciation costs. The net debt to equity ratio was 36.0% at 30 June 2012, compared to 40.4% at 30 June 2011, reflecting strong operating cash flows of $69.9m.

The Board is confident that current and planned initiatives will enhance the Group's future results. The fully franked final dividend of 18 cents, payable on 31 October 2012 with the shares trading ex-dividend from 28 September, brings the full year dividend for 2012 to 35 cents, fully franked, compared to 30c in FY11 while still maintaining a strong balance sheet.

Executive Chairman's Report cont.

Operations Review

Through the introduction of the Cabcharge Payment System, using our in-house technology skills, we transformed the Taxi payments business in Australia. It gives choice for consumers through providing reliable and convenient alternatives to cash using a variety of cards, is available Australia wide and has reduced the risk of assault on drivers by reducing the amount of cash held. A further important benefit of the Cabcharge System, not matched by our competitors, is that it enables us to provide additional financial support to merchant Taxi Networks ($23.3m in 2012) who are such an important link in the process of delivering quality taxi services to passengers.

While competition has increased, we remain committed to being at the forefront of this business. Great progress has been made with our introduction of contactless technology. Full Australia wide activation of EMV capability was completed during the year for all taxis with contactless Cabcharge EFTPOS terminals (over 20,000). In addition to the Cabcharge **FAST**CARD, this enables these terminals to process fare payments from all cards displaying the MasterCard PayPass logo or Visa payWave logo simply by tapping the card against the contactless symbol on the terminal. In August 2012 we passed the 2 million contactless transactions mark with around 20% of all MasterCard and Visa transactions processed via our terminals being contactless and growing rapidly. As expected, contactless transactions are beginning to replace cash. For example, Visa contactless transactions on weekends increase to 25% of all Visa transactions.

We have also had a steady increase in the take up rate on the Cabcharge **FAST**CARD since its release with its ease of use, speed and security being particularly popular with cardholders. There are currently almost 125,000 **FAST**CARDs on issue. In addition, Gift card sales increased by 15% during the year. National rollout of the **FAST**eTICKET has commenced.

The Cabcharge Payment System is unique and has considerable advantages compared to other systems such as less secure e-commerce websites which have been accessed by "hackers" or are an easy target for skimmers. Our payment equipment is specifically designed for use in taxis, integrates with other taxi equipment including meters, meets Payment Industry standards and consequently provides a more secure and comprehensive service to passengers and drivers.

The additional security and payment transparency provided by the Cabcharge Payment System was one of the major reasons China UnionPay reached an agreement with us to process their cards Australia wide. China UnionPay is the largest payment card scheme in the world. Following this agreement we partnered with the Government agency, Destination New South Wales and our transaction acquirer, National Australia Bank and I travelled with their representatives to Shanghai in June this year to sign a Memorandum of Understanding with China UnionPay to promote the use of the card. This will provide a significant boost to taxi patronage with an expected 15% increase in Chinese visitors to Australia this year. I would like to congratulate Destination NSW on this important initiative to make these visitors welcome and more comfortable by promoting user friendly public transport.

We are reaping continuing rewards from our established reputation in payments software development. As well as its work for Cabcharge, EFT Solutions has a number of significant projects with external clients including software development for two major retailers with approximately 24,000 EFTPOS terminals in total Australia wide. In addition our demonstrated expertise in contactless cards helped us to successfully retender for the Queensland Government Taxi Subsidy Scheme contract. Thankfully, we do not have the burden of the NSW paper based system which we carried for 30 years.

We are constantly looking at ways to improve services for passengers and the Taxi Industry through our Taxi Networks. We developed Silver Service in 1998 which set a new standard in passenger service and more recently we were the first to market with award–winning smart phone booking applications which have proved very popular. We also expanded the range of products and services designed to help fleets and operators to grow and to support drivers. These include vehicle leasing, insurance, in-taxi equipment from a variety of suppliers and driver training and placement.

During 2012 the number of taxis affiliated with our Taxi Networks grew with an increase of 250 cars in NSW and 151 cars in Victoria. Particularly pleasing was the winning of major new Government and corporate accounts in both States. As well as the core booking and dispatch services, sales of our suite of other products and services grew. In addition, the number of smaller Taxi Networks using our bureau services increased.

We continue to work with the Taxi Industry to improve services to the community. We were pleased that after a thorough regulatory review process, the purchase of AusTaxis Pty Ltd proceeded, enabling the provision of a more integrated service to the transport disadvantaged in Sydney through the inclusion of the Lime fleet. In addition, the number of WATS vehicles in our Newcastle and other Sydney fleets grew.

Turning to the contribution from our Associates, we are particularly pleased with the progress of CDC with its growth in Bus and Coach services in both NSW and Victoria. Compared to FY11, the equity accounted NPAT contribution from CDC was up by $4.6m, an increase of 34.4%. In particular, the results reflect the impact of two additional new bus routes and growth bus services in Sydney which increased the revenue under the bus contracts together with a similar level of revenue growth in Victoria. Bus patronage grew by 6.6% on our Sydney Metropolitan services.

We continued to invest in improving services and facilities for our customers and drivers. In NSW, new digital radios are being installed on buses with inbuilt GPS tracking to assist in safety and service disruption incidents. In addition, a new Operations Centre is being established at the Seven Hills depot to provide real time monitoring and bus frequency assistance to customers and drivers. In Victoria, development of a new site for our Oakleigh depot is underway which will allow for growth, provide better driver and staff facilities and result in ongoing cost savings due to its convenient location to existing routes.

As mentioned earlier, the equity accounted NPAT contribution from CityFleet UK was maintained at $1.7m and a decision was made to write down the value of our investment in this business in 1H12. However, the Board believes that the business, with its strong balance sheet, is still well positioned to benefit from economic strengthening in the medium to long term. The Board is working with our joint venture partner to maintain strict cost controls whilst we await the inevitable pickup in the economy.

Corporate Governance

With growing investor interest in sustainability and the impact of environmental, social and governance (ESG) issues on the long term performance of companies, reporting on these issues has been enhanced in this year's Annual Report – in particular, see the section on Corporate Social Responsibility, the Remuneration Report and the Corporate Governance Statement.

During the year the Board commenced a review of its corporate governance policies and procedures. As a result, a number of policies were updated as seen on the Company website, including the Diversity Policy. A particular focus was remuneration following the vote on the remuneration report at last year's AGM under the two strikes legislation. We increased our engagement with investors and proxy advisors to better understand their concerns and to assist them to more fully understand our businesses and the complexities of our Company.

To meet our obligations and minimise risk, we have continued to maintain our focus on compliance with the Competition and Consumer Act with a particular emphasis on ensuring all relevant staff undertake compliance training and are aware of our policies and procedures in this important area.

As noted elsewhere, the Company has successfully diversified through its range of products and services deployed across Australia and, through its Associates, internationally. In recognition of the changing nature of the Company and the importance of corporate governance to its stakeholders the Company is reviewing its corporate governance framework.

Our Customer Focus

The Cabcharge Group maintains a strong focus on improving levels of customer service. For some customers such as Cabcharge account holders, we can have a much more direct impact than for others such as users of our EFTPOS terminals and taxi fleet services where we work in partnership with taxi drivers and others to deliver the service.

During the year we extended our service hours for Cabcharge account holders following a trial where we received very positive feedback, particularly from those in different time zones such as Western Australia. We also introduced multi-skilling and rotation for the customer service team to support our "one stop" service model. Finally, we established new key performance indicators (KPIs) for the customer service and account management teams to enable us to better monitor our service levels and identify areas for further improvement.

Completion of the EMV rollout during the year meant that consumers with MasterCard PayPass or Visa payWave cards now have the added convenience and security of contactless transactions in paying a taxi fare via a Cabcharge terminal. There was widespread industry based advertising and promotional activity directed at taxi drivers on the benefits of contactless transactions and how to process them. The growth in contactless transactions mentioned earlier demonstrates that this service is now a popular choice for many consumers.

Executive Chairman's Report cont.

Delivery of quality taxi services to consumers is a complex process which involves Taxi Networks nationally (including rural and regional) who provide booking and dispatch services, taxi owners and operators who are responsible for the vehicle, taxi drivers and regulators. Our Taxi Network subsidiaries implemented a number of initiatives during the year to facilitate improved service standards. These included having all staff in the Contact Centre undertake a Certificate lV in Customer Contact, introducing individual KPIs and an associated quality assurance process, increasing the number of staff in Customer Service to ensure complaints are dealt with more speedily, providing a call back service for drivers to confirm bookings and reduce the number of "no shows" and enhancements to the mTaxi mobile booking application which enable the consumer to track when a taxi has accepted their booking and where the taxi is. The subsidiaries also work closely with the Taxi Industry and regulators to identify and implement additional initiatives for improvement.

Although there is always more to do, I am particularly proud of the significant improvements in services for those with mobility constraints. These date back to 1980 when as Chair of the NSW Taxi Council I was a member of a Committee established by the then Premier to look at ways of upgrading all forms of public transport to provide disabled access. It soon became clear that this would be very expensive and take a very long time. To enable some immediate progress, the NSW Taxi Council proposed the introduction of wheelchair accessible taxis supported by a Government taxi subsidy scheme for eligible community members. Later that same year the first wheelchair accessible cab was on the road and the approach adopted in NSW became the model for other States and Territories in Australia and many other countries.

One of the challenges with this approach has always been the availability of suitable vehicles. Despite approaches to the major motor vehicle manufacturers in Australia at the time, there was little interest in producing a specialist vehicle given the lack of critical mass. In 1988, through the NSW Taxi Council and with the support of the regulator, we arranged the importation of 100 London type metro cabs as a trial, most of which were sponsored by Cabcharge. Unfortunately, this was not a success given the topography of Sydney compared to the flat terrain of London, the higher running costs and a surprisingly high level of consumer dislike for the vehicles. I would caution those looking at a similar approach today to heed the lessons of history and avoid simplistic solutions.

Of course, the challenges facing those with disabilities extend beyond transport access and support for local community initiatives such as St Lucy's Without Words Week in Sydney are a particular focus for our community sponsorship program along with many other groups we assist without seeking accolades.

Our People

As I mentioned earlier one of the Cabcharge Group's strengths is the commitment and expertise of our people. I am very proud that our staff comprises various age, gender, ethnic and cultural backgrounds, all working together in absolute harmony. I have always believed that one of the best indicators of the success of companies is length of service and our record is testimony to our working relationships - 22% of our staff have been with us for over 10 years and of those, a third have been with us for over 20 years. It has not been as a result of schemes which dilute shareholder interests. Whilst we have a solid base with years of experience we are introducing highly qualified young staff who will strengthen the future of the Group.

During the year, Ms Sharon Doyle retired as Company Secretary after being with the Group in various roles for 18 years. I was very pleased that we were able to retain her knowledge of the business through her appointment as the first female Director on the Cabcharge Board. She was replaced as Company Secretary by Mr Andrew Skelton, formerly Chief Operating Officer of our Melbourne Taxi Network subsidiary. It was a pleasing indicator of our depth of talent that we were able to appoint an internal candidate, Mr Stuart Overell as Mr Skelton's successor. We have also employed a highly qualified woman, with BSc (Hons.) and PhD degrees, into a new division presenting fully analysed data necessary to enable the Board to have some well analysed information available to them to assist them in their decision making processes.

Outlook

We, like a number of other Australian companies, are still cautiously confident about the prospects for growth, particularly based on the success to date of our initiatives in the payments part of our business and recent acquisitions. While economic conditions obviously have an impact, the resilience of the Company is being strengthened by the growth of the bus business and the expansion of taxi related services. The ongoing success of our core payments business lies in our technology which we continue to develop to maintain our advantage in a fast changing, highly competitive marketplace. We are far from the monopoly some seem to enjoy promoting to the media.

In relation to taxi service fee income we expect to benefit from both increasing use of Cabcharge products and more general taxi payments turnover growth as a direct result of consumers enjoying the convenience of contactless cards over cash. It is worth noting that EFTPOS Payments Australia Limited (EPAL), which is responsible for Australian debit cards, is due to commence issuing cards with contactless technology through the banks in 2013. In relation to Cabcharge products, we will be targeting potential new corporate account holders through selective radio and magazine advertising and direct promotions.

We will also be undertaking a Gift Card promotion, initially through 500 retail outlets across Australia. These initiatives are designed to both increase sales and expose the Cabcharge brand and products to new markets.

We have commenced the first production run of Fareway Plus which was announced at last year's AGM. Fareway Plus will replace the existing ageing in-taxi payment engines. As well as enabling fast EFTPOS payment transactions, it allows additional applications to be downloaded. The first of these will be the meter application which will automatically record both the fare and any tolls and have "over the air" fare and toll updates. This will make fare calculation much easier for drivers, increase transparency for consumers and reduce the potential for disputes. Fareway Plus is more cost efficient than the current engine and through the incorporation of other features such as a contactless reader will support new Near Field Communication (NFC) payment options which can't be done through standard terminals.

There will be further growth in member taxi related services income following completion of the acquisition of Yellow Cabs Adelaide on 2 July 2012 after gaining all the necessary regulatory approvals. We are working to grow the business and, in conjunction with the Taxi Industry and the regulator, improve services to the Adelaide community. Yellow Cabs currently provides network services to 276 cabs and we plan to offer a similar range of products and services as we do in other States. For example, the new website and mobile taxi booking applications provide more options for passengers. Similar applications have proved extremely popular in NSW and Victoria.

We expect the NPAT contribution from CDC to again increase in the coming year as a result of the full year impact of new services, growth in passenger demand and the acquisition of Deane's Bus Operations which provide services in Queanbeyan, Yass and into the ACT, completed on 31 August 2012. The acquisition extends CDC operations into another rapidly growing region and increases its total fleet to over 1,600 buses.

Tenders were invited for several Transport for NSW bus contracts with the outcome expected to be announced before the end of 2012. Two of CDC's three NSW metropolitan regions are in this first tranche with all other metropolitan regions to be tendered at a time to be determined by Transport for NSW. This provides an opportunity for CDC to tender for additional area coverage if it so desires. The tendering includes the introduction of a range of key performance targets. CDC is confident of consistently meeting these targets and has improvement programs in place where necessary to meet the new reporting requirements. There are no changes to CDC's existing Victorian contracts which have between six and nine years to run.

The Board believes we are well placed for the future. Cabcharge has changed markedly since it listed in 1999. It is a significant financial services, payments technology and ground transport player in Australia, no longer solely a taxi payments business. Diversification provides additional opportunities for sustainable growth and is gathering momentum. We are confident that our ability to look ahead, our agility and our understanding of stakeholder needs will enable us to positively respond to challenges in the industries in which we operate, as we have done in the past.

Like many other businesses we expect to face some headwinds in the immediate future. Our focus will be on growing revenue where we can, controlling costs and looking for further efficiencies while improving services for consumers and the Taxi Industry and supporting Government Programs nationwide to improve Public Transport at all levels. Finally, our balance sheet remains strong which enables us to continue to seek additional suitable opportunities for further growth including via acquisitions.

I would like to thank all those who have contributed to our ongoing success and are helping to support our growth strategy.

In alphabetical order – 1. Clare ANDERSON *(Manager - Cabsure)* 2. Terry EL HASSAN *(General Manager - Cabcharge)* 3. Sai KANCHARLA *(Duputy Chief Financial Officer)* 4. Dr Jessica KRIMMER *(Corporate Information Analyst)* 5. Fred LUKABYO *(Group Chief Operating Officer - Taxi Operations)* 6. Colin McGREGOR *(General Manager - Taxi Services)* 7. Stuart OVERELL *(COO - Black Cabs)* 8. Anne REIN *(Group General Manager - People & Business Improvement)* 9. Rob ROOZENDAAL *(Group General Manager - Information Technologies)* 10. Andrew SKELTON *(Company Secretary)* 11. Chip Beng YEOH *(Chief Financial Officer & Company Secretary)* 12. John YOUNG *(General Manager - EFT Solutions)*

Reginald Kermode *AM MBE JP FAICD FAIM*
Executive Chairman

Corporate Social Responsibility

At Cabcharge our objective is to be the company of choice in the markets in which we operate. To achieve this we recognise the interdependence of financial returns, social benefits and environmental impacts. With growing investor interest in the impact of environmental, social and governance (ESG) issues on the long term performance of companies we have particularly highlighted those ESG issues which are central to our Company's situation in this year's report.

We aim to create sustainable value for all our stakeholders including customers, the Taxi Industry, employees, shareholders, business partners and the communities which we serve. We are here for the long term – sustainability and corporate social responsibility are integral to the way we do business.

Environment

Cabcharge has implemented a range of policies to distinguish itself as an environmentally sound and responsible company. The main issue for the Group is environment efficiency in relation to waste, water and energy. There are also opportunities given the interest of some consumers in using environmentally friendly products and services. We also encourage Taxi operators and drivers who choose our Network services to take their own proactive steps towards reducing any negative impact they have on the environment.

Energy Efficiency and Minimising Environmental Impact

Within our own businesses we aim to:

- Use energy, water and paper resources as efficiently as possible – initiatives include a "lights-off" policy in workplace bathrooms, supported by visible signage; TCS Smash Repairs uses recycled water; all printers default to monochromatic and double sided printing; upgrading our website to automate customer procedures where possible and reduce paper use.
- Maximise recycling of waste – examples include a recycling program for office paper and non-secure general paper waste; recycling our old computers, monitors and toners; TCS Smash recycles old thinners and old body parts; Cabcharge business cards and Taxi eTICKETs are made from recyclable paper.
- Look to continually improve products and services in ways which provide benefits to all key stakeholders and minimise environmental impact – such as increasing use of electronic delivery of Taxi operator statements and newsletters; designing the EMV software for Cabcharge terminals to allow receipts to be printed at the request of the passenger rather than automatically.

We have a strong focus on staff involvement, given the interest of staff in environmental issues. Following a call for expressions of interest we established a "green team" which is responsible for ensuring that environmental signage is current, encouraging other staff to follow procedures for recycling and reducing power and water wastage and making recommendations for additional initiatives. We also participated in Earth Hour and continue to act as a mobile phone recycling collection point for both staff and drivers.

In the past year we have taken further steps to reduce energy and paper usage. In relation to energy use we introduced auto sensor lights in Melbourne to further support the "lights off" policy following a successful trial. Our initiatives in energy usage have resulted in a 5.1% decrease in electricity usage at our head office in Sydney in FY12 compared to the previous year. Over the last three years, electricity usage has declined by 11.9%.

On paper usage, we have created on line training programs for taxi drivers to reduce the reliance on printed handbooks and are increasingly using electronic means to communicate with them on a range of other issues. When we do produce printed materials such as the Annual Report we use a supplier who reports under the Global Reporting Initiative (GRI) and has had their carbon neutral print program certified under the Australian Government National Carbon Offset Standard. For the first time we offered an online e-book version of the Annual Report which shareholders can elect to receive. To date over 90% of shareholders approached have accepted the offer. We plan to expand the offer to other shareholders and over time we expect this to result in a significant decline in the number of hard copies produced.

Environmental considerations are also an integral part of our new product development process. Hence, the contactless Cabcharge **FAST**CARD™ is designed to last for 5 years rather than 3 years for the Cabcharge silver card it has replaced. Similarly, the new Cabcharge **FAST**eTICKET™ has been designed using recyclable materials where possible.

Taxi Operators and Drivers

We have a strong focus on encouraging and assisting operators and drivers choosing our Network services to adopt environmentally sound practices. This includes using GPS technology to match the nearest vehicle to the customer, reducing emissions; including techniques to reduce fuel consumption and lower emissions in driver training; and encouraging the use of fuel efficient vehicles. For example, in conjunction with a major car manufacturer, we are offering a very attractive financing package for operators of new taxi licences in our own fleets and country NSW for hybrid cars. We are also in discussions with suppliers of electric cars and are examining the next generation of WATS vehicles with the final choice being powered by light turbo diesel.

The Taxi Industry pioneered the use of more environment friendly fuels and we began promoting LPG many years ago. Currently, excluding Wheelchair Accessible (WATS) vehicles, 98% of non hybrid taxis supported by our Networks run on LPG.

Buses – CDC

Our Associate, ComfortDelGro Cabcharge Pty Ltd (CDC) has an Environmental Charter, available on their website (www.cdcbus.com.au), which sets out their approach to addressing statutory and other environmental requirements. This includes using improved diesel engines which meet low emission Euro Standards, operating buses to the RTA Clean Fleet Program Standards and including fuel efficient vehicle driving practices in driver training programs. During the year, the business was awarded the 2011 Bus NSW Environmental / Innovative Operator Award. This Award was for the redevelopment of a bus depot that went beyond the minimum requirements of building codes, to provide the new facilities with improvements in energy efficiency and water recycling. CDC also sponsors the 100 Schools Planting

Program organised by the Western Sydney Parklands by providing transport for school students involved in this inaugural environmental program.

Community

We believe it's important to play our role in contributing to the community, both directly and through our involvement in and support of Taxi Industry initiatives. The Taxi Industry throughout Australia makes significant contributions to the well being of communities, families and individuals. These range from the dedication of drivers who provide special care and service to the disabled, to Taxi Networks who sponsor local community groups and events, to broader campaigns to improve community safety and provide better services to those who are transport disadvantaged.

Supporting the Community

Through our Taxi Networks we supported many community initiatives during the year, mainly involving local sporting clubs, day centres and charities where we both participated in fund raising events and made donations. We also sponsored various events where the focus was on promoting respect for all members of the community, particularly important for our Taxi drivers and their families who come from a wide range of cultural backgrounds. In addition, we provided Taxi transport for veterans on Anzac Day through our fleets in Sydney, Newcastle and Melbourne and will expand this to include Adelaide next year.

We encouraged and supported staff involvement in these activities and in events such as Australia's Biggest Morning Tea for the Cancer Council, the Pink Ribbon Breakfast and fund raising for Legacy and Children's Hospital Appeals.

Special Needs Passengers

The Taxi Industry recognises its role in providing effective, professional services to all members of the community despite the challenges that individuals may face. For many, Taxis are the only suitable form of transport available to them. The Taxi Industry has made significant advances in providing services to those with mobility constraints over many years with Cabcharge playing an important national leadership role. We work closely with the Taxi Industry and Governments to continually improve the services we provide through both the Cabcharge Payment System and our Taxi Network subsidiaries.

We currently provide administrative and processing support for Taxi Transport Subsidy schemes in Queensland, Victoria and the Northern Territory. Our innovative smart card technology is being used to provide greater convenience and ease of use for Scheme participants when travelling in Taxis. It also provides a high level of security and accountability for the Governments in relation to the taxpayer funds used to support these Schemes. These features, together with lower operating costs, have attracted interest from other States who currently have paper based Schemes.

In NSW and Victoria WATS vehicles are more than 10% of our Networks' fleets and growing. Particularly pleasing this year has been the significant increase of over 90 WATS vehicles in our Sydney fleets which is helping to improve our services to passengers with mobility constraints. In Sydney, we also provide WATS booking and dispatch services for all taxi fleets, with new technology providing better communication for all drivers on jobs available and hence assisting in reducing the reject ratio.

As well as the number of WATS vehicles, we are also focused on vehicle features. Under the Disability Standards for Accessible Public Transport, WATS vehicles will have to meet new height and boarding ramp requirements in 2013. While we have had Taxis which meet these requirements available since 2010, they are becoming more expensive to convert and operate which acts as a disincentive to Taxi operators. Hence we have been working closely with car manufacturers to select a next generation vehicle which meets the needs of passengers, regulators and Taxi operators. The new vehicle choice will include a luxury model for the Silver Service fleet as part of our commitment to helping ensure that all our passengers have access to a similar standard of service. This was first introduced in 2007 and demonstrated that it is possible to balance the special needs of our passengers with the business needs of our operators.

In addition we recognise that community transport can play an important role in providing services to those with mobility constraints and encourage our senior staff to assist where possible by offering to join their local community transport boards.

Our Associate, CDC has an Accessibility Charter, available on their website www.cdcbus.com.au, which sets out their approach to improving accessibility including acquiring low floor accessible buses for route services.

Safety

Safety for drivers and passengers has always been a high priority. In-taxi camera and alarm systems with 24/7 dedicated monitoring with "real time" incident review and links through to the police and emergency services have been features in our taxi fleets for many years. Safety, fatigue and dealing with different types of customers are a strong focus in all our driver training programs. Through our subsidiary Taxi Networks we continue to support and work with Transport for NSW and the NSW Taxi Council on safety issues, including Secure Taxi ranks and installation of complimentary automatic taxi phone services for hotels, pubs and clubs. In Melbourne, we work closely with the Victorian Taxi Directorate and the Victorian Taxi Association and continue to offer driver screens in line with Government regulations.

Corporate Social Responsibility cont.

As do others, if a driver from one of our fleets is injured or involved in an incident we provide assistance with counseling and other support services. We view taxi operators and drivers within our fleets as partners and part of the Cabcharge family. For example, we provide free BAS and GST training for operators, rest areas for drivers with facilities including internet access and social events such as barbeques and family days. During the year we extended the role our Driver Liaison Committees to provide feedback on our contact centre services as well as the MTData dispatch technology. These provide a valuable forum for experienced operators/drivers to work with our senior managers to identify issues and potential solutions.

Supporting Taxi Industry Improvement

More generally, we work with, support and encourage the Taxi Industry across Australia. We believe in a strong and vibrant Taxi Industry with information on the latest developments in Australia and internationally, educational opportunities and exchange of views and ideas for the benefit of the entire Industry. We sponsor the Australian Taxi Industry Association conference and provide assistance with State conferences. We also support other specific initiatives such as events for rural and regional taxi operators.

Cabcharge has always been a strong supporter of improved career paths for taxi drivers, in particular priority allocation of new taxi licences to experienced, regular taxi drivers with good customer service and safe driving records. We encourage State Governments to consider the concept of a "weighted" seniority register which takes into account driving experience, accidents, service quality and passenger complaints in allocating new licences. We believe this would help attract and retain good drivers and improve services to the public. It could be structured so there was minimal impact on State taxi licence revenue.

Secure, Accessible and Reliable Services

Cabcharge recognises the importance of providing our customers and the community more generally with services that are safe, accessible and efficient. The Cabcharge EFTPOS terminals and associated EMV software give the Taxi Industry the platform to provide faster and more secure processing through contactless technology with benefits for both passengers and drivers. Through the provision of terminals at no cost to taxi operators or drivers this service is available to communities across Australia. Just as importantly, our payments to Taxi Networks significantly contribute to their ongoing viability in providing taxi booking and dispatch services, especially in smaller communities. In addition, the new booking and dispatch technology we have introduced enables us to work with other Taxi Networks, at their request, to provide a range of alternative disaster recovery options so any service disruptions to the public are minimised.

Our Staff

Diversity

Cabcharge has a strong commitment to encouraging diversity at all levels within the Group. We believe this makes good business sense in encouraging innovation, ensuring a broad talent pool and responding to the diverse needs of both our customers and Taxi Industry participants.
Given this context, the Company has a particular focus on women in leadership, age diversity and cultural diversity. We have made considerable progress.

At 30 June 2012, women comprised 16.67% of our senior executives, compared to an ASX 200 average of 8%. Out of a total workforce of 538 staff 47.8% were women, compared to 20.8% in the Australian transport industry generally (Source: EOWA). During the year, the Board approved an updated Diversity Policy, available on the Company's website, with a particular focus on recruitment and promotion processes. Over 90% of shortlists included at least one female candidate. Of the 12 external hires to non entry level positions, 50% were women. Of the 5 internal promotions to managerial positions, 60% were women. In addition, a woman was appointed to the Board for the first time.

Our workforce is well balanced across all age groups, bringing a range of different perspectives to our business decision making. We are particularly proud of our achievements over a long period of time in attracting staff from a wide range of cultural backgrounds, including some whose first job in Australia was with our Company and who are now in senior positions.

Professional Development

The skills and commitment of all our employees are critical to the success of Cabcharge. We recognise the role that opportunities for professional development and a supportive workplace environment play in attracting and retaining staff. We endeavour to encourage a culture based on innovation, teamwork, achievement and accountability.

The Company has always provided a wide range of both internal and external training and development opportunities for our staff including support for graduate study in areas important to the future of our businesses. A major focus for the year was offering the opportunity for staff to undertake a workplace based Certificate IV in either Customer Contact or Frontline

Management. This involves a mix of face to face training, self study and practice in the workplace. It is an important addition to our program for improving customer service and people management practices, increasing productivity and retaining staff. There has been a very positive response from staff to this initiative which provides them with a nationally recognised qualification on successful completion. The Customer Contact course is being completed by 93 staff and 24 are enrolled in the Frontline Management course.

Employee Policies

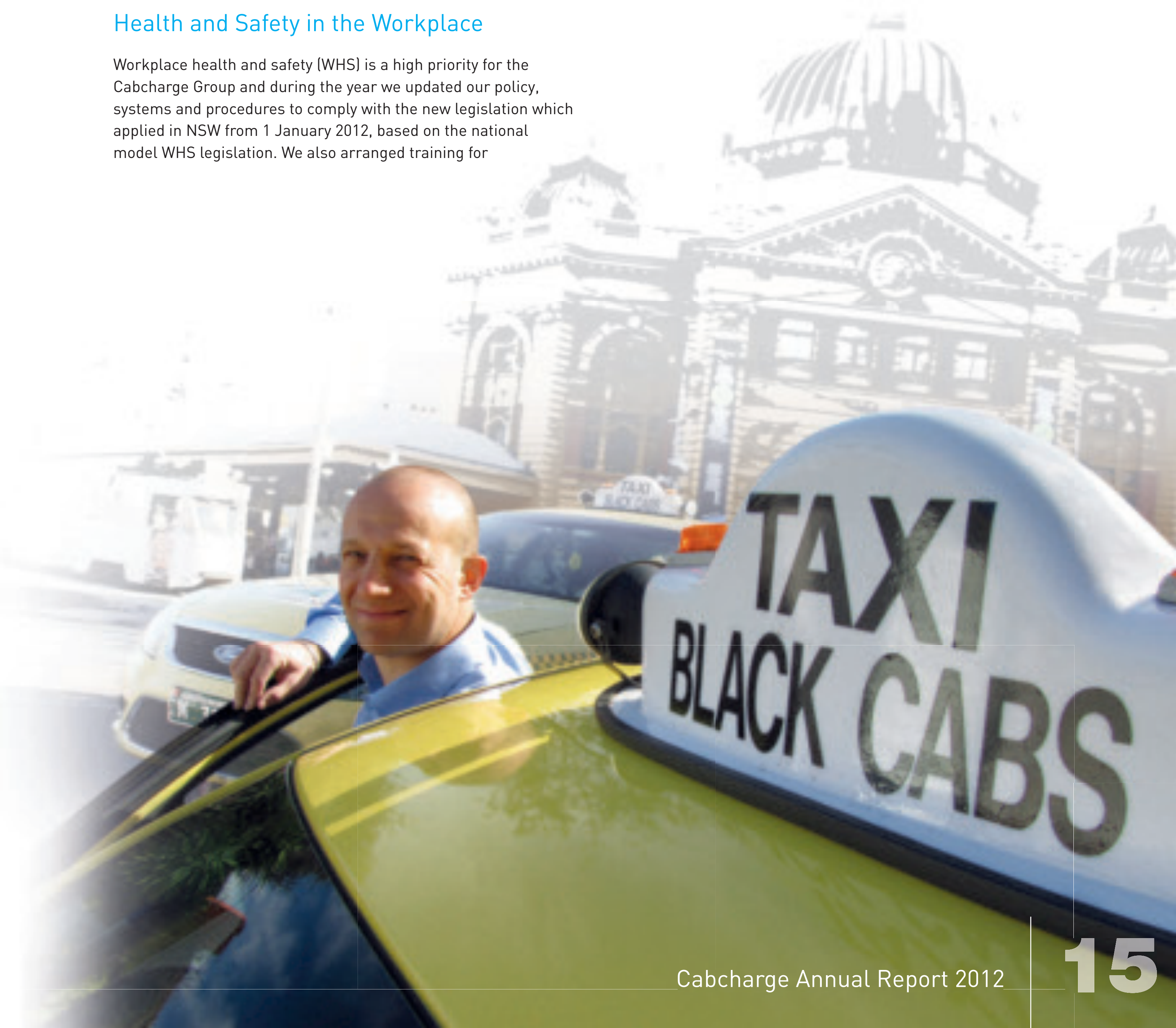
Existing employee policies and programs including those related to merit based recruitment and promotion; internal advertising of all positions; induction; performance management; flexible work arrangements and parental leave; discrimination, harassment and bullying; and resolving employee complaints. We also introduced a policy on Personal Use of Social Media, particularly focused on adverse comments relating to other staff or the Company. Managers attended an in-house refresher program on "Managing People" with a particular emphasis on managing behaviour and performance.

Health and Safety in the Workplace

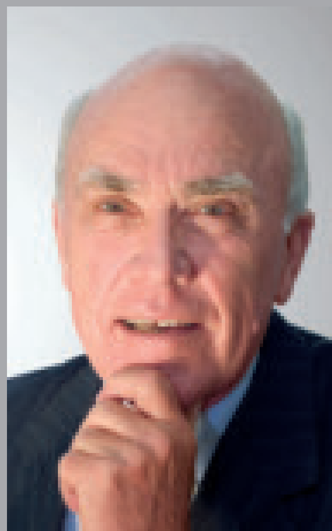
Workplace health and safety (WHS) is a high priority for the Cabcharge Group and during the year we updated our policy, systems and procedures to comply with the new legislation which applied in NSW from 1 January 2012, based on the national model WHS legislation. We also arranged training for relevant staff. It is pleasing that across the Group there were no formal staff complaints during the year in relation to discrimination, harassment or bullying. There were only three new workers compensation claims, two relating to travel to/from work and one for minor medical expenses.

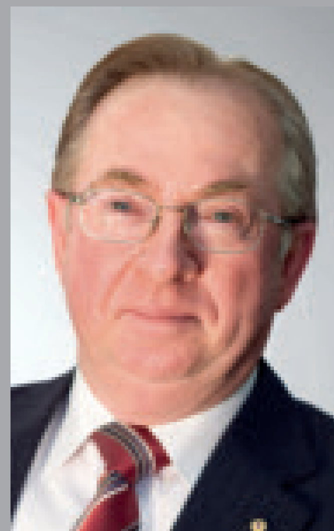
Staff Support

We maintained a range of non cash benefits available to staff such as providing negotiated discount movie tickets and access to private vehicle and home insurance on the same terms as those being offered to taxi operators. In response to staff suggestions, a discounted gym membership was also introduced as part of the Company's approach to employee well being. In addition, staff have access to our Employee Assistance Plan which provides a free confidential counseling and support service for managers, employees and their families. We continued to sponsor staff and driver participation in events such as the City 2 Surf in Sydney and the Corporate Games in Melbourne to encourage staff to adopt a healthy lifestyle.




Reginald Kermode
AM MBE JP FAICD FAIM

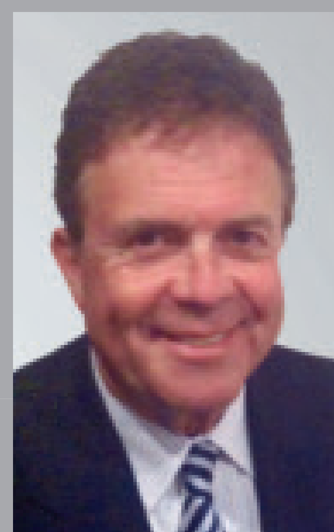

Ian Armstrong


Russell Balding AO


Sharon Doyle


Neill Ford


Philip Franet


Donnald McMichael

Directors' Report

DIRECTOR'S

Directors' Report

Your Directors present their report on the consolidated entity consisting of Cabcharge Australia Limited (the Company or Cabcharge) and the entities it controls (the Group) at the end of, or during, the year ended 30 June 2012.

Directors

The following persons were Directors of the Company in office at any time during or since the end of the year except as otherwise stated:

Reginald Kermode AM MBE JP FAICD FAIM
Ian Armstrong
Russell Balding AO (Appointed 6 July 2011)
Sharon Doyle (Appointed 12 December 2011)
Neill Ford
Philip Franet
Peter Hyer (Resigned 21 October 2011)
Donnald McMichael

Reginald Kermode AM MBE JP FAICD FAIM

Executive Chairman
Chief Executive Officer
Member of the Board since 27 July 1980

Mr Kermode founded Cabcharge in 1976. He is the Deputy Chairman of ComfortDelGro Cabcharge Pty Ltd (CDC), a Director of Cabcharge Asia Pte Limited and a Director of CityFleet Networks Ltd. Mr Kermode is also a Director of other Cabcharge Group entities. He is a past President of the New South Wales Taxi Council (1974–2001) and retired Director of the NSW Taxi Industry Association (1974–2000). Throughout his career, Mr Kermode was appointed to sit on a number of committees, including the Urban Transport Authority from 1981 to 1989, the NSW Government Public Transport Authority from 1997 to 2001 and the Transport Safety Advisory Committee from 1994 to 2000. In the 1980s he was a member of the NSW Transport Joint Consultative Committee that advised the NSW Government on transportation for people with disabilities which resulted in the establishment of the Disabled Transport Subsidy Scheme.

Directorships of other listed public companies held at any time during the three years to 30 June 2012 – nil.

Ian Armstrong

Non-Executive Director
Member of the Board since 17 July 2000

Special responsibilities
Chairman of the Audit, Risk & Nomination Committee

Mr Armstrong is a Fellow of the Institute of Chartered Accountants in Australia. He was a partner with PricewaterhouseCoopers for 23 years of which 15 years were in the field of corporate finance.

Directorships of other listed public companies held at any time during the three years to 30 June 2012 – nil.

Russell Balding AO

Non-Executive Director
Member of the Board since 6 July 2011

Special responsibilities
Member of the Audit, Risk & Nomination Committee

Mr Balding is currently Deputy Chairman, Board of Destination NSW and a Member of the Board of Racing NSW. He recently chaired the Visitor Economy Taskforce, established by the NSW Government to develop a tourism and events strategy to double overnight visitor expenditure to NSW by 2020. Previously Mr Balding also served on the Board of Tourism NSW as well as the Transport and Tourism (TTF) Advisory Board. He was CEO of Sydney Airport Corporation Limited (2006-2011) and Managing Director of the Australian Broadcasting Corporation (ABC) (2002-2006) after being the Director of Funding, Finance and Support Services. Before joining the ABC Mr Balding was the Director of Finance of the NSW Roads and Traffic Authority. Mr Balding is a Fellow of CPA Australia and a past State President and a member of the Australian Institute of Company Directors.

Directorships of other listed public companies held at any time during the three years to 30 June 2012 – nil.

Sharon Doyle

Non-Executive Director
Member of the Board since 12 December 2011

Special responsibilities
Member of the Risk Oversight & Management Committee

Ms Doyle is the first woman to be appointed to the Cabcharge Board since the Company was founded in 1976. She was the Company Secretary of Cabcharge Australia Ltd (2002–2011). She is a Solicitor admitted to the Supreme Court of New South Wales. She is also a Director of a number of companies with interests within the Tourism and Hospitality Industry throughout New South Wales. Prior to joining Cabcharge she worked at the Director of Public Prosecutions.

Directorships of other listed public companies held at any time during the three years to 30 June 2012 – nil.

Neill Ford

Non-Executive Director
Member of the Board since 21 March 1996

Special responsibilities
Chairman of the Remuneration Committee and member of the Marketing Committee

Mr Ford is the Managing Director of Yellow Cabs (Qld) Pty Limited, a company operating a fleet of 1200 taxis and courier vans and has in excess of 30 years experience in taxi company management. As Chairman of Taxis Australia Pty Limited, Mr Ford represents 10,000 taxis across Australia. Mr Ford is a Director of ComfortDelGro Cabcharge Pty Ltd. Mr Ford has also recently been appointed to the Board of the City of Brisbane Investment Corporation. Mr Ford is a Fellow of the Australian Institute of Company Directors and Fellow of the Australian Institute of Management.

Directorships of other listed public companies held at any time during the three years to 30 June 2012 – nil.

Directors' Report cont.

Philip Franet
Non-Executive Director
Member of the Board since 28 June 1985

Special responsibilities
Member of the Remuneration Committee, Audit, Risk & Nomination Committee and Risk Oversight & Management Committee

Mr Franet was the Chief Executive Officer of Silver Top Taxi Service Ltd until his retirement in 2005. He is also a past President of Victorian Taxi Association. He has over 40 years experience in the Taxi Industry and has consulted to the Emirates of Dubai, Abu Dhabi and the Sultanate of Qatar on the establishment of a large Taxi organisation including the establishment of charge account services in Dubai.

Directorships of other listed public companies held at any time during the three years to 30 June 2012 – nil.

Donnald McMichael
Non-Executive Director
Member of the Board since 25 June 1996

Special responsibilities
Member of the Risk Oversight & Management Committee, Marketing Committee and Remuneration Committee

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

Directorships of other listed public companies held at any time during the three years to 30 June 2012 – nil.

Company Secretaries

Andrew Skelton
Company Secretary since 12 December 2011

Mr Skelton was appointed Company Secretary on 12 December 2011 having being with the Group since 2000. Prior to joining the Group he was a solicitor working in the Mergers and Acquisition team at Middletons Lawyers in Melbourne. Mr Skelton was Chief Operating Officer of Black Cabs Combined from 2005 until 2011. He holds a Bachelor of Law, a Bachelor of Commerce, and an MBA. Mr Skelton has completed the Graduate Diploma of Applied Corporate Governance at Chartered Secretaries Australia.

Chip Beng Yeoh
Additional Company Secretary since 8 April 2009

Mr Yeoh has been the Chief Financial Officer of Cabcharge Group since 26 February 2007. He is a member of the CPA Australia and the Institute of Certified Public Accountants of Singapore. He holds a Bachelor of Commerce (Accountancy, Finance & Systems) from the University of New South Wales. He is a Director of Newcastle Taxis Pty Ltd and an alternate Director of Cabcharge International Ltd.

Principal Activities and Any Significant Changes in Nature

The Group primarily is involved in taxi related services as well as having a significant interest in bus and coach services through its interest in an associate.

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

Dividends

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

Date paid or scheduled	Type	Cents per share	Paid or declared $000
In respect of the prior year			
28 October 2011	Final	20.0	24,086
In respect of the current year			
30 April 2012	Interim	17.0	20,473
31 October 2012	Final	18.0	21,678

The 2012 final dividend was declared after the end of the financial year and is payable on 31 October 2012 with a record date of 28 September 2012.
All dividends are fully franked at a tax rate of 30%.

Review of Operations

Cabcharge Group revenue was $192.4 million for the year ended 30 June 2012, up 4.2% over the previous year.
The rollout of the Contactless EFTPOS terminals and MT Data dispatch system has increased our depreciation and amortisation.
Reported net profit after tax was $60 million up 30% over the prior year. The 2012 result for the year includes non-cash item of $8.7 million (2011: Nil) for impairment charge of our investment in CityFleet Networks Ltd and discount on acquisition of Austaxi of $2.6 million (2011: Nil). The 2011 result contains $15 million ACCC settlement charge.

Total assets at 30 June 2012 of $521 million which represents an increase of $42 million over 30 June 2011.
Net debt at 30 June 2012 was $115.3 million (2011: $123.8 million). Net debt to equity ratio was 36% at 30 June 2012, compared to 40.4% at 30 June 2011. The operating cash flow for the year was $69.9 million, an increase over last year's operating cash flow of $32.2 million. The available liquidity at 30 June 2012 was $90.2 million (2011: $30.7 million), consisting of $51.2 million (2011: $22.9 million) in cash and $39 million (2011: $7.8 million) in unused facilities.

Cabcharge maintains a strong balance sheet and continues to operate comfortably within its banking covenants.

Diversification into the bus industry continues to be an important and successful part of the Group's sustainable growth strategy.
The equity accounting NPAT contribution from our associate, ComfortDelGro Cabcharge Pty Ltd (CDC) for the year grew to $17.8 million (2011: $13.2 million). The equity accounting NPAT contribution from CityFleet Network was maintained at $1.7 million.

A summary of key financial indicators is set out in the table below.

	2012	2011	2010	2009	2008
Total revenue ($m)	192.4	184.5	174.5	173.6	171.8
Profit after tax ($m)	60.0	46.1	57.6	61.4	59.0
Earnings per share – basic (cents)	49.7	38.3	47.8	51.0	50.3
Share capital ($m)	138.3	138.3	138.3	138.3	138.3
Capital and reserves ($m)	320.8	306.8	294.9	279.7	263.4
Total assets employed ($m)	520.7	479.0	448.9	418.9	380.8
Net assets per share (excluding goodwill) (cents)	255.4	243.7	233.9	221.3	213.1
Return on contributed equity (%)	43.4%	33.3%	41.6%	44.4%	42.7%
Dividend per share (cents)	35.0	30.0	34.0	34.0	34.0
Dividends paid ($m)	44.6	32.5	40.9	40.9	40.4
Dividend payout ratio (%)	70.4%	78.4%	71.0%	66.7%	68.5%
Franking account balance at 30% tax ($m)	59.7	59.4	55.2	54.9	52.4

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the year under review.

Events subsequent to balance date

(a) Acquisition of business assets of Yellow Cabs Adelaide
On 2 July 2012 Cabcharge Australia Ltd acquired the business assets of the Yellow Cabs for $3.8 million. Yellow Cabs provides call centre services to around 250 cabs. The valuation of the future potential of the business assets and liabilities are still in progress.

(b) Acquisition of Deane's Bus Lines Pty Ltd and Transborder Express
Since year end, ComfortDelGro Cabcharge Pty Ltd ("CDC") completed the purchase of Deane's Bus Lines Pty Ltd and Transborder Express. Both shareholders increased their equity in CDC proportionally to fund the acquisition. The Company paid $26 million.

Other than the matters above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Future Developments

The Directors are of the opinion that the new financial year will be a period of continued growth. Other than the information disclosed in the review of operations or Notes to the Consolidated Financial Statements, further information as to the likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because the Directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

Directors' Report cont.

Restatement of Comparatives

In the clauses of the bank facility agreement in effect at 30 June 2011 relating specifically to commercial bills, the Bank could only demand repayment of the loan if Cabcharge should breach its loan covenants. As there had been no breaches of its loan covenants prior to or as at 30 June 2011, Cabcharge had classified all bills with maturity dates beyond 12 months as non-current liabilities.

However, in the general clauses of the agreement in effect at 30 June 2011, the Bank had the right to review the facility and demand repayment of part, or all, of the amounts outstanding at the Bank's discretion. Accordingly, at 1 July 2010 and 30 June 2011, all the bank bill borrowings, comprising the whole non-current loans and borrowings balance, should have been classified as current liabilities.
The comparative period balance sheet has been restated to reflect the change in classification.
There is no impact on the profit and loss for the year ended 30 June 2011, the total liabilities and earnings per share reported at 30 June 2011 or Cabcharge's compliance with its debt covenant at 30 June 2011, as a result of this restatement.

The bank facility agreement has been renegotiated and the general terms amended as at 14 December 2011 such that the bank bill borrowings are appropriately classified as non-current at 30 June 2012. Refer note 2(e).

Environmental Issues

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

Directors' Interests in Shares

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

	Note	Direct Interest Shares	Indirect Interest Shares	Total
Reginald Kermode AM MBE JP FAICD FAIM		218,072	–	218,072
Ian Armstrong		250,000	–	250,000
Sharon Doyle	1	–	5,200	5,200
Neill Ford	2	–	100,722	100,722
Donnald McMichael	3	–	2,000	2,000
				755,272

1 5,200 Fully Paid Ordinary Shares held by S & D Super Fund account

2 100,722 Fully Paid Ordinary Shares held by NL Ford Nominees Pty Ltd Super Fund

3 2,000 Fully Paid Ordinary Shares held by Donren Holdings Superannuation account

Share Options

No share options were granted during the year and to the date of this report, and there were no options outstanding at the end of the financial year.

Contracts with Directors

There are no contracts –

(i) to which a Director is a party or under which a Director is entitled to a benefit, or

(ii) that confers a right to call for or deliver shares in, or debentures of or interests in a registered scheme made available by the Company or a related body corporate.

Other Interests

No Director has relevant interests in, or rights or options over debentures, or interests in a registered scheme made available by the Company or a related body corporate.

Meetings of Directors

The number of Directors' Meetings which Directors were eligible to attend (including Committee Meetings) and the number attended by each Director during the year ended 30 June 2012 were:

	Directors' Meetings		Committee Meetings									
			Audit, Risk & Nomination Committee		Remuneration Committee		Investment Committee*		Risk Oversight & Management Committee		Marketing Committee**	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Reginald Kermode AM MBE JP FAICD FAIM	9	9	nm	nm	nm	nm	1	1	nm	nm	nm	nm
Ian Armstrong	9	8	3	3	nm	nm	nm	nm	nm	nm	nm	nm
Russell Balding AO[1]	9	8	2	2	nm	nm	nm	nm	nm	nm	nm	nm
Sharon Doyle[2]	4	3	nm	nm	nm	nm	nm	nm	1	1	nm	nm
Neill Ford	9	8	nm	nm	2	2	1	1	nm	nm	1	1
Philip Franet	9	8	2	1	2	2	nm	nm	2	2	nm	nm
Peter Hyer[3]	2	2	1	1	2	2	nm	nm	nm	nm	nm	nm
Donnald McMichael	9	9	nm	nm	2	2	nm	nm	2	2	1	1

nm – not a member of the relevant committee
* The Investment Committee was disbanded on 21/02/2012
** The Marketing Committee was formed on 18/04/2012

[1] Appointed 6 July 2011
[2] Appointed 12 December 2011
[3] Resigned 21 October 2011

Remuneration Report (audited)

a) Details of the Key Management Personnel ("KMP")

The KMP of the **Group** include the Executive Director and the following executive officers: –

Name of KMP	Position
(i) Executive Director	
Reginald Kermode AM MBE JP FAICD FAIM	Executive Chairman and Chief Executive Officer
(ii) Senior Executives	
Sharon Doyle (Resigned 12 December 2011)	Company Secretary & Corporate Counsel
Sai Kancharla	Deputy Chief Financial Officer
Fred Lukabyo	Group Chief Operating Officer – Taxi Operations
Anne Rein	Group General Manager – People and Business Improvement
Rob Roozendaal	Group General Manager – Information Technology
Andrew Skelton (From 12 December 2011)	Company Secretary
Chip Beng Yeoh	Chief Financial Officer & Company Secretary

The change in the executives disclosed in this remuneration report from previous years is as result of the removal of the requirement to disclose the "Top 5" remunerated Group executives from the *Corporations Act 2001* and the consequent re-examination of the KMP definition.

b) Overview

The Group's remuneration policies and practices are designed to align the interests of staff and shareholders while attracting, retaining and appropriately rewarding staff members who are critical to its growth and success. The Board also maintains a Remuneration Committee whose objective is to oversee the formulation and implementation of remuneration policy and makes recommendations to the Board on remuneration policies and fees applicable to Directors.

Directors' Report cont.

Remuneration Structure – Non-Executive Directors

Non-Executive Directors' fees are determined within an aggregate Directors fee pool which is periodically recommended for shareholders' approval. The maximum fees payable to Non-Executive Directors are currently $800,000 which has not been changed since 2007.

Fees paid to Non-Executive Directors are set at levels, which reflect both the responsibilities of, and time commitments required from each Non-Executive Director to discharge his/her duties. Non-Executive Directors fees are reviewed periodically by the Board to ensure they are appropriate for the duties performed, including Board committee duties. Other than statutory superannuation, Non-Executive Directors are not entitled to retirement allowances.

Non-Executive Directors

Name	Position
Ian Armstrong	Non-Executive Director
Russell Balding AO (From 6 July 2011)	Non-Executive Director
Sharon Doyle (From 12 December 2011)	Non-Executive Director
Neill Ford	Non-Executive Director
Philip Franet	Non-Executive Director
Peter Hyer (Resigned 21 October 2011)	Non-Executive Director
Donnald McMichael	Non-Executive Director

Remuneration Structure – Executive Director and Senior Executives

In setting remuneration arrangements, reference has been made to the current employment market in which the Group operates, knowledge and experience in shaping the future of the company, contribution to achieve market leadership through innovation in services and technologies, business acquisitions, future growth through diversification and experience to operate in a regulated environment.

Executives should do their job well, achieve what is expected of them, and do so consistently without any substantial degree of variation. In return, executives should be paid well, having regard to market expectations, and without a substantial degree of variation.

Executive Director

Name	Position
Reginald Kermode AM MBE JP FAICD FAIM	Executive Chairman and Chief Executive Officer

Senior Executives

Name	Position
Sharon Doyle (Resigned 12 December 2011)	Company Secretary & Corporate Counsel
Sai Kancharla	Deputy Chief Financial Officer
Fred Lukabyo	Group Chief Operating Officer – Taxi Operations
Anne Rein	Group General Manager – People and Business Improvement
Rob Roozendaal	Group General Manager – Information Technology
Andrew Skelton (From 12 December 2011)	Company Secretary
Chip Beng Yeoh	Chief Financial Officer & Company Secretary

Executive Director and senior executive renumeration comprised of the following elements:

FAR Determination Process

Fixed Annual Remuneration ("FAR")

FAR is the aggregate of the various forms of benefit provided to an executive on an ongoing basis and by nature it is not linked to any company performance. The predominant part of FAR is base salary and executives are able to apply flexibility in the use of non-cash benefits such as superannuation contribution, provision of motor vehicles, salary sacrifice benefits in accordance with relevant taxation office guidelines. The value of the benefits included in FAR is set out under the heading of salary, fees and other short-term benefits.

FAR is reviewed annually under normal circumstances.

FAR do not include any guaranteed base pay rises.

The evaluation of the performance of senior executives is conducted annually on a one-on-one basis by the CEO with reference to the divisions they represent and their contribution to the overall group performance. Executives are rewarded based on the short-term performance rather than long-term as the taxi transport industry operates in a regulated environment. During the financial year all the divisions performed well despite difficult economic conditions, with revenue growing by 4.2% (2011: 5.8%) and there was fleet growth of 6.9% (2011: 3%).

In the case of Executive Chairman & CEO, the base salary package is determined by the Remuneration Committee and the Board on an annual basis based on the benchmarking information from external remuneration consultants. The benchmarking information is based on companies of similar size and complexity as Cabcharge Group. The base salary package for the executive Chairman & CEO reflects his dual role as Chairman and Chief Executive Officer. The Company's growth from a small operation to one of a top 200 ASX listed company was the result of Mr Kermode's vision and tireless effort. The fixed remuneration reflects his responsibilities in driving and managing the diversification strategy of the Group through associated companies. Considering his contribution, it is more appropriate to reward him with short-term remuneration rather than long-term. His vision of diversification into the bus industry continues to be an important and successful part of our sustainable growth strategy. Profit from associates grew by 30.5% over the previous year (2011: 16.6%).

Short-Term Incentives ("STI") and at Risk Remuneration

Potential STI available is set at a level so as to provide sufficient incentive to executives to achieve the targets and such that cost to the Company is reasonable in the circumstances.

STI is linked to and measured against both financial and non-financial Key Performance Indicators ("KPIs").

The financial KPIs are revenue growth, NPAT, costs against budget and EBITDA.

The non-financial KPIs are business strategy planning and delivery, fleet growth, people management, realisation of discount on acquisition and successful integration of the new acquisitions into our existing business.

In case of the Executive Chairman & CEO, STI is decided by the Remuneration Committee and the Board based on the performance against both financial and non-financial KPIs. These KPIs are set each year to take account of current business plans and conditions which are aligned with shareholder expectations and sustainable value creation. Despite a very solid performance by Cabcharge Group, no cash bonus was paid to the Executive Chairman & CEO during the year.

Historically, all STI payments were paid as a cash bonus. Considering the difficult economic conditions no bonus payments were made to any current KMPs during FY 2011 and FY 2012.

STI payment is not guaranteed and will be at the discretion of the Board and the Chief Executive Officer.

Long-Term Incentives ("LTI")

Equity based LTI plan has not been established mainly to avoid diluting existing shareholdings. The regulated environment in which the business is operating also makes FAR and STI more appropriate compared to LTI as all public transport fares are determined by various state governments.

The ability to claw-back incentives paid following subsequent poor performance is extremely difficult so there has been no policy established.

The Group's major income streams tend to be relatively stable and contracts and commercial relationships are typically longstanding.

It is noteworthy that the average length of service to Cabcharge (including its subsidiaries) of the KMP listed in the 2012 Annual Report is more than 10 years.

Service Agreements

Contract for services between the company or company within the group and KMP are on unlimited duration. The terms which are not expected to change in the immediate future, the notice period for termination varies from 3–6 months and golden handshakes payment are covered by the *Corporations Act 2009 Amendment (Improving Accountability on Termination Payments)*. Upon retirement KMPs are paid employee benefit entitlements accrued to the date of termination.

External remuneration consultants

In the case of the Executive Chairman and Chief Executive Officer, the FAR and STI are determined by the Remuneration Committee and the Board on an annual basis based on the benchmarking information from external remuneration consultants. During the year the Remuneration Committee engaged HLB Mann Judd to provide CEO benchmark report. The Board is satisfied that the processes and procedures in place that the remuneration recommendations made were free from any undue influence. The Board has reviewed and confirmed that the approach to the remuneration consultant has been in line with both the legislation and our company values.

The amount paid to HLB Mann Judd for provision of the benchmark report was $6,300.

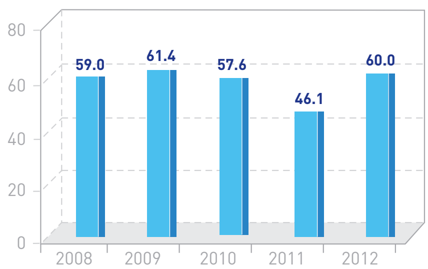
Directors’ Report cont.

Consequences of performance on shareholder wealth

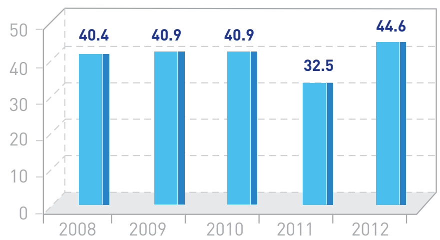
In considering the Group’s performance and benefits for shareholder wealth, the Remuneration Committee have regard to the following indices in respect of the current financial year and the previous four financial years.

	2012	2011	2010	2009	2008
Profit after tax ($m)	60.0	46.1	57.6	61.4	59.0
Dividends paid ($m)	44.6	32.5	40.9	40.9	40.4
Return on contributed equity (%)	43.4%	33.3%	41.6%	44.4%	42.7%
Change in share price	($0.15)	$0.01	($0.02)	($3.04)	($4.21)
Total remuneration ($m)	32.8	30.3	30.4	28.9	28.9

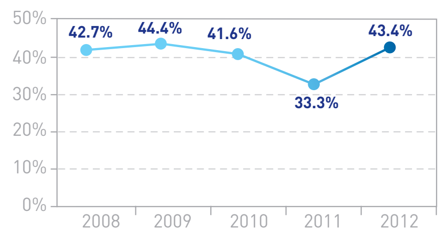
Profit after tax ($m)



Dividends paid ($m)



Return on contributed equity ($m)



c) Remuneration Disclosure

2012 Year:	**Short-term benefits** Salary, fees and other short term benefits[1] ($)	Non-cash benefits[1] ($)	Cash bonus (performance related) ($)	**Post-employment benefits** Super-annuation contributions ($)	Other benefits[1] ($)	Termination benefits ($)	Total ($)	Performance related %
Non-Executive Directors								
Ian Armstrong	39,054	–	–	49,671	–	–	88,725	–
Russell Balding AO (From 6 Jul 2011)	72,131	–	–	6,492	–	–	78,623	–
Sharon Doyle# (From 12 Dec 2011- formerly other Executive)	40,078	–	–	3,607	–	–	43,685	–
Neill Ford	88,231	–	–	7,941	–	–	96,172	–
Philip Franet	50,497	–	–	49,738	–	–	100,235	–
Peter Hyer (Resigned 21 Oct 2011)	32,283	–	–	–	–	–	32,283	–
Donnald McMichael	86,368	–	–	7,773	–	–	94,141	–
Total remuneration for Non-Executive Directors for 2012 year	**408,642**	**–**	**–**	**125,222**	**–**	**–**	**533,864**	
Executive Director								
Reginald Kermode AM MBE JP FAICD FAIM	1,900,016	177,610	–	–	54,669	–	2,132,295	–
Total remuneration for Executive Director for 2012 year	**1,900,016**	**177,610**	**–**	**–**	**54,669**	**–**	**2,132,295**	
Other Executives								
Sharon Doyle# (Resigned 12 Dec 2011)	295,610	(20,697)	–	7,843	(22,293)	454,242	714,705	–
Sai Kancharla*	241,131	(976)	–	26,152	23,582	–	289,889	–
Fred Lukabyo*	404,520	19,395	–	15,731	34,936	–	474,582	–
Anne Rein	267,601	5,212	–	47,400	11,974	–	332,187	–
Rob Roozendaal	229,709	(839)	–	47,598	7,879	–	284,347	–
Andrew Skelton	423,282	(6,685)	–	15,674	22,284	–	454,555	–
Chip Beng Yeoh	431,648	29,913	–	38,369	18,097	–	518,027	–
Total remuneration for other Executives for 2012 year	**2,293,501**	**25,323**	**–**	**198,767**	**96,459**	**454,242**	**3,068,292**	
Total for 2012 year	**4,602,159**	**202,933**	**–**	**323,989**	**151,128**	**454,242**	**5,734,451**	

	Short-term benefits			Post-employment benefits				
2011 Year:	**Salary, fees and other short term benefits[1] ($)**	**Non-cash benefits[1] ($)**	**Cash bonus (performance related) ($)**	**Super-annuation contributions ($)**	**Other benefits[1] ($)**	**Termination benefits ($)**	**Total ($)**	**Performance related %**
Non-Executive Directors								
Ian Armstrong	38,725	–	–	50,000	–	–	88,725	–
Neill Ford	88,853	–	–	7,997	–	–	96,850	–
Philip Franet	43,465	–	–	50,000	–	–	93,465	–
Peter Hyer	96,850	–	–	–	–	–	96,850	–
Kua Hong Pak (Resigned 13 Apr 2011)	63,136	–	–	–	–	–	63,136	–
Donnald McMichael	81,399	–	–	7,326	–	–	88,725	–
Neville Wran (Resigned 17 Nov 2010)	40,354	–	–	–	–	–	40,354	–
Total remuneration for Non-Executive Directors for 2011 year	**452,782**	**–**	**–**	**115,323**	**–**	**–**	**568,105**	
Executive Director								
Reginald Kermode AM MBE JP FAICD FAIM	1,898,986	80,993	–	–	32,838	–	2,012,817	–
Total remuneration for Executive Director for 2011 year	**1,898,986**	**80,993**	**–**	**–**	**32,838**	**–**	**2,012,817**	
Other Executives								
Sharon Doyle	432,288	46,073	–	15,199	9,068	–	502,628	–
Sai Kancharla*	215,794	(1,804)	–	41,051	13,317	–	268,358	–
Fred Lukabyo*	369,800	23,835	–	15,199	15,754	–	424,588	–
Anne Rein	267,765	7,893	–	47,234	3,827	–	326,719	–
Rob Roozendaal	237,614	2,156	–	24,884	(13,127)	–	251,527	–
Andrew Skelton	348,950	3,896	–	15,199	3,531	–	371,576	–
Chip Beng Yeoh	432,542	9,822	–	37,457	7,590	–	487,411	–
Total remuneration for other Executives for 2011 year	**2,304,753**	**91,871**	**–**	**196,223**	**39,960**	**–**	**2,632,807**	
Total for 2011 year	**4,656,521**	**172,864**	**–**	**311,546**	**72,798**	**–**	**5,213,729**	
#Total renumeration for Sharon Doyle for 2012 year as a Non-Executive Director and Company Secretary. Termination pay includes 1 year pay on the resignation after 18 years of service.	335,688	(20,697)	–	11,450	(22,293)	454,242	758,390	

1 In 2011/2010 salary, fees and other short term benefits included accruals for annual leave. In 2012/2011 these amounts are disclosed as non-cash benefits and the comparative information has been adjusted to reflect the annual accruals and provisions for these benefits. Other benefits represent provisions for long service leave.

* Salary, fees and other short term benefits include cashing of annual leave.

d) Corporate Governance Overview

In response to significant vote against our 2011 Remuneration Report and broader consultation with shareholders and proxy advisors, the Board's key actions and comments are summarised as follows:

Board's key actions and comments

- On the matter of separating the role of the Chairperson and Chief Executive Officer the Board respects the views expressed by various groups. As Mr Kermode's enormous contribution to the Company and his commitment to diversify the business is coming to fruition, the Board believes Mr Kermode should continue in his dual role in the interest of shareholders so long as he maintains his current level contribution to and leadership of the Group. Mr Kermode brings his analytical and independent judgement to all relevant issues within the scope of Chairmanship and discharges his duties effectively.

- New independent Non-Executive Director has been appointed to the Audit Committee. The committee now consists of three independent Non-Executive Directors.

- Independent Directors have been appointed to the Remuneration Committee. Transitional steps are in progress to hand over the Chairmanship of the Remuneration Committee to an independent Director.

Board's key actions and comments cont.

- Ms Sharon Doyle has been appointed to the Board. Cabcharge's commitment to diversity in the workplace includes background, gender, ethnicity, disability, culture and experience. Currently 47.8% of the workforce are women.
- STI is linked to and measured against both financial and non-financial performance indicators. Financial indicators include revenue growth, NPAT and EBITDA. Non-financial indicators include fleet growth, new acquisitions and successful integration of new acquisitions. Equity based LTI is not established in order not to dilute existing shareholdings. The ability to claw-back incentives paid following subsequent poor performance is extremely difficult so there has been no policy established.
- The Executive Chairman's pay includes his dual role as Chairman and Chief Executive Officer. Since listing, net assets have grown from $89 million in 2000 to $321 million in 2012. This is in addition to dividend paid/payable from 2000 to 2012 of $335 million. Total fully franked dividend of $2.88 per share paid/payable since listing in December 1999.

Indemnification and insurance of officers and auditors

The Company has agreed to indemnify the current directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Since the end of the previous financial year the Company has paid insurance premiums, the total of which is not permitted to be disclosed, in respect of Directors' and officers' liability and legal expenses, insurance contracts, for current and former Directors and officers, including senior executives of the Company and Directors, senior executives and secretaries of its controlled entities. The insurance premiums relate to costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

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

Non-audit services provided by KPMG Australia, the auditors of the Group, were for the provision of taxation compliance services for which fees were paid or payable of $98,174. In 2011, the fee for non-audit services (being taxation and administrative services) was $128,000.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit 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 2001* for the following reasons:

(i) all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and

(ii) the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG Australia, and its related practices for audit and non-audit services provided during the year are set out in note 30 of the Consolidated Financial Statements.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 27 and forms part of the Directors' Report for the financial year ended 30 June 2012.

Rounding Off

Cabcharge is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors.

Neill Ford
Director

Philip Franet
Director

Dated at Sydney this 27th day of September 2012.

Auditor's Independence Declaration

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

To: the Directors of Cabcharge Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 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

Mark Epper
Partner

Sydney
27 September 2012

Corporate Governance Statement

for the year ended 30 June 2012

The Board of Cabcharge Australia Limited is responsible for the corporate governance of the Company. This statement reflects the key features of Cabcharge's corporate governance framework. Cabcharge continues to place great importance on corporate governance, as the Board believes that proper governance is vital to the overall wellbeing of our Company and the comprehensive framework that the Board has adopted reflects Cabcharge's dedication in this area. The manner in which the Company is operated, in accordance with its corporate governance framework, ensures that Cabcharge not only allows the Group to operate as efficiently as possible but also gives it the scope to properly assess and analyse any potential risks that may arise from time to time.

Charter

The roles and responsibilities of the Cabcharge Board of Directors are set out in the Cabcharge Board Charter. The Board's responsibilities include:

- The Group's corporate governance principles, including the establishment of Committees;
- Supervision of the Group's general affairs and operations by working with management within the Group to establish strategic and financial objectives;
- Monitoring the financial and overall performance of the Group's management in each area;
- Ensuring that the risk management procedures in place are effective and operational (including appropriate reporting mechanisms);
- Overall control and continuous review of the Group's major capital expenditure and expansion;
- Review of compliance relating to statutory requirements, the Company's constitution and approval of HR policies;
- Ensuring effective succession plans relating to senior management personnel are in place;
- Approval of annual and half-yearly reports;
- Reporting to shareholders.

The Cabcharge Board of Directors may delegate any of its functions or powers to a committee, an officer of a Group company, or any other person in the ordinary course of business. This includes the day to day administration of its assets, with appropriate financial limits approved and varied from time to time by the Board including ensuring that assets are adequately insured where necessary; that detailed market investigations and effective due diligence is carried out on proposed investments or acquisitions; that capital required to develop the Company's portfolio of investments, proposed investments or acquisitions as well as general working capital requirements is adequate; and that there is effective risk management, financial management and compliance management of the Company's assets.

Board Composition

There are currently seven members of the Cabcharge Board and details of their experience, qualifications and special responsibilities (Committee membership) are set out in the Directors' Report page 17.

Independence

In accordance with the ASX's Corporate Governance Principles and Recommendations, the Board continuously assesses the independence of each Director. The Board classifies an independent Director to be a Director that is independent of management, in addition to being free of any business or other relationship that could materially conflict or interfere with the exercise of unfettered judgement. The majority of the Board is considered to be independent. The Board comprises six Non-Executive Directors and one Executive Director who is the Chief Executive Officer and Chairman. Of the six Non-Executive Directors the following Directors are considered to be independent:

Mr Ian Armstrong
Mr Russell Balding AO
Mr Philip Franet
Mr Donnald McMichael

As a result of consideration given by the Board it has been determined that none of the Directors listed above have any relationships which breach the materiality threshold or that in the context of the activities as a whole, none of these Directors have relationships considered to compromise their independence.

All Directors are also entitled to seek independent professional advice at the expense of Cabcharge on matters pertaining to their roles as Directors.

The Taxi Industry is a unique and very specialised Industry and because of the Non-Executive Directors' commercial knowledge and expertise within the Taxi Industry and Transport Industry generally, the Board considers that these Directors are able to effectively carry out their responsibilities in accordance with the Board Charter.

In addition, even though it is recommended by the Guidelines that the roles of Chairperson and Chief Executive Officer ("CEO") should not be exercised by the same individual, Mr Kermode has held these positions since 27 July 1980. Commencing in 1976, Mr Kermode's leadership and expertise within the Taxi and Transport Industries, together with his long term vision for Cabcharge, has seen the Company grow from a small operation to a top 200 ASX listed company. The success and continued diversity and growth of the Group are largely attributable to Mr Kermode's performance and vision for the Cabcharge Group as Chairman and Chief Executive Officer. Given the overall success of the Company the Board believes that the quality of analytical judgement that Mr Kermode brings to all relevant issues affecting the Group warrant that the role of Chairman and Chief Executive Officer remain with Mr Kermode for as long as he maintains his current level of contribution to and leadership of the Group.

Disclosure

Cabcharge Directors have strict obligations relating to their disclosure of any share trades or material contracts or other relationships with the Group in accordance with the provisions of the *Corporations Act 2001* and ASX Listing Rules. Directors must also declare any conflict of interest in relation to a matter before the Board.

Education

Directors participate in an induction program upon appointment and are also encouraged to undertake programs of continuing education to ensure that Board Members are kept up to date not only with developments within the Taxi and Transport Industries generally, but also to understand corporate strategy, financial position, culture, values and developments within statutory and governance guidelines, including receiving periodic presentations by corporate legal advisors and Counsel specialising in Trade Practice matters.

Operations and Continuous Review

The Board meets regularly with a comprehensive agenda which is specifically designed for each meeting to ensure that in addition to regular operational issues other matters that require discussion, guidance or review are brought to the Board's attention. Management is invited to attend Board discussions as and when required. In addition to the meetings which are allocated at the commencement of each year, meetings may be called at any time for discussion on any issue required. The performance, policies and practices of the Board and the Group are reviewed on an annual basis. The reviews are considered to be important and informative to the Board as they are useful tools to assist in identifying areas requiring tighter control, general improvement or an overall review of specific or general Group Operations.

Appointment of Directors

The Board of Directors has developed criteria for Director appointments, with the criteria aimed at selecting Directors who are capable of contributing to the overall operation of the Company, have a thorough knowledge of various aspects of the Industry and are motivated to perform to the best of their ability whilst serving Cabcharge as a Director. All Cabcharge Directors must meet the following criteria:

- Ability to provide and apply expertise to the Group's operations;
- Understand the complexities of the Taxi Industry and Transport Industry generally;
- Be willing to contribute meaningful and appropriate input into discussions and demonstrate decision making skills taking into account both the present and the future;
- Have a thorough understanding of the statutory framework of the Taxi and Transport Industries and the complexities involved and be prepared to continuously be educated;
- Demonstrate a knowledge of the proper management and control of shareholder interests within the Group;
- Work as a team with other Directors and management and feel confident to express their views on any matter relating to the operations of the Group.

The Nomination Committee consists of:
Mr Ian Armstrong
Mr Russell Balding AO
Mr Philip Franet

The Chairman of the Nomination Committee is Mr Ian Armstrong. Details on the number of meetings of the Nomination Committee held during the year and attendees at those meetings are set out in the Directors' Report on page 21.

The Board of Directors recently commissioned a review of the Company's corporate governance framework. The reviewer recommended that the Board consider establishing a Corporate Governance Committee with responsibility for nominations and remuneration as well as oversight of the corporate governance statement, governance policies and related matters. If the recommendation of the reviewer is accepted, it is likely that membership of the Corporate Governance Committee will differ from that of the existing Nomination Committee.

Directors and their terms in office

Name	Years
Mr Reginald Kermode AM MBE JP FAICD FAIM	32
Mr Ian Armstrong	12
Mr Russell Balding AO	1
Ms Sharon Doyle	appointed 12/12/2011
Mr Neil Ford	16
Mr Philip Franet	27
Mr Donnald McMichael	16

New Directors are given a letter of appointment setting out the terms of the appointment and the time commitment envisaged. New Directors are provided with a copy of the Company's Constitution and other relevant information such as the Share Trading Policy.

The Chairman is responsible for ensuring that new Directors meet with members of the executive team and are formally briefed on corporate strategy. Site visits form part of the induction process.

Ethical Standards

Share Trading

Cabcharge has in place a Policy concerning trading in Cabcharge securities by Directors, officers and employees. The Cabcharge Policy in relation to the trading of Cabcharge shares encompasses the following:

- Dealing Rules clearly identify the Directors, Officers and employees who are restricted from trading (Designated Officers);
- The prohibitions under the law and the requirements of the policy. The policy makes it clear that it is inappropriate for the Designated Officer to procure or to trade when the Designated Officer has information relating to the performance of the Group that has not yet been disclosed to the public. Designated Officers are also aware of the need to enforce confidentiality with external advisors;
- The obligation to notify either the Chairman or the Chief Executive Officer;
- Confirmation of any trading;
- Permissible trading windows;
- The extent to which there is discretion to permit trading by Designated Officers in specific circumstances;
- The prohibition on Designated Officers from entering into transactions in associated products which operate to limit the economic risk of their security holdings in the Company.

Code of Conduct

The Cabcharge Board has established a Code of Ethics and Conduct to guide its Directors, the Chief Executive Officer, the Chief Financial Officer and its key executives in relation to:

- The practices necessary to maintain confidence in Cabcharge's integrity;
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Ethics and Conduct addresses the following issues:

- Conflicts of interest – managing situations where the interest of a private individual interferes or appears to interfere with the interests of Cabcharge as a whole;
- Corporate opportunities – preventing Directors and key executives from taking advantage of property, information or position or opportunities arising from these for personal gain or to compete with Cabcharge;
- Confidentiality – restricting the use of non–public information except where disclosure is authorised or legally mandated;
- Fair dealing – by all employees with Cabcharge's customers, suppliers, competitors and employees;
- Protection of and proper use of the Company's assets – protecting and ensuring the efficient use of assets for legitimate business purposes;
- Compliance with laws and regulations – active promotion of compliance;
- Encouraging the reporting of unlawful/unethical behaviour;
- Active promotion of ethical behaviour and protection for those who report violations in good faith.

Diversity

The ASX Corporate Council introduced an amendment to its ASX Corporate Governance Principles and Recommendations in July 2010 aimed at addressing diversity and in particular the representation of women on boards and in senior management roles. Ms Sharon Doyle was appointed to the Board during the year. Cabcharge values diversity in the workforce as a reflection of the community in which it operates. Cabcharge's commitment to diversity in the workplace includes background, gender, ethnicity, disability, culture and experience. Currently women represent 48% of the total workforce. In addition to the Company's Diversity Policy, informal processes are in place for monitoring diversity.

The Company's Diversity Policy refers to the following measurable objectives for achieving gender diversity:

- Any short list of prospective appointees should include at least one female candidate;
- Gender diversity inside the Company should exceed the gender diversity of the Company's key commercial stakeholder groups – taxi operators and taxi drivers.

It is anticipated that further refinement of the Company's Measurable Objectives for achieving gender diversity will occur prior to completion of the Company's current review of its Corporate Governance Framework.

Remunerate Fairly and Responsibly

The Board has established a Remuneration Committee with a minimum of three Non-Executive Directors as members, the majority being Independent Directors.

The Remuneration Committee consists of:
Mr Neill Ford
Mr Philip Franet
Mr Donnald McMichael

The Cabcharge Group aims to reward executives in accordance with their positions and responsibilities within the Group so as to:

- Reward executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks i.e. overall group performance and individual unit performance;
- Align the interests of executives with those of shareholders; and
- Ensure remuneration is competitive by market standards.

In determining the level and make up of the Executive Chairman's remuneration, the Remuneration Committee reviews comparative listed companies in addition to seeking advice from independent advisors. The Chairman of the Committee, Mr Neill Ford, is not considered independent. However, the Board believes that his experience of remuneration matters makes his appointment a valuable transition measure.

The Board of Directors recently commissioned a review of the Company's corporate governance framework. The reviewer recommended that the Board consider establishing a Corporate Governance Committee with responsibility for nominations and remuneration as well as oversight of the corporate governance statement, governance policies and related matters. If the recommendation of the reviewer is accepted, it is likely that membership of the Corporate Governance Committee will differ from that of the existing Remuneration Committee.

There are currently no options issued to any Directors or Executives. The remuneration of key management personnel is set out on pages 24 to 25 of the Directors' Report. Bonus payments to Executives are discretionary and in determining if an Executive should be paid a bonus, the performance of each Executive is carefully reviewed on an annual basis and when appropriate the Executive is paid a bonus amount commensurate to the Executive's performance for the preceding 12 months. In relation to Board Remuneration independent advice is sought in relation to fees paid to Directors and any increase in the amount available for Board Remuneration must be approved by the shareholders at an Annual General Meeting.

The Board recognises the need to consider the input of Directors during any year and constantly reviews its obligations to shareholders by monitoring the performance of each Director.

Company Audit

The Audit Committee consists of:
Mr Ian Armstrong
Mr Russell Balding AO
Mr Philip Franet

The Audit Committee Charter involves a number of policies and practices to ensure the Committee's Independence and effectiveness. These include:

- The Committee consists entirely of independent Non- Executive Directors all of whom are financially literate. The Chairman of the Audit Committee, Mr Ian Armstrong, has extensive qualifications as a former partner of PricewaterhouseCoopers;
- The Audit Committee has unfettered access to the Chief Financial Officer, financial records of the Group, management and the Group's external Auditors.

The Audit Committee is responsible for review of:

- The financial reporting process;
- The system of internal control;
- Management of financial risks;
- The audit process;
- Compliance with laws and regulations;
- Compliance with the Company's Code of Ethics and Conduct.

The Audit Committee meets with the external Auditor at least three times a year independently of the Chief Financial Officer and other accounting management and staff. The Committee is responsible for the overseeing of management in relation to the preparation of the Group's financial statements and financial disclosure.

The Audit Committee may conduct an investigation into any financial matter as it sees fit. During the year a separate external Auditor was engaged for the purposes of undertaking an Internal Audit Review.

Details on the number of meetings of the Audit Committee held during the year and attendees at those meetings are set out in the Directors' Report on page 21.

Auditor

KPMG is the Auditor of the Cabcharge Group of Companies and was appointed in 2007. The audit partner from KPMG will attend the 2012 Annual General Meeting of Cabcharge and will be available to respond to shareholder audit-related questions. Cabcharge currently requires that the partner managing the audit for the external Auditor be changed after a period of no longer than five years.

Shareholder Rights

The Company acknowledges the importance of effective communication with its shareholders. Cabcharge has a Shareholder Communication Policy which highlights Cabcharge's commitment to transparency in its dealings with shareholders, analysts, investors and the market generally. Cabcharge is committed to providing full and timely information about the activities of the Company in a balanced and understandable way and complying with the continuous disclosure obligations contained in the applicable ASX listing rules and the *Corporations Act 2001*. Cabcharge encourages shareholder participation at shareholder meetings and is committed to dealing promptly and effectively with shareholder enquiries. The Cabcharge Annual General Meeting is convened in accordance with applicable laws and rules. Cabcharge encourages shareholders to participate at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategies and goals by making comments and requesting information from Board Members and Cabcharge's Auditors who attend each Cabcharge Annual General Meeting and are available to answer shareholder questions in relation to audit procedures and audited accounts. Cabcharge keeps shareholders informed by making company announcements as well as preparing its Annual Reports. All announcements are placed on the Cabcharge website after they have been released to the market.

Corporate Governance

Risk Management

For identification and effective management of risks, the Board constituted Risk Oversight & Management Committee. The Committee consists of:

Ms Sharon Doyle
Mr Philip Franet
Mr Donnald McMichael

The Committee oversees operational risk, reporting risk, compliance risk and security risk assumed by the Group in the course of carrying on its business. In the first instance the Risk Oversight & Management Committee reports to the Audit Committee. The Board has received assurance from the Executive Chairman & CEO and the Chief Financial Officer that the declaration provided in accordance with section 295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Board requires management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board also requires management to report on the effectiveness of the Company's management of its material business risks. As part of the continuous risk management process, the CEO informs the Chairman of the Audit Committee and the Auditor if he has some concern over any potential risks to the Company.

Competition and Consumer Compliance Policy

The Cabcharge Group is committed to complying with the provisions of the *Competition and Consumer Act 2010* (the Act). Cabcharge's commitment to compliance is demonstrated by the Company's implementation of a comprehensive Compliance Program which includes:

- The appointment of a Compliance Officer;
- A direction to all employees to report any compliance related issues and Compliance concerns relating to the Act to the Compliance Officer;
- A guarantee that employee(s) making a complaint or report in relation to the Group's compliance with the Act will not be victimised or disadvantaged in any way by reason of their complaint or report and confirmation that their complaint or report will be kept confidential and secure; and
- A guarantee that Cabcharge will take disciplinary action against any employee(s) who are knowingly or recklessly involved in a contravention, or attempted contravention of the relevant provisions of the Act and will not indemnify them directly or indirectly, in respect of any such involvement.

Investment Committee

The Investment Committee was disbanded in February 2012.

Marketing Committee

The Marketing Committee was formed in April 2012. As a result of the Company's diversification strategy and commitment to technological advancement, the Company now offers a wide range of products and services across a range of markets. The Board recognises the importance of the Cabcharge brand and the need of co-ordinating and prioritising the marketing of the various products and services offered by the Company. The Marketing Committee has been formed for the purposes of supervising the establishment and development of the Company's marketing strategy and ensuring that marketing activities are effective and generating value for money.

Continuous Disclosure

The *Corporations Act 2001* and the ASX Listing Rules require that a Company discloses to the market matters which could be expected to have a material effect on the price or value of the Company's securities. Management procedures are in place throughout the Group to ensure that all material matters which may potentially require disclosure are promptly reported to the Chief Executive Officer, through established reporting lines. Matters reported are assessed and, where required by the Listing Rules, the market is informed. The Company Secretary is responsible for communications with the ASX (and where appropriate ASIC) and for ensuring that such information is not released to any person until the ASX has confirmed its release to the market.

Financial Report

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2012

Cabcharge Australia Limited and Its Controlled Entities

	Notes	2012 $'000	2011 $'000
Revenue	5	192,353	184,542
Other income	6	2,659	21
Processing fees to taxi networks		(15,942)	(15,420)
Costs of members taxi related services		(36,625)	(33,930)
Employee benefits expenses		(34,595)	(32,079)
Administration expenses		(11,499)	(11,978)
Transaction processing expenses		(3,194)	(2,774)
Depreciation and amortisation	7	(13,036)	(12,479)
Impairment charge on investments in associates		(8,681)	–
ACCC settlement		–	(15,000)
Other expenses		(4,146)	(4,980)
Results from operating activities		**67,294**	**55,923**
Finance income	5	2,459	1,984
Finance costs	7	(9,542)	(8,372)
Net finance costs		**(7,083)**	**(6,388)**
Share of profit of equity accounted investees, net of tax	14(b)	19,443	14,892
Profit before income tax		**79,654**	**64,427**
Income tax expense	8(a)	(19,683)	(18,301)
Profit for the year attributable to owners of the Company		**59,971**	**46,126**
Other comprehensive income			
Share of other comprehensive income of associates, net of tax		(814)	(1,529)
Effective portion of change in fair value of cash flow hedge		(1,081)	–
Net change in fair value of available-for-sale financial assets		208	(225)
Net change in fair value of available-for-sale financial assets transferred to profit or loss		9	(69)
Income tax on other comprehensive income		259	88
Other comprehensive income for the year, net of income tax		**(1,419)**	**(1,735)**
Total comprehensive income for the year attributable to owners of the Company		**58,552**	**44,391**
Earnings per share			
Basic earnings per share (AUD)	26	49.70 cents	38.30 cents
Diluted earnings per share (AUD)	26	49.70 cents	38.30 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 2012

Cabcharge Australia Limited and Its Controlled Entities

	Notes	2012 $'000	2011* $'000	2010* $'000
CURRENT ASSETS				
Cash and cash equivalents	9	51,162	22,885	30,939
Trade and other receivables	10	71,199	70,718	66,583
Advances to associates	10	17,715	14,248	13,360
Other current assets	10	4,061	3,557	3,626
Inventories	11	2,280	3,820	2,144
TOTAL CURRENT ASSETS		**146,417**	**115,228**	**116,652**
NON-CURRENT ASSETS				
Trade and other receivables	10	13,224	15,786	15,318
Financial assets	12	4,282	4,075	4,979
Other non-current assets		2,000	–	–
Investments in associates accounted for using the equity method	14	220,827	210,879	197,516
Property, plant and equipment	15	46,606	51,185	34,864
Deferred tax assets	16	5,447	3,341	3,018
Taxi plate licences	17	60,418	54,448	50,530
Goodwill	18	13,231	13,231	13,231
Intellectual property	19	8,253	10,781	11,743
TOTAL NON-CURRENT ASSETS		**374,288**	**363,726**	**331,199**
TOTAL ASSETS		**520,705**	**478,954**	**447,851**
CURRENT LIABILITIES				
Trade and other payables	20	21,160	14,468	14,715
Loans and borrowings	21(b)	81,473	146,674	127,207
Current tax liabilities	22	5,284	4,910	5,259
Employee benefits	23	6,184	5,711	5,291
TOTAL CURRENT LIABILITIES		**114,101**	**171,763**	**152,472**
NON-CURRENT LIABILITIES				
Loans and borrowings	21(b)	85,000	–	–
Employee benefits	23	831	411	474
TOTAL NON-CURRENT LIABILITIES		**85,831**	**411**	**474**
TOTAL LIABILITIES		**199,932**	**172,174**	**152,946**
NET ASSETS		**320,773**	**306,780**	**294,905**
EQUITY				
Share capital	24	138,325	138,325	138,325
Reserves	24	(8,192)	(6,773)	(5,038)
Retained earnings		190,640	175,228	161,618
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF CABCHARGE AUSTRALIA LIMITED		**320,773**	**306,780**	**294,905**

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

* See note 2(e) for details of restatement

Consolidated Statement of Cash Flows

for the year ended 30 June 2012

Cabcharge Australia Limited and Its Controlled Entities

	Notes	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers and others		1,181,697	1,147,957
Payments to suppliers, licensees and employees		(1,084,792)	(1,075,235)
Payments related to ACCC settlement		–	(15,000)
Dividends received		70	140
Interest received		1,442	1,096
Finance costs paid		(9,072)	(8,148)
Income tax paid		(19,475)	(18,602)
Net cash provided by operating activities	33(a)	**69,870**	**32,208**
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,007)	(22,908)
Payments for development of intellectual property		(512)	(1,180)
Other deposits		(2,000)	–
Acquisition of subsidiary, net of cash acquired		(2,841)	–
Purchase of taxi licence plates		(3,044)	(4,039)
Purchase of taxi logo licence		–	(650)
Advances to associates		(2,450)	–
Proceeds from sale of property, plant and equipment		101	677
Proceeds from sale of investment		2	886
Net cash (used in) investing activities		**(15,751)**	**(27,214)**
Cash flows from financing activities			
Proceeds from borrowings		29,500	32,468
Repayment of borrowings		(10,783)	(13,000)
Dividends paid	25	(44,559)	(32,516)
Net cash (used in) financing activities		**(25,842)**	**(13,048)**
Net increase (decrease) in cash and cash equivalents		28,277	(8,054)
Cash and cash equivalents at 1 July		22,885	30,939
Cash and cash equivalents at 30 June	9	**51,162**	**22,885**

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 2012

Cabcharge Australia Limited and Its Controlled Entities

	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2010		**138,325**	**(5,038)**	**161,618**	**294,905**
Total comprehensive income for the year					
Profit for the year		–	–	46,126	46,126
Other comprehensive income					
Share of associates' foreign exchange translation differences, net of tax		–	(1,751)	–	(1,751)
Share of associates' net cash flow hedging gains, net of tax		–	222	–	222
Net change in fair value of available-for-sale financial assets, net of tax		–	(158)	–	(158)
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax		–	(48)	–	(48)
Total other comprehensive income		–	(1,735)	–	(1,735)
Total comprehensive income for the year		–	(1,735)	46,126	44,391
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders	25	–	–	(32,516)	(32,516)
Total contributions by and distributions to owners		–	–	(32,516)	(32,516)
Total transactions with owners		–	–	(32,516)	(32,516)
Balance at 30 June 2011		**138,325**	**(6,773)**	**175,228**	**306,780**
Balance at 1 July 2011		**138,325**	**(6,773)**	**175,228**	**306,780**
Total comprehensive income for the year					
Profit for the year		–	–	59,971	59,971
Other comprehensive income					
Share of associates' foreign exchange translation differences, net of tax		–	322	–	322
Share of associates' net cash flow hedging gains,net of tax		–	(222)	–	(222)
Share of associates' capital reserve, net of tax		–	(914)	–	(914)
Effective portion of change in fair value of cash flow hedge, net of tax		–	(757)	–	(757)
Net change in fair value of available-for-sale financial assets, net of tax		–	146	–	146
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax		–	6	–	6
Total other comprehensive income		–	(1,419)	–	(1,419)
Total comprehensive income for the year		–	(1,419)	59,971	58,552
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders	25	–	–	(44,559)	(44,559)
Total contributions by and distributions to owners		–	–	(44,559)	(44,559)
Total transactions with owners		–	–	(44,559)	(44,559)
Balance at 30 June 2012		**138,325**	**(8,192)**	**190,640**	**320,773**

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 2012

1. Reporting entity

Cabcharge Australia Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 152–162 Riley Street, East Sydney. The Consolidated Financial Statements of the Group as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The Group is a for-profit entity and primarily is involved in taxi related services (see note 35) and bus and coach services (through its interest in an associate).

2. Basis of Preparation

(a) Statement of compliance

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

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 27 September 2012.

(b) Basis of measurement

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

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

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

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) 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:

Notes 14d, 17c and 18b – measurement of the recoverable amounts of cash-generating units

Note 23 – provisions for employee benefits

Note 34 – financial instruments and financial risk management

(e) Restatement of comparatives

In the clauses of the bank facility agreement in effect at 30 June 2011 relating specifically to commercial bills, the Bank could only demand repayment of the loan if Cabcharge should breach its loan covenants. As there had been no breaches of its loan covenants prior to or as at 30 June 2011, Cabcharge had classified all bills with maturity dates beyond 12 months as non-current liabilities.

However, in the general clauses of the agreement in effect at 30 June 2011, the Bank had the right to review the facility and demand repayment of part, or all, of the amounts outstanding at the Bank's discretion. Accordingly, at 1 July 2010 and 30 June 2011, all the bank bill borrowings, comprising the whole non-current loans and borrowings balance, should have been classified as current liabilities. The comparative period balance sheet has been restated to reflect the change in classification.

There is no impact on the profit and loss for the year ended 30 June 2011, the total liabilities and earnings per share reported at 30 June 2011 or Cabcharge's compliance with its debt covenant at 30 June 2011, as a result of this restatement.

The bank facility agreement has been renegotiated and the general terms amended as at 14 December 2011 such that the bank bill borrowings are appropriately classified as non-current at 30 June 2012.

The effect of the change is as follows:

	Current loans & borrowings	Current liabilities	Non-current loans & borrowings	Non-current liabilities
	$'000	$'000	$'000	$'000
Balance reported at 1 July 2010	50,707	75,972	76,500	76,974
Effect of restatement	76,500	76,500	(76,500)	(76,500)
Restated balance at 1 July 2010	127,207	152,472	–	474
Balance reported at 30 June 2011	87,174	112,263	59,500	59,911
Effect of restatement	59,500	59,500	(59,500)	(59,500)
Restated balance at 30 June 2011	146,674	171,763	–	411

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

A list of controlled entities is contained in note 31 to the Consolidated Financial Statements.

(ii) Associates (equity accounted investees)

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

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

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

(iii) Transactions eliminated on consolidation

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

(iv) Business combinations

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 (generally fair value) 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.

(b) Foreign Currency

(i) 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.

(ii) Foreign operations

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

Foreign currency differences are recognised in other comprehensive income and presented in the Foreign Currency Translation Reserve in equity ("FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

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

3. Significant Accounting Policies cont.

(c) 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Intangible assets

(i) Intangible assets acquired separately

Taxi and other licences acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Taxi and other licences with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Taxi and other licences with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy in note 3e below.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination 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.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and indefinite life intangible assets, from the date that they are available for use.

The amortisation rates for the current and comparative periods are as follows:

Intellectual Property	16.67%
Taxi plate licences having a finite life	2.00% to 10%

(iii) Goodwill

Goodwill arising on the acquisition of a subsidiary is included in the intangible assets. For the measurement of goodwill at initial recognition, see note 3(a)(iv). Goodwill is subsequently measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

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

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

(iv) Research and development

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 accumulated impairment losses.

(e) Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses in respect of financial assets measured at amortised cost are recognised in profit or loss. Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

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

Intangible assets with indefinite useful lives (including goodwill) 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 and the risks specific to the asset.

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 the profit and loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 the profit and loss.

(f) Leases

As lessor

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. Interest earned on finance leases is recognised as other revenue on a basis reflecting a constant periodic return based on the lessor's net investment outstanding in respect of the finance lease.

As lessee

Leases of fixed assets where substantially all the risks and rewards of ownership of the asset are transferred to entities in the Group are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments made under finance leases are apportioned between the reduction of the lease liability and finance expense. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and 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.

(g) Finance income and expense

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

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

Foreign currency gains and losses are reported on a net basis.

(h) Property, plant and equipment

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

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

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

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 depreciation rates used for each major class of asset for the current and comparative periods are:

Buildings	1% to 2.5%
Furniture, fittings, plant and equipment	5% to 33%
EFTPOS Equipment	16.67%

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

3. Significant Accounting Policies cont.

(i) Revenue

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

Members taxi related services consist of taxi depot and leasing fees billed every 28 days in advance. Operating revenue receipts relating to the period beyond the current financial year are shown in the Consolidated Statement of Financial Position as unearned revenue under the heading of current liabilities – Trade and other payables.

Dividend revenue is recognised when the right to a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Rental income from property is recognised in profit or loss on a straight-line basis over the term of the lease.

(j) 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 account service fee plus revenue from other sources. Revenue in accordance with Australian Accounting Standards is discussed at note 3(i). Cabcharge's credit risk is based on turnover rather than revenue. Taxi hire charges are GST inclusive since the GST is embedded in taxis' metered fares and liability for the GST rests with the taxi driver.

Payment of fares through the Cabcharge Payment System involves payment for a taxi service through a Cabcharge card, docket or e-ticket, payment through bank-issued cards (such as credit cards and bank debit cards), and payment through third-party cards (such as American Express and Diners Club).

(k) Employee benefits

Wages, salaries and annual leave

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

Long service leave

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

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(l) Income tax

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

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

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, or temporary differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for 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, based on the laws that have been 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 tax 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.

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Cabcharge Australia Limited.

(m) 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 equityholders for the reporting period by the weighted average number of ordinary shares outstanding including dilutive potential ordinary shares.

(n) Segment reporting

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

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

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

(o) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Recognition and derecognition

Non-derivative financial instruments are initially measured at fair value, which includes directly attributable transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost using the effective interest rate method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets include the Group's investments in equity securities. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value other than impairment losses and foreign exchange gains and losses on available–for–sale monetary items are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Financial liabilities

Non-derivative financial liabilities are measured at amortised cost, comprising original debt less principal payments and amortisation using the effective interest rate method.

3. Significant Accounting Policies cont.

(p) 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.

Dividends

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

Reserves

Translation reserve

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

Hedging reserve

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

Fair value reserve

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

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

(s) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(t) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

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

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

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

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items when available and replacement cost when appropriate.

(ii) Intangible assets

The fair value of taxi licence plates acquired in a business combination is based on either the market value of the taxi licences applicable to the region in which the taxi operates or, where a market value is unable to be determined, the discounted cash flows expected to be derived from the use and eventual sale of the assets. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Investments in equity securities

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date or if unquoted, by using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market related discount rate.

(v) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(vii) Financial guarantees

For financial guarantee contract liabilities, the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. This method takes into account the probability of default by the guaranteed party over the term of the contract, the loss given default (being the proportion of the exposure that is not expected to be recovered in the event of default) and exposure at default (being the maximum loss at the time of default).

(viii) Interest rate swaps

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

	2012 $'000	2011 $'000
5. Revenue and income		
From operating activities		
Taxi service fee income	89,550	87,328
Members taxi related services	89,983	83,641
Dividends received – other corporations	70	140
Rental revenue	195	187
Other revenue	12,555	13,246
	192,353	**184,542**
Finance income		
Other persons – interest income	**2,459**	**1,984**

Total turnover

Total turnover does not represent revenue in accordance with Australian Accounting Standards. Total turnover represents the value of taxi hire charges (fares) processed through the Cabcharge Payment System including Cabcharge's account service fee plus all revenue from other sources.

The Cabcharge account service fee income is a fee on taxi hire charges. Cabcharge is responsible for collecting the full amount of taxi hire charges paid through the Cabcharge Payment System on behalf of taxi operators. Revenue derived from these transactions is disclosed as net service fee rather than the full amount of service fee income plus taxi fares.

Cabcharge assumes the credit risk for the full value of each transaction (i.e. the amount stated below). Credit risk is further discussed at note 34(c).

	2012 $'000	2011 $'000
Total turnover	1,156,893	1,131,611
6. Other income		
Gain on disposal of property plant and equipment	73	21
Discount on aquisition of Austaxi (note 13)	2,586	–
Other income	**2,659**	**21**
7. Expenses		
Profit before related income tax includes the following expenses:		
Depreciation of property, plant and equipment	9,194	9,515
Amortisation of intangibles	3,842	2,964
Total depreciation and amortisation	**13,036**	**12,479**
Bad and doubtful debts – trade debtors	**281**	**328**
Finance costs		
Other persons – interest expense	**9,542**	**8,372**
Employee benefits expense		
Included in total employee benefits expense are contributions to defined contribution / accumulation type superannuation funds	**2,178**	**2,303**

	2012 $'000	2011 $'000

8. Income tax expense

(a) Recognised in the Consolidated Statement of Comprehensive Income

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

	2012 $'000	2011 $'000
Current income tax expense		
Current year	20,188	19,345
R & D adjustment for prior year	(337)	(789)
	19,851	18,556
Deferred tax expense		
Origination and reversal of temporary differences	(168)	(255)
Total income tax expense in the Statement of Comprehensive Income	**19,683**	**18,301**
Numerical reconciliation between tax expense and pre-tax profit		
Pre-tax profit	79,654	64,427
Prima-facie income tax using the corporate tax rate of 30% (2011: 30%)	23,896	19,328
Add tax effect of:		
Non-deductible depreciation	112	8
ACCC settlement	–	4,200
Non-allowable impairment of investment	2,604	–
Other non-allowable items	25	39
	26,637	23,575
Less tax effect of:		
Rebateable fully franked dividends	(8)	(17)
Over provision for income tax in prior year	(337)	(789)
Discount on acquisition not assessable	(776)	–
Share of net profit of associates	(5,833)	(4,468)
Income tax expense attributable to profit before income tax	19,683	18,301
Income tax expense	**19,683**	**18,301**
Effective tax rate on pre-tax profit	24.7%	28.4%

(b) Recognised directly in equity

	2012 $'000	2011 $'000
Revaluations of available for sale financial assets	**63**	**(68)**

9. Cash and cash equivalents

	2012 $'000	2011 $'000
Cash on hand and at bank	13,652	12,128
Money market deposits	37,510	10,757
Balance per Consolidated Statement of Cash Flows	**51,162**	**22,885**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed at note 34.

10. Trade and other receivables

	2012 $'000	2011 $'000
Current		
Trade receivables	47,964	48,791
Finance lease receivables	11,298	12,035
Accumulated impairment losses	(780)	(770)
	58,482	60,056
Amounts receivable from:		
Other debtors	12,717	10,662
	71,199	**70,718**
Advances to associates	**17,715**	**14,248**
Other current assets	**4,061**	**3,557**
Total current	**92,975**	**88,523**
Non-current		
Finance lease receivables	12,841	15,142
Other debtors	383	644
Total non-current	**13,224**	**15,786**
Movement in allowance for impairment		
Balance at the beginning of the year	(770)	(735)
Doubtful debts (recognised)	(291)	(363)
Amount written off as uncollectable	281	328
Balance at the end of the year	**(780)**	**(770)**

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

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed at note 34.

Finance leases of the Group are receivable as follows:

	2012 YEAR			2011 YEAR		
	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	13,349	2,051	11,298	14,289	2,254	12,035
Between one and five years	14,933	2,092	12,841	17,187	2,045	15,142
	28,282	**4,143**	**24,139**	**31,476**	**4,299**	**27,177**

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

	2012 $'000	2011 $'000

11. Inventories

	2012 $'000	2011 $'000
At lower of cost and net realisable value		
Motor vehicles – at cost	204	786
Parts, safety cameras and sundries – at cost	2,076	3,034
	2,280	**3,820**

12. Financial assets

	2012 $'000	2011 $'000
Market value of listed investments – available-for-sale		
Shares in other listed corporations – at fair value	2,598	2,391
Unlisted investments – available-for-sale		
Shares in other corporations – at cost	1,684	1,684
	4,282	**4,075**

Sensitivity analysis – equity price risk

All of the Group's listed equity investments are listed on either the Australian Securities Exchange (ASX) or the Singapore Stock Exchange (SGX). For such investments classified as available-for-sale, a 10% increase in the ASX 200 plus a 10% increase in the SGX at the reporting date would have increased equity by $182,000 after tax (2011: an increase of $167,000); an equal change in the opposite direction would have decreased equity by an equal but opposite amount. The analysis is performed on the same basis for 2011.

All of the Group's unlisted equity investments are carried at cost because there is no quoted market price for these investments and as such, fair value cannot be measured reliably. These equity investments are primarily investments in unrelated taxi network operation and the Group has no intention to dispose of these investments in the foreseeable future.

13. Business combination

On 16 August 2011 the Group obtained control of Austaxi Group Pty Limited (Austaxi) by acquiring 100% of the shares and voting interests in the company for cash consideration of $2,841,000. Austaxi is a Sydney based accredited taxi network with a fleet of 65 taxis using the Lime and Apple brand names.

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

		Recognised values $'000
Trade and other receivables		247
Deferred tax assets		1,678
Taxi plate licenses	(i)	3,319
Intellectual property	(ii)	407
Trade and other payables		(224)
Fair value of identifiable net assets acquired		5,427
Consideration paid, satisfied in cash		(2,841)
Discount on acquisition	(iii)	2,586

The recognised values of assets acquired, and liabilities assumed, represents the fair value recorded on the date of acquisition.

(i) Taxi plate licenses represent 44 wheelchair accessible taxi-cab licenses leased from Transport NSW for which an independent valuation has been obtained.

(ii) The amount recognised as intellectual property represents a customer contract to provide taxi booking and dispatch services for which an independent valuation has been obtained.

(iii) Due to the range of operational difficulties Austaxi was having in regards to the provision and continuation of services to the disabled community, Cabcharge received a discount on acquisition. The related bargain purchase gain has been recognised in other income in the Consolidated Statement of Comprehensive Income.

The Group incurred acquisition-related costs of $23,000 which have been included in administration expenses in the Consolidated Statement of Comprehensive Income.

During the post-acquisition period of 16 August 2011 to 30 June 2012 the revenue and profit recorded by the Group in respect of Austaxi was $808,000 and $216,000, respectively. This is not materially different to the revenue and profit that would have been recognised had the acquisition occurred on 1 July 2011.

14. Associated companies

Name	Principal Activities	Country of Incorporation	Reporting Period	Ownership Interest 2012 %	Ownership Interest 2011 %	Carrying Amount of Investment 2012 $'000	Carrying Amount of Investment 2011 $'000
ComfortDelGro Cabcharge Pty Ltd	Bus & coach services	Australia	31 December	49	49	158,221	141,599
CityFleet Networks Ltd	Taxi related services, Bus & coach services	United Kingdom	31 December	49	49	62,606	69,280
						220,827	**210,879**

		2012 $'000	2011 $'000
a.	**Movements during the year in equity accounted investment in associated companies**		
	Balance at beginning of the financial year	210,879	197,516
	Share of associates' profit after income tax	19,443	14,892
	Foreign exchange translation differences	322	(1,751)
	Cash flow hedging	(222)	222
	Capital reserve	(914)	–
	Impairment	(8,681)	–
	Balance at end of the financial year	**220,827**	**210,879**
b.	**Equity accounted profits of associates are broken down as follows:**		
	Share of associates' profit before income tax expense	27,321	20,901
	Share of associates' income tax expense	(7,878)	(6,009)
	Share of associates' profit after income tax	**19,443**	**14,892**
c.	**Summarised presentation of aggregate assets, liabilities and performance of associates (all 100% figures)**		
	Current assets	110,878	94,396
	Non-current assets	931,456	903,126
	Total assets	1,042,334	997,522
	Current liabilities	(159,073)	(234,340)
	Non-current liabilities	(526,421)	(474,221)
	Total liabilities	(685,494)	(708,562)
	Net assets	356,840	288,960
	Revenues	452,584	433,293
	Profit after income tax of associates	39,681	30,393

d. Impairment Testing

In light of the continuing downturn in UK market conditions arising from the Global Financial Crisis, the Group has assessed the recoverable amount of the investment in CityFleet Neworks Ltd at 30 June 2012. As there is no active market for the businesses operated by CityFleet Networks Ltd, the recoverable amount of the investment was based on value-in-use and was determined using a discounted projected cash flow model.

The recoverable amount of this investment based on its value in use, was determined to be lower than the carrying amount, resulting in the impairment loss of $8,681,000.

In assessing the recoverable amount of this investment, the Group has applied an average 2.4% growth forecast for each of the next five years (2011: 7.6%), a long-term growth rate of 2.75% into perpetuity (2011: 2.75%), and the discount rate of 6.2% (2011: 7.6%). Management has made these key assumptions in light of the subdued growth in the economic environment in the UK.

Following the impairment loss in the investment, the recoverable amount is equal to the carrying amount. Therefore, any adverse change in a key assumption may result in a further impairment loss.

The value in use of this investment is most sensitive to the interest rate and the exchange rate at balance date.

ComfortDelGro Cabcharge Pty Ltd, with its operations in the Australian bus and coach business, continues to perform strongly in line with expectations. There are no indications of impairment for this investment.

Several Transport for NSW bus contracts are currently open for tender. Two of CDC's three NSW metropolitan regions are being re-tendered and the tender closed on 27 August 2012. The third region in which we operate alone, Metropolitan Contract Region 4 will be re-tendered at a later date. The contract has been extended to 2015, but it is still subject to confirmation from Director General of Transport for NSW.

15. Property, plant and equipment

(a) Composition

	2012 $'000	2011 $'000
Land – at cost	8,647	8,647
Buildings – at cost	8,611	8,611
Accumulated depreciation	(2,564)	(2,318)
	6,047	6,293
Total land and buildings	14,694	14,940
Furniture, fittings, plant and equipment – at cost	60,082	56,190
Accumulated depreciation	(35,191)	(29,682)
	24,891	26,508
Eftpos equipment – at cost	36,851	36,129
Accumulated depreciation	(29,830)	(26,392)
	7,021	9,737
	46,606	**51,185**

(b) Movement in carrying amounts

	Land & Buildings $'000	Furniture, fittings, plant and equipment $'000	Eftpos equipment $'000	Total $'000
Movements 2012:				
Balance at the beginning of the year	14,940	26,508	9,737	51,185
Additions	–	4,284	722	5,006
Reclassifications	–	(363)	–	(363)
Disposals	–	(28)	–	(28)
Depreciation expense	(246)	(5,509)	(3,439)	(9,194)
Carrying amount at the end of the year	**14,694**	**24,892**	**7,020**	**46,606**
Movements 2011:				
Balance at the beginning of the year	15,186	7,712	11,966	34,864
Additions	–	24,147	2,345	26,492
Disposals	–	(656)	–	(656)
Depreciation expense	(246)	(4,695)	(4,574)	(9,515)
Carrying amount at the end of the year	**14,940**	**26,508**	**9,737**	**51,185**

16. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	2012 $'000	2011 $'000
Assets		
Accumulated impairment losses – receivables	234	231
Provision for employee entitlements	2,105	1,837
Accruals	126	213
Tax losses	1,677	–
Interest rate derivatives	324	–
Intangible assets	1,890	1,890
Total deferred tax assets	**6,356**	**4,171**
Liabilities		
Prepayments	(557)	(478)
Revaluations of available-for-sale financial assets	(329)	(264)
Other taxable temporary differences	(23)	(88)
Total deferred tax liabilities	**(909)**	**(830)**
Net deferred tax asset	**5,447**	**3,341**

Movement in temporary differences:

	Opening Balance $'000	Charged to Income $'000	Charged to Equity $'000	Aquisitions $'000	Closing Balance $'000
Movements 2012:					
Accumulated impairment losses – receivables	231	3	–	–	234
Provision for employee entitlements	1,837	268	–	–	2,105
Accruals	213	(87)	–	–	126
Tax losses	–	–	–	1,677	1,677
Interest rate derivatives	–	–	324	–	324
Intangible assets	1,890	–	–	–	1,890
Prepayments	(478)	(79)	–	–	(557)
Revaluations of available-for-sale financial assets	(264)	(2)	(63)	–	(329)
Other taxable temporary differences	(88)	65	–	–	(23)
	3,341	**168**	**261**	**1,677**	**5,447**
Movements 2011:					
Accumulated impairment losses – receivables	220	11	–	–	231
Provision for employee entitlements	1,730	107	–	–	1,837
Accruals	184	29	–	–	213
Tax losses	9	(9)	–	–	–
Intangible assets	1,890	–	–	–	1,890
Prepayments	(467)	(11)	–	–	(478)
Revaluations of available-for-sale financial assets	(352)	20	68	–	(264)
Other taxable temporary differences	(196)	108	–	–	(88)
	3,018	**255**	**68**	**–**	**3,341**

	2012 $'000	2011 $'000

17. Taxi plate licences

	2012 $'000	2011 $'000
(a) Composition		
Indefinite life		
Taxi plate licences – perpetual – at cost	53,457	50,412
Finite life		
Taxi plate licences – 50 year renewable – at cost	4,278	4,278
Accumulated amortisation	(329)	(242)
The remaining period for amortisation of 50 year finite life taxi plate licences is 46 years		
Taxi plate licences – 10 year – at cost	3,319	–
Accumulated amortisation	(307)	–
The remaining period for amortisation of 10 year finite life taxi plate licences is 8 years		
	60,418	**54,448**

	2012 $'000	2011 $'000
(b) Movement in carrying amounts		
Balance at the beginning of the year	54,448	50,530
Additions	3,045	3,999
Additions through business combinations – note (13)	3,319	–
Amortisation	(394)	(81)
Balance at the end of the year	**60,418**	**54,448**

(c) Impairment testing

Indefinite life taxi plate licences have been tested for impairment by comparing the carrying value with the recoverable amount of the licences at the end of the period. Recoverable amount has been assessed by reference to recent sales activity in the regions in which the taxi licences operate. Where recent sales activity is not currently available, recoverable amount has been determined based on value-in-use, using a discounted projected cash flow model.

In assessing the recoverable amount of such licences, the Group has applied average growth forecasts of between 2 and 3% for each of the next five years, plus a long term growth rate of between 2 to 3% into perpetuity and a discount rate of 6.5%. The recoverable amount of all taxi plate licences, was determined to be higher than the carrying amount at the end of period.

18. Goodwill

	2012 $'000	2011 $'000
(a) Composition		
Goodwill	13,231	13,231
Accumulated impairment loss	–	–
	13,231	**13,231**

(b) Impairment testing

Goodwill has been tested for impairment as shown in the table below and no impairment losses apply. Assessment of the recoverable amount for each asset has been performed using a value-in-use calculation. To determine value-in-use, cash flows have been projected for five years based on actual operating results for the current year (with a conservative nil growth assumption) plus a terminal value after 5 years. A pre-tax discount rate of between 9 and 10%, as shown in the table below, was applied in determining the recoverable amount of the units. The discount rate was estimated based on an industry average weighted average cost of capital. Goodwill is allocated to the Group's cash generating units ("CGU") identified according to business operation and/or geography of operation which represent the lowest level at which the goodwill is monitored for internal management purposes.

		BOOK VALUE			IMPAIRMENT LOSS	
CGU		**2012 $'000**	**2011 $'000**	**Discount Rate**	**2012 $'000**	**2011 $'000**
Cabcharge Australia Limited	CAB	3,604	3,604	9%	–	–
Combined Communications Network	CCN	3,572	3,572	9%	–	–
Black Cabs Combined	BCC	6,055	6,055	10%	–	–
Goodwill Total		**13,231**	**13,231**		**–**	**–**

		2012 $'000	2011 $'000
19. Intellectual property			
(a)	**Composition**		
	Indefinite life		
	Intellectual property – trademark at cost	650	650
	Finite life		
	Intellectual property at cost	16,505	15,586
	Accumulated amortisation	(8,902)	(5,455)
		8,253	**10,781**
(b)	**Movement in carrying amounts**		
	Balance at the beginning of the year	10,781	11,743
	Additions – internally developed	512	1,271
	Additions	–	650
	Additions through business combinations – note (13)	407	–
	Amortisation	(3,447)	(2,883)
	Balance at the end of the year	**8,253**	**10,781**
20. Trade and other payables			
	Trade payables	11,155	5,715
	Other payables and accruals	5,703	4,565
	Unearned revenue	4,302	4,188
		21,160	**14,468**

For more information about the Group's exposure to foreign currency and liquidity risk, see note 34.

		2012 $'000	2011* $'000	2010* $'000
21. Loans and borrowings				
(a)	**Composition**			
	Unsecured loans	4,641	4,674	4,207
	Bank borrowings	160,750	142,000	123,000
	Interest rate derivatives	1,082	–	–
		166,473	**146,674**	**127,207**
(b)	**Disclosure in the statement of financial position**			
	Current liability	81,473	146,674	127,207
	Non-current liability	85,000	–	–
		166,473	**146,674**	**127,207**

* See note 2(e) for details of restatement.

The unsecured loans are at-call and bear variable interest rates (current year at 5.25%). All bank borrowings are denominated in Australian dollars. The bank borrowings are secured by a registered first mortgage over all commercial properties and first registered charge over the fixed and floating assets of the Group. The bank borrowing facility is a revolving facility and is reviewed annually with the bank. Of the total $160.75m bank bill as at 30 June 2012, $75.75m is repayable within 12 months, $10m in 2014 financial year and $75m in 2015 financial year.

Bank borrowings bear interest at the rate from 3.64% to 5.79%.

For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 34.

		2012 $'000	2011 $'000
22. Current tax liabilities			
	Income tax	**5,284**	**4,910**

The current tax liability for the Group represents the amount of income taxes payable in respect of current and prior financial periods.

	2012 $'000	2011 $'000

23. Employee benefits

	2012 $'000	2011 $'000
(a) Composition		
Annual leave provision	3,844	3,554
Long service leave provision	3,171	2,568
	7,015	**6,122**
(b) Disclosure in the Consolidated Statement of Financial Position		
Short-term provision	6,184	5,711
Long-term provision	831	411
	7,015	**6,122**

24. Share capital and reserves

	2012 (number)	2011 (number)
(a) Composition and movement in issued capital (number of shares)		
Composition of issued capital		
Fully Paid Ordinary Shares	**120,430,683**	**120,430,683**
Movements in ordinary shares		
Number at the beginning of the reporting period	120,430,683	120,430,683
Number at the end of reporting period	**120,430,683**	**120,430,683**

	2012 $'000	2011 $'000
(b) Composition and movement in share capital (dollars)		
Composition of Share Capital		
Fully Paid Ordinary Shares	**138,325**	**138,325**
Movements in Ordinary Shares		
Paid up amount at the beginning of the reporting period	138,325	138,325
Paid up amount at the end of reporting period	**138,325**	**138,325**

(c) Options over unissued shares

No options were granted during the year and there were no options outstanding at the end of the financial year.

(d) Terms and conditions applicable to Ordinary Shares

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

	2012 $'000	2011 $'000
(e) Composition and movement in reserves		
Composition of reserves		
Translation reserve	(7,298)	(7,620)
Hedging reserve	(757)	222
Capital reserve	(914)	–
Fair value reserve	777	625
	(8,192)	**(6,773)**

	2012 $'000	2011 $'000

24. Share capital and reserves cont.

	2012 $'000	2011 $'000
Movements in translation reserve		
Balance at the beginning of the year	(7,620)	(5,869)
Share of associates' foreign exchange translation differences, net of tax	322	(1,751)
Balance at the end of the year	**(7,298)**	**(7,620)**
Movements in hedging reserve		
Balance at the beginning of the year	222	–
Effective portion of change in fair value of cash flow hedge	(757)	–
Share of associates' net cash flow hedging gains, net of tax	(222)	222
Balance at the end of the year	**(757)**	**222**
Movements in capital reserve		
Balance at the beginning of the year	–	–
Share of associates' capital reserve, net of tax	(914)	–
Balance at the end of the year	**(914)**	**–**
Movements in fair value reserve		
Balance at the beginning of the year	625	831
Net change in fair value of available-for-sale financial assets, net of tax	146	(158)
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	6	(48)
Balance at the end of the year	**777**	**625**

25. Dividends

	2012 $'000	2011 $'000
The following fully franked dividends were paid, franked at a tax rate of 30%		
2012 year interim – 17.0 cents per share	20,473	–
2011 year final – 20.0 cents per share	24,086	–
2011 year interim – 10.0 cents per share	–	12,043
2010 year final – 17.0 cents per share	–	20,473
Total dividends paid	**44,559**	**32,516**
Dividends cents per share – Paid / Payable		
Interim	17.00	10.00
Final	18.00	20.00
Total	**35.00**	**30.00**

The final 18.00 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 2012. The declaration and subsequent payment of dividends has no income tax consequences to the Company. The financial effect of these dividends have not been brought to account in the financial statements for the financial year ended 30 June 2012 and will be recognised in subsequent financial statements.

26. Earnings per share (EPS)

	2012 $	2011 $
Consolidated profit attributable to ordinary shareholders of the Company *(in thousands of AUD)*	59,971	46,126
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
As there are no unexercised options (and there were none in the previous year) the weighted average number of ordinary shares outstanding used in calculation of diluted EPS is the same as for basic EPS.		
Basic EPS	49.70 cents	38.30 cents
Diluted EPS	49.70 cents	38.30 cents

	2012 $	2011 $

27. Dividend franking balance

	2012 $	2011 $
Balance at the end of the financial year including franking credits arising from income tax payable in respect of the financial year	**59,738**	**59,369**

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:
(a) franking credits that will arise from the payment of the current tax liabilities;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $9,290,000 (2011: $10,323,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $59,738,000 (2011: $59,369,000) franking credits.

The franking balance is disclosed on the income tax paid basis. Therefore, based on a 30% tax rate, fully franked dividends amounting to $139,388,000 could potentially be paid to shareholders.

28. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2012 the parent entity of the Group was Cabcharge Australia Limited.

	PARENT ENTITY	
	2012 $'000	**2011 $'000**
Result of the parent entity		
Profit for the year	48,870	31,238
Other comprehensive income	(570)	(199)
Total comprehensive income for the year	**48,300**	**31,039**

	2012 $'000	2011* $'000	2010* $'000
Financial position of parent entity at year end			
Current assets	138,028	113,382	97,314
Non-current assets	414,563	415,712	415,327
Total assets	**552,591**	**529,094**	**512,641**
Current liabilities	91,645	156,367	138,227
Non-current liabilities	226,794	142,265	142,476
Total liabilities	**318,439**	**298,632**	**280,703**
Total equity of the parent entity comprising of:			
Share capital	138,325	138,325	138,325
Revaluation reserve	9	630	828
Retained earnings	95,818	91,507	92,785
Total Equity	**234,152**	**230,462**	**231,938**

* See note 2 (e) for details of restatement

Parent entity financial guarantees

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries and associates. An associate of the Company (ComfortDelGro Cabcharge Pty Ltd) has a secured loan facility of $11.3 million provided by an unrelated financial institution. The Company has guaranteed the loan to the extent of its 49% ownership interest in the associate. The fair value of financial guarantee contract is estimated to be zero based on the Directors' assessment of the probability of a default event.

Parent entity capital expenditure commitments

The Company has not entered into any contracts to purchase plant and equipment for which amounts have not been provided as at 30 June 2012 (2011: nil).

	2012 $	2011 $

29. Related Party and Key Management Personnel ("KMP") disclosures

a) KMP compensation (including Non-Executive Directors)

	2012 $	2011 $
Short-term employee benefits – salary, fees, non-cash benefits & cash bonus	4,805,092	4,829,385
Post-employment benefits – superannuation	323,989	311,546
Other benefits	151,128	72,798
Termination benefits	454,242	–
	5,734,451	**5,213,729**

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

b) Number of shares held by KMP:

The number of shares in the Company held during the financial year by each Director of Cabcharge Australia Ltd and the KMP of the Group, including their personally related parties, are set out below. No shares were granted during the period as compensation.

	Balance 1 July 2010	Net change 2011 year	Balance 30 June 2011	Net change 2012 year	Balance at 30 June 2012
Directors of Cabcharge Australia Ltd					
Mr RL Kermode	900,000	(290,250)	609,750	(391,678)	218,072
Mr IA Armstrong	250,000	–	250,000	–	250,000
Ms S Doyle (From 12 December 2011 – formerly other KMP)	5,200	–	5,200	–	5,200
Mr ND Ford	315,000	–	315,000	–	315,000
Mr PJ Hyer (Resigned 21 October 2011)	1,126,260	–	1,126,260	(1,064,593)	61,667
Mr DS McMichael	14,000	(12,000)	2,000	–	2,000
Mr NK Wran (Resigned 17 November 2010)	184,800	–	184,800	N/A	N/A
Other KMP of the Group					
Mr WF Lukabyo	2,450	–	2,450	–	2,450
Ms A Rein	5,000	–	5,000	3,000	8,000
Mr R Roozendaal	2,353	–	2,353	–	2,353
Mr A Skelton	953	–	953	4,300	5,253
	2,806,016	**(302,250)**	**2,503,766**	**(1,448,971)**	**869,995**

c) Loans to Directors and other KMP

No loans are made to Directors or other KMP.

d) Transactions with Directors and other KMP

A number of Directors and other Key Management Personnel or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to KMP and entities over which they have control or joint control were as follows:

Related parties	KMP relationship	Nature of transaction	2012 $	2011 $
Cumberland Cabs Company Pty Ltd, Northern Districts Taxis & Western Districts Taxis (Trading as Premier Cabs)	Mr. P. Hyer	(i)	(866,959)	(1,108,155)
Queensland Taxi Investment Pty Ltd (Trading as Yellow Cabs)	Mr. N. Ford	(i)	(1,879,627)	(1,810,689)
		(ii)	57,936	109,246
Regent Taxis Ltd	Mr. N. Ford	(i)	N/A	(410,318)
Neill Ford	Mr. N. Ford	(iii)	(785,455)	–

(i) Fees paid or payable to taxi networks.

(ii) Fees received or receivable for services.

(iii) Amounts paid in relation to the purchase of motor vehicles.

From time to time, Directors of the Group, or their related entities, may receive services from the Group. These services are on the same terms and conditions as those entered into by other Group employees or customers and are trivial.

e) Other related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to unrelated parties unless otherwise stated.

Related parties	Relationship	Nature of transaction	2012 $	2011 $
ComfortDelGro Cabcharge Pty Ltd	Associate	(i)	20,000	20,000
		(ii)	17,714,541	14,248,065

(i) Fees received or receivable for services.

(ii) Other amounts receivable by the Group. Amounts are repayable on demand, incur interest at the prevailing market rate and are classified as current as the Directors can recall the debt within 12 months from the reporting date.

30. Remuneration of auditors

	2012 $	2011 $
Audit services		
Auditors of the Company – KPMG Australia		
Audit and review of financial reports	401,800	256,725
Other regulatory service	13,200	12,600
Other auditors		
Audit and review of financial reports	55,000	–
Other services		
Auditors of the Company – KPMG Australia		
Taxation services	98,174	128,000
Other assurance service	25,000	–
Other auditors		
Taxation and administration services	11,439	12,169
Total	**604,613**	**409,494**

31. Particulars relating to controlled entities

	Country of Incorporation	Group Interest % 2012	Group Interest % 2011
Combined Communications Network Pty Ltd	Australia	100	100
Taxi Combined Services Pty Ltd	Australia	100	100
Silver Service Taxis Pty Ltd	Australia	100	100
Yellow Cabs of Sydney Pty Ltd	Australia	100	100
Cabcharge International Limited	Hong Kong	100	100
Cabcharge New Zealand Limited	New Zealand	100	100
Cabcharge Investments Pty Ltd	Australia	100	100
Helpline Australia Pty Ltd	Australia	100	100
Taxi Combined Services (Vic) Pty Ltd	Australia	100	100
TCS Communications (Vic) Pty Ltd	Australia	100	100
Carbodies Australia Pty Ltd	Australia	100	100
Combined Network Couriers Pty Ltd	Australia	100	100
Enterprise Speech Recognition Pty Ltd	Australia	100	100
Black Cabs Combined Pty Ltd	Australia	100	100
North Suburban Taxis Pty Ltd	Australia	100	100
Yellow Cabs Victoria Pty Ltd	Australia	100	100
Access Communications Net Pty Ltd	Australia	100	100
Silver Service (Victoria) Pty Ltd	Australia	100	100
ABC Radio Taxi Pty Ltd	Australia	100	100
Voci–Asia Pacific Pty Ltd	Australia	100	100
South Western Cabs (Radio Room) Pty Ltd	Australia	100	100
ComGroup Melbourne Pty Ltd	Australia	100	100
135466 Pty Ltd	Australia	100	100
Newcastle Taxis Pty Ltd	Australia	100	100
Taxi Services Management Pty Ltd	Australia	100	100
Arrow Taxi Services Limited	Australia	100	100
EFT Solutions Pty Ltd	Australia	100	100
Thirteen Hundred Pty Ltd	Australia	100	100
Go Taxis Pty Ltd	Australia	100	100
Yellow Cabs South Australia Pty Ltd (incorporated on 26 March 2012)	Australia	100	–
Austaxi Group Pty Ltd	Australia	100	–
Cabcharge North America Ltd	USA	93	93

32. 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 2012 (2011: nil).

	2012 $'000	2011 $'000

33. Notes to the cash flow statements

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

	2012 $'000	2011 $'000
Profit from ordinary activities after income tax	59,971	46,126
Adjustment for non-cash items:		
Depreciation and amortisation	13,035	12,479
Net (profit) / loss on disposal of property, plant and equipment	(73)	(21)
Net (profit) / loss on sale of investments	9	(275)
Non-cash finance income	(1,016)	(888)
Discount on acquisition of subsidiary	(2,586)	–
Impairment of investment in associates	8,681	–
Share of associated companies' net profit after income tax	(19,443)	(14,892)
Changes in assets and liabilities, net of the effects of purchase of subsidiaries		
Change in trade and other debtors	1,961	(8,171)
Change in inventories	1,540	(1,676)
Change in creditors and accruals	6,692	(247)
Change in provisions	893	357
Change in income taxes payable	374	(349)
Change in deferred tax balances	(168)	(235)
Net cash provided by operating activities	**69,870**	**32,208**

(b) Financial Facilities

Bank Overdraft and Loan Limits

	2012 $'000	2011 $'000
Business Options Interest Only Loan facility	75,000	–
Overdraft facility	4,200	1,100
Bills facility	117,500	117,500
Tape Negotiation Authority	700	400
Master Asset Finance Facility	–	1,000
Multi Option Facility	2,600	30,000
Total Facility	**200,000**	**150,000**
Amount used (including $250,000 Bank Guarantee)	**161,000**	**142,250**
Amount unused	**39,000**	**7,750**

(c) Restricted Cash

There was no restricted cash at 30 June 2012 (30 June 2011: $nil).

34. Financial instruments and financial risk management

(a) Overview

The Group has exposure to the following risks from their use of 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.

34. Financial instruments and financial risk management cont.

(b) Financial risk management objectives

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

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

The Group Audit, Risk & Nomination Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, associates and investment securities.

Trade and other receivables

The Group has exposures to credit risk, excluding the value of any collateral or other security, at balance date for recognised financial assets at the carrying amount, net of any allowance for impairment of those assets as disclosed in the Consolidated Statement of Financial Position and Notes to the Consolidated Financial Statements.

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

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

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

The Group assumes the credit risk for the full value of taxi fares settled through the Cabcharge Payment System (see note 5).

The maximum exposure to credit risk at the reporting date was $161,644,000, being the sum of cash and cash equivalents disclosed in note 9, the total value of trade and other receivables disclosed in note 10 and other financial assets disclosed in note 12.

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

Ageing of trade and finance lease receivables

	2012 YEAR			2011 YEAR		
	Gross $'000	Impairment $'000	Net $'000	Gross $'000	Impairment $'000	Net $'000
Not past due	60,549	(78)	60,471	63,413	(92)	63,321
Past due 1 – 30 days	9,329	(81)	9,248	10,472	(91)	10,381
Past due 31 – 60 days	1,454	(85)	1,369	1,679	(98)	1,581
Past due 61 – 90 days	337	(139)	198	279	(115)	164
Past due over 90 days	818	(398)	420	769	(374)	395
	72,486	**(780)**	**71,706**	**76,612**	**(770)**	**75,842**

Details of the movement in the allowance for impairment in respect of trade and finance lease receivables during the year are provided in note 10.

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.

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and having deposits with top rated financial institutions.

Financial Guarantee

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries and associates. An associate of the Company (ComfortDelGro Cabcharge Pty Ltd) has a secured loan facility of $11.3 million provided by an unrelated financial institution. The Company has guaranteed the loan to the extent of its 49% ownership interest in the associate. The fair value of financial guarantee contract is estimated to be zero based on the Directors' assessment of the probability of a default event.

(d) Liquidity risk

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

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

– Prepare budgeted annual, monthly and daily cash flows,

– Monitor actual cash flows on a daily basis and compare to budgeted daily cash flows,

– 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
2012 year						
Trade and other payables	21,160	21,160	21,160	–	–	–
Loans and borrowings	165,392	168,305	79,310	–	10,470	78,525
Interest rate swaps used for hedging	1,081	1,132	–	–	1,132	–
	187,633	**190,597**	**100,470**	**–**	**11,602**	**78,525**
2011 year						
Trade and other payables	14,468	14,468	14,468	–	–	–
Loans and borrowings*	146,674	154,081	154,081	–	–	–
Interest rate swaps used for hedging	–	–	–	–	–	–
	161,142	**168,549**	**168,549**	**–**	**–**	**–**

* See note 2(e) for details of restatement

The bank borrowings, as disclosed in note 21, require the Group to comply with certain financial covenants which, if breached, could result in repayment of a portion or all of the borrowings earlier than indicated in the above table. The interest payments on variable interest rate loans and the future cash flows from interest rates swap reflect market forward interest rate at the period end and these amounts may change as market interest rate change. The cash flows associated with interest rate swaps used for hedging are expected to impact profit or loss in the same periods in which they occur. Except for these financial liabilities, it is not expected that the cash flows included in the maturity profile could occur significantly earlier, or at significantly different amounts.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 8 weeks, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains lines of credit as detailed in note 33(b).

(e) Market risk

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

i) Currency risk

The Group has no significant exposure to foreign exchange risk in respect of the Company and the entities it controls. The Group does have an available-for-sale investment denominated in Singapore Dollars (SGD) to which a currency risk applies. The Company's associate, CityFleet Networks Ltd, conducts its operations in the United Kingdom and its transactions are denominated in Great British Pounds (GBP). These transactions are presented in the associate's financial statements in SGD. For equity accounting purposes the Group translates its share of profits into Australian Dollars (AUD) based on average monthly exchange rates.

Sensitivity analysis

In relation to the available-for-sale investment denominated in SGD, a 10 percent strengthening of the AUD against the SGD would have decreased equity by $169,000 net of tax (2011: $157,000 net of tax) for the Group. A 10 percent weakening of the AUD against the SGD would have had an equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10 percent strengthening of the AUD against the GBP across the reporting periods would have increased (decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	2012 $'000	2011 $'000

34. Financial instruments and financial risk management cont.

	2012 $'000	2011 $'000
Profit	(169)	(168)
Equity	(169)	(168)

A 10 percent weakening of the AUD against the GBP would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

ii) Interest rate risk

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

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

	CARRYING AMOUNT	
	2012 $'000	2011 $'000
Fixed rate instruments		
Financial assets	24,139	27,177
Financial liabilities	(85,500)	(10,000)
	(61,361)	**17,177**
Variable rate instruments		
Financial assets	51,162	22,885
Financial liabilities	(79,892)	(136,674)
	(28,730)	**(113,789)**

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow 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 2011.

	PROFIT OR LOSS		EQUITY	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
2012	(1,554)	1,554	(2,240)	2,240
2011	(1,280)	1,280	(1,280)	1,280

iii) Other market price risk

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

Details of the sensitivity to market price risk for the Group's listed equity instruments are provided in note 12.

(f) Capital management

The Board'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 of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return exceeding its cost of capital; during the year ended 30 June 2012 the return was 43.4% (2011: 33.3%). In comparison, the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.2% (2011: 5.7%).

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(g) Fair values

The fair values and carrying amounts of financial assets and financial liabilities at balance date are as follows:

	2012 YEAR		2011 YEAR	
	$'000	$'000	$'000	$'000
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash on hand and at bank	13,652	13,652	12,128	12,128
Money market deposits	37,510	37,510	10,757	10,757
Receivables	102,138	102,138	100,752	100,752
Investments in associates	220,827	220,827	210,879	210,879
Other investments	4,282	4,282	4,075	4,075
	378,409	**378,409**	**338,591**	**338,591**
Financial liabilities				
Trade and other payables	21,160	21,160	14,468	14,468
Loans and borrowings	165,392	165,045	146,674	146,378
Interest rate swaps used for hedging	1,081	1,081	–	–
	187,633	**187,286**	**161,142**	**160,846**

Interest rates used for determining fair value

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

	2012	2011
Loans and borrowings	3.6% to 5.8%	3.7% to 6.4%
Finance lease receivables	8.5% to 13.8%	8.5% to 12%
Interest rate derivatives	3.7% to 5%	–

Fair value hierarchy

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

The different levels have been defined as follows:

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000

34. Financial instruments and financial risk management cont.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2012				
Listed investments	2,597	–	–	2,597
Interest rate swap used for hedging	(1,081)	–	–	(1,081)
	1,516	**–**	**–**	**1,516**
30 June 2011				
Listed investments	2,391	–	–	2,391
	2,391	**–**	**–**	**2,391**

There have been no transfers between levels for the year ended 30 June 2012.

35. Operating segment

The Group operates predominantly in one business and geographic segment being the provision of taxi related services in Australia and through an equity accounted associate in the UK. However, an associate company which is equity accounted by Cabcharge operates in a different business segment – being the provision of bus and coach services to customers in Australia.

	Taxi related services		Bus & coach services		Consolidated	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Revenue						
External revenue	192,353	184,542	–	–	192,353	184,542
Result						
Reported result	67,294	55,923	–	–	67,294	55,923
Share of net profit of associates	1,685	1,676	17,758	13,216	19,443	14,892
Segment result	68,979	57,599	17,758	13,216	86,737	70,815
Net finance costs					(7,083)	(6,388)
Income tax expense					(19,683)	(18,301)
Profit for the period					59,971	46,126
Other disclosures						
Segment assets	299,878	268,075	–	–	299,878	268,075
Segment liabilities	147,891	117,023	52,041	55,151	199,932	172,174
Other – investments accounted for using the equity method	62,606	69,280	158,221	141,599	220,827	210,879
Depreciation and amortisation	13,036	12,479	–	–	13,036	12,479
Impairment charge on investment in associates	8,681	–	–	–	8,681	–

36. Subsequent event

(a) Acquisition of business assets of Yellow Cabs Adelaide

On 2 July 2012 Cabcharge Australia Ltd acquired the business assets of the Yellow Cabs for $3.8 million. Yellow Cabs provides call centre services to around 250 cabs. The valuation of the business assets and liabilities are still in progress.

(b) Acquisition of Deane's Bus Lines Pty Ltd and Transborder Express

Since year end, ComfortDelGro Cabcharge Pty Ltd ("CDC") completed the purchase of Deane's Bus Lines Pty Ltd and Transborder Express. Both shareholders increased their equity in CDC proportionally to fund the acquisition. The Company paid $26 million.

Other than the matters above, there have been no events subsequent to the reporting date that would have a material impact on the Group's financial statements as at 30 June 2012.

37. ACCC settlement

During the prior year, the ACCC proceedings against Cabcharge were settled. The resulting $15 million settlement was recognised as a charge in the year ended 30 June 2011.

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Directors' Declaration

1. In the opinion of the Directors of Cabcharge Australia Limited (the Company)

   (a) the Consolidated Financial Statements and Notes set out on pages 34 to 66, and the Remuneration Report in the Directors' Report, set out on pages 21 to 25, are in accordance with the *Corporations Act 2001* , including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance, for the financial year ended on that date; and

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

   (b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 2(a);

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the Directors:

Neill Ford
Director

Philip Franet
Director

Dated at Sydney this 27th day of September 2012.

Independent Auditor's Report

to the members of Cabcharge Australia Limited

Report on the financial report

We have audited the accompanying financial report of Cabcharge Australia Limited (the Company), which comprises the Consolidated Statement of Financial Position as at 30 June 2012, and Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, notes 1 to 37 comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001,* including:
   (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

Report on the remuneration report

We have audited the Remuneration Report included in sections (a) to (d) of the Directors' Report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Cabcharge Australia Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001.*

KPMG

Mark Epper
Partner

Sydney, 27 September 2012

Australian Securities Exchange Information

as at 20 September 2012

(a) Distribution of Shareholders numbers

Range of shareholdings	No of Shareholdings	Shares	% of total
1 – 1000	3,103	1,804,323	1.50
1001 – 5000	3,471	8,727,760	7.25
5001 – 10000	842	5,737,961	4.76
10001 – 100000	666	17,639,446	14.65
100001 and over	62	86,521,193	71.84
Total	8,144	120,430,683	100.00

(b) The number of Shareholdings held in less than marketable parcels is 178

(c) The names of the substantial shareholders listed in the Company's register

Name	Number of FPO shares held
National Nominees Limited	16,756,259
J P MORGAN Nominees Australia Limited	14,842,382
HSBC Custody Nominees (Australia) Limited	10,280,876
Nefco Nominees Pty Ltd	8,980,676
CITICORP Norminees Pty Limited	8,078,564

(d) Voting rights – all shares hold the same voting rights

(e) 20 Largest Shareholders – Ordinary Shares

Rank	Name	Number of FPO shares held	% held
1	National Nominees Limited	16,756,259	13.91
2	J P MORGAN Nominees Australia Limited	14,842,382	12.32
3	HSBC Custody Nominees (Australia) Limited	10,280,876	8.54
4	Nefco Nominees Pty Ltd	8,980,676	7.46
5	CITICORP Nominees Pty Limited	8,078,564	6.71
6	RBC Dexia Investor Services Australia Nominees Pty Limited	5,082,746	4.22
7	Cogent Nominees Pty Limited	4,448,912	3.69
8	BNP Paribas Noms Pty Limited	4,036,911	3.35
9	Swan Taxis Co–Operative Ltd	2,631,004	2.18
10	Legion Cabs (Trading) Co-Operative Society Limited	1,750,000	1.45
11	AMP Life Limited	759,695	0.63
12	Granger Transport Pty Limited	541,505	0.45
13	Invia Custodian Pty Limited	533,440	0.44
14	Ms Faby Flelan Chong	525,487	0.44
15	Sandhurst Trustees Limited	458,000	0.38
16	Queensland Investment Corporation	433,495	0.36
17	Bond Street Custodian Limited	381,996	0.32
18	UBS Wealth Management Australia Nominees Pty Limited	377,199	0.31
19	Raymond J Meredith	354,409	0.29
20	NL Ford Nominees Pty Limited	303,702	0.25
		81,557,258	**67.72**

Final Dividends

Record date is 28 September 2012

Dividend payment date is 31 October 2012

Voting Rights

Subject to Cabcharge's constitution —

(a) at a general meeting —

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

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

(b) at a general meeting each member entitled to vote at a meeting of members may vote —

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

 (ii) by not more than two proxies; or

 (iii) by not more than two attorneys.

Australian Securities Exchange Listing

Cabcharge's Ordinary shares are quoted on the Australian Securities Exchange ("ASX") with Sydney being Cabcharge's home exchange. The stock code under which the shares trade is CAB. Trading results are published in most large Australian daily newspapers.

Internet

Interim and final results are available on Cabcharge's Internet home page (www.cabcharge.com.au).

Tax File Numbers

The share registry is obliged to record Tax File Numbers ("TFN") or exemption details provided by Australian resident shareholders. While it is not compulsory to provide TFN's or exemption details, Cabcharge will obliged to deduct withholding tax at the highest marginal rate, plus Medicare levy, for any unfranked or partially franked dividends, paid to shareholders resident in Australia who have not supplied TFN'S. Further information can be obtained from the share registry.

Annual General Meeting

The 2012 Annual General Meeting of shareholders of Cabcharge Australia Limited will be held at the –
Sheraton on the Park Hotel
161 Elizabeth Street Sydney NSW 2000
on Wednesday 28 November 2012 at 11am (Sydney time)

Corporate Directory

ABN 99 001 958 390

Company Secretaries

Mr Andrew Skelton
Mr Chip Beng Yeoh

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Cabcharge
FAST eTICKET

Cabcharge