ANNUAL REPORT 2014

ON THE MOVE

BALANCED BUSINESS MODEL

Our business operations are primarily focused on the Taxi Industry in Australia, along with investments in bus services in Australia and taxi and coach related services in the UK.

TAXI NETWORKS

We provide leading Taxi Network services to Taxi Operators and Drivers in Sydney, Melbourne, Adelaide and Newcastle. Network services include taxi booking services, full taxi fit-outs and repairs, and driver training and education.

See page 2.

ANNUAL GENERAL MEETING

The 2014 Cabcharge Australia Limited Annual General Meeting will be held on Wednesday, 26 November 2014 at 11am (AEST) at the InterContinental Hotel, 117 Macquarie St, Sydney, NSW 2000.

ABN 99 001 958 390

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INVESTMENTS IN OTHER TRANSPORT BUSINESSES

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

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

For further information on the Australian Taxi Industry and Cabcharge's role and position in the Industry, please see **pages 2 and 3**.

ELECTRONIC PAYMENTS SYSTEMS

Cabcharge payments facilitate non-cash payments in taxis via electronic terminals. Cabcharge payments have been operating successfully for almost 40 years, and remain at the forefront of cashless payment technology through continuous improvement and innovation. Cabcharge offers Passengers a convenient, fast and secure method for fare payments via a range of card options.

We have also applied our payments technology expertise and knowledge to provide clients in the banking and retail sectors with payments and funds transfer solutions.

See page 2.

THE TAXI INDUSTRY AND CABCHARGE

The Taxi Industry in Australia is made up of State and Territory based regulated jurisdictions and involves several key participants operating in a dynamic and complex environment. We outline the high-level industry structure to help shareholders and other stakeholders to better understand the subtleties and key relationships in the Taxi Industry and Cabcharge's roles in that industry.

TAXI NETWORKS

Networks provide network services such as taxi booking and dispatch services to Taxi Industry participants. Networks link Taxi Drivers with Passengers and support Taxi Operators in a range of different ways. Networks earn revenue from services including network and depot fees, taxi equipment sales and rentals, taxi fitouts, driver training fees and the like. There are around 250 authorised Taxi Networks across Australia, with Sydney the most competitive market with 11 Taxi Networks.

Cabcharge's network services include bookings and dispatch, licence leasing and brokerage, insurance brokerage, provision of taxi vehicle communications equipment, taxi fitouts and repairs, equipment sales and driver training[1]. Network services generate around 50% of Cabcharge's revenue from the Taxi Industry.

TAXI OPERATORS

Taxi Operators source a vehicle and a taxi licence and choose a Taxi Network to affiliate with. They affiliate with taxi networks to obtain booking and dispatch services, and in some cases to access drivers, taxi equipment, and other support services. They pay fees for these services and earn income from passenger trips via regulated fares and in most cases by offering their taxi(s) to Drivers on bailment. Many Taxi Operators own (and drive) a single taxi. Some Taxi Operators run a large fleet of up to 200 cars.

Cabcharge provides services to Taxi Operators but is not itself a Taxi Operator.

TAXI DRIVERS

Taxi Drivers drive taxis either as an owner/operator or typically by taking a taxi on bailment from a Taxi Operator. Drivers interact with Cabcharge through the use of Cabcharge payment terminals (if used in the taxi). If they drive a taxi affiliated with a Cabcharge Taxi Network, they also interact via that network's dispatch system, as well as through driver training and other support services.

PASSENGERS

Passengers use taxis for transport, predominantly of people but in some cases of parcels. Passengers book taxis via telephone (including Interactive Voice Recognition automated calls), web, app, at a taxi rank or hailing on the street. Passengers pay fares using cash or non-cash payment terminals. Passengers interact with Cabcharge via booking through one of Cabcharge's Taxi Networks and/or by using a Cabcharge payment terminal to pay a fare.

PAYMENTS

There are several payment alternatives. The traditional payment method has been cash, however this is reducing over time as more passengers use EFTPOS or credit cards. Where Passengers pay by card, Taxi Drivers choose either a Cabcharge payment terminal or a payment terminal offered by one of a number of alternative providers.

Frequently, a taxi is fitted with more than one payment terminal.

Cabcharge was the first in the industry to provide payment services across different Taxi Networks, originally through paper dockets more than 35 years ago, and Cabcharge was the first to offer contactless payments (2009). Cabcharge earns service fees on transactions processed through its payment terminals.

REGULATORS

State and Territory based Regulators control all aspects of the Taxi Industry from taxi fitout and operational standards to driver training, taxi licence regulations and fare setting. Regulations, rules and standards vary between jurisdictions.

Cabcharge is an ASX200 commercial services and supplies company with a market capitalisation of roundly

$650 MILLION

Cabcharge's network operations are:

City	Network operator name(s)	Number of affiliated taxis as at 30 June 2014
Sydney	Taxis Combined Services, Silver Service, Apple Taxis, 13LIME, ABC Cabs, South Western Cabs	3,931
Melbourne	13 CABS, Black Cabs, North Suburban Taxis, Arrow Taxis, Embassy Taxis	2,247
Adelaide	Yellow Cabs	299
Newcastle	Newcastle Taxis	173

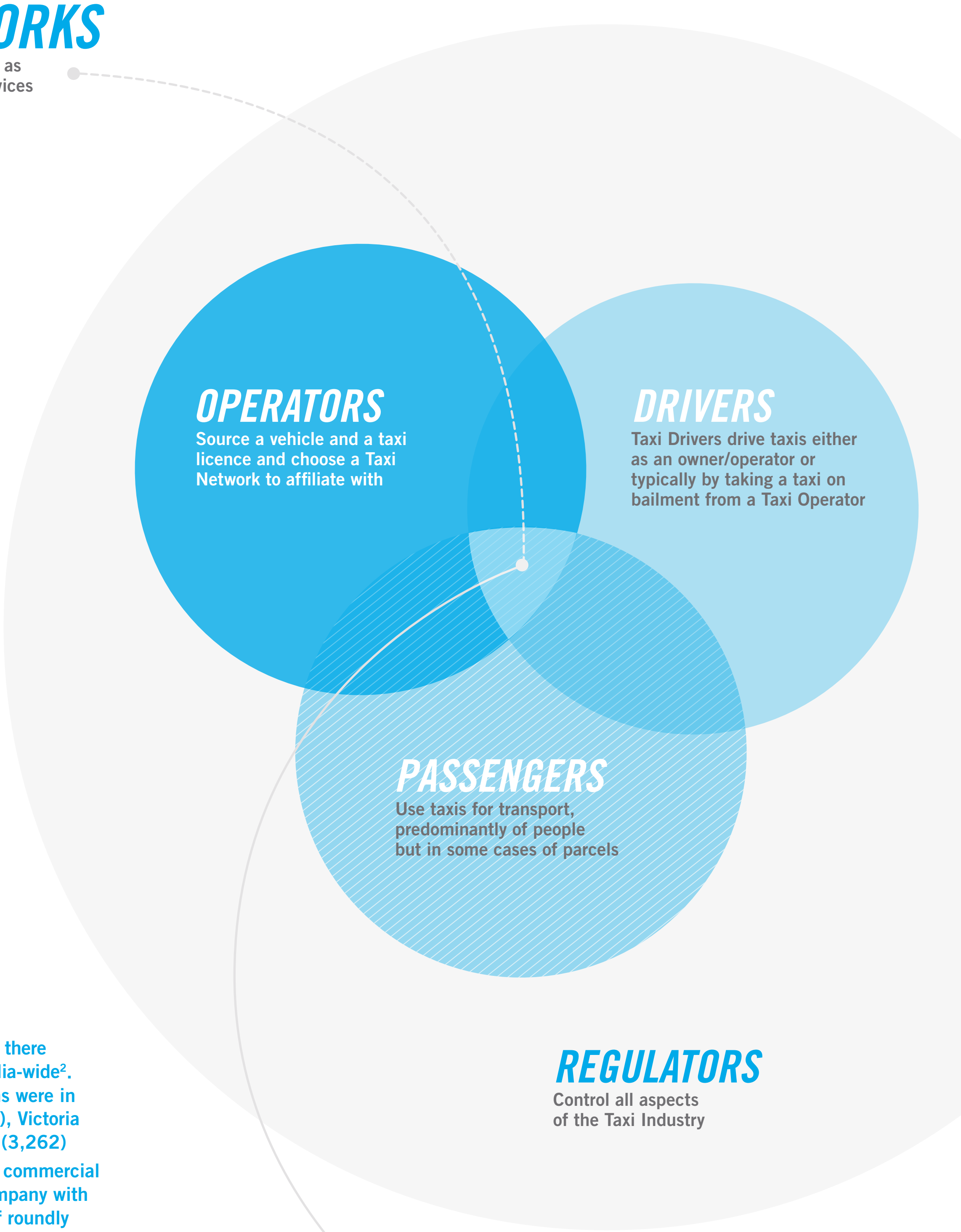
1 Not all services provided in each location

2 Australian Taxi Industry Association (ATIA) *State and Territory Statistics as at December 2013* published at http://www.atia.com.au/taxi-statistics

3 Of the more than 20,000 taxi licences and permits on issue around Australia, Cabcharge holds around 500 licences and leases these out to third parties who operate the taxi

TAXI NETWORKS

Provide network services such as taxi booking and dispatch services to Taxi Industry participants



PAYMENTS

There are several payment alternatives

KEY FACTS

- As at 31 December 2013 there were 20,658 taxis Australia-wide[2]. The largest concentrations were in New South Wales (7,162), Victoria (5,231) and Queensland (3,262)
- Cabcharge is an ASX200 commercial services and supplies company with a market capitalisation of roundly $650 million
- Cabcharge does not own or operate taxis[3]
- Cabcharge is a key participant in the Taxi Industry via its roles as:
  - A network service provider in Sydney, Melbourne, Adelaide and Newcastle
  - A non-cash payments services provider to other network service providers
- As a network service provider, Cabcharge has three main customer groups – Operators, Drivers and Passengers.

FINANCIAL OVERVIEW

- Total revenue up 0.3% on prior corresponding period (pcp) to $197.3 million
  - Member taxi related services revenue up 4.6% to $96.6 million, as more taxis chose Cabcharge owned taxi networks
  - Taxi service fee income revenue, down 1.3% to $89.5 million, impacted by the cap on service fee on taxi payments to 5% in Victoria
- Net profit after tax (NPAT) $56.1 million, down 7.4% on pcp primarily due to higher impairment charge in FY2014 on investments in associates
- Normalised NPAT (NPAT excluding impairment charges) down 0.6% on pcp, impacted by cap on service fees in Victoria
- Cash conversion ratio of 84% (82% pcp) after adjusting for timing of year-end payments
- Net debt at 30 June 2014 reduced by $36.3 million to $117.2 million (FY13: $153.5 million). Net debt to equity 32% versus 45.3% at 30 June 2013
- New $200 million bank financing facility negotiated with maturity July 2017
- Full year dividend 25 cents per share fully franked (54% payout ratio)

NET PROFIT AFTER TAX

$56.1m

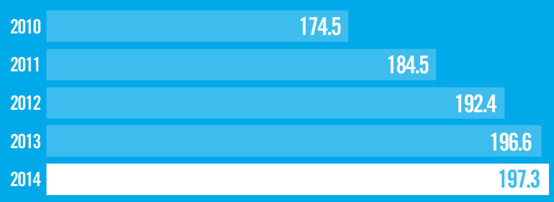
NEW

$200m

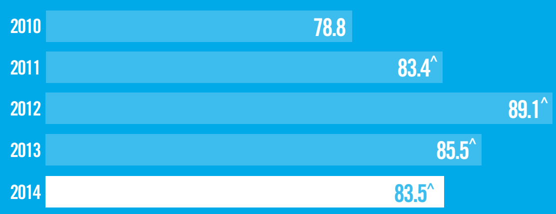
BANK FINANCING FACILITY NEGOTIATED

FINANCIAL HIGHLIGHTS

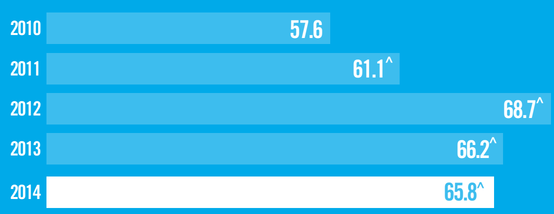
REVENUE ($m)



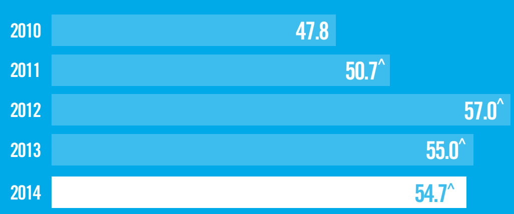
NORMALISED EBITDA ($m)



NORMALISED PROFIT AFTER TAX ($m)



NORMALISED EARNINGS PER SHARE (cents)



^ Before non-recurring items:
- Impairment charges in FY12, FY13 and FY14 (see note 12)
- ACCC settlement in FY11

OPERATIONAL OVERVIEW

AFFILIATED TAXIS
6,650

ACTIVE DRIVERS
23,473

NETWORK AFFILIATED TRIPS
52m

EMPLOYEES
538

PAYMENT TERMINALS
21,553

TURNOVER
$1.1b

TRANSACTIONS PROCESSED
40m

CONTACTLESS TRANSACTIONS
50%+

- Growth in taxi network fleet numbers, particularly in NSW
- Increased use of Bank Issued cards and Third Party cards to process taxi fare payments, partly offset by fewer Cabcharge accounts
- FAREWAY*plus*, the next generation taxi payment platform began national rollout following successful trials in regional areas
- Continued usage growth in booking apps for 13CABS, mTAXI and Silver Service. The 13CABS app upgraded to display nearby taxis (both engaged and vacant) and to facilitate automated provision of destination details direct to driver
- Completed rollout of a contactless taxi subsidy scheme on behalf of the ACT government and commenced similar deferred project for Tasmanian government
- Significant 31% volume growth through the Cabcharge payment system in Victoria following introduction of 5% service fee cap helped reduce the price impact of that change
- CDC acquired the route bus business of Driver Group in Victoria in July 2013

BOARD AND MANAGEMENT CHANGES

- New Independent Chairman elected in May 2014 and two new Board members appointed in June 2014
- New Chief Executive Officer appointed in June 2014

SOLID FOUNDATIONS

I am very pleased to report that in 2014 Cabcharge produced another strong financial performance, with EBITDA of $73.8 million and normalised NPAT of $65.8 million. The Company has also emerged from the past year of significant challenges and is well placed to address current and future challenges and to secure its market position.

KEY HIGHLIGHTS

New era of leadership – separation of Chairman and CEO roles and new Directors appointed.

Pleasing operating performance given economic and regulatory challenges.

Debt levels reduced and renewed focus on capital management.

Invest in technology to retain market leadership. Focus on customers, taxi and bus passengers, networks, operators and drivers.

As you would be aware, this was a year of significant milestones and sadly also the year that saw the passing of the Company's founder and Executive Chairman, Mr Reg Kermode AM, MBE, who died in April after 39 years in charge.

Reg was a pioneer and a giant of the taxi industry in Australia who was responsible for many of the innovations that have defined the industry and helped Cabcharge establish its market leading position. A more detailed tribute to Reg and his contribution to the Company appears on page 21 of this Report.

Sadly we also saw the passing of Mr Phil Franet, a Cabcharge director for 29 years who died in August. Mr Franet was elected to the Board in 1985 when he was the then Managing Director of Silver Top Taxis in Victoria and he provided a wealth of experience to the Company during his long service.

Under these challenging circumstances the company has confronted the need for generational change with great conviction.

In June, I was pleased to announce the appointment of a new CEO, Mr Andrew Skelton. Andrew joined Cabcharge in Sydney in 2011 and brings a unique combination of experience to the role. He has worked in the taxi industry for more than 20 years including 10 years at the helm of Victoria's 13CABS taxi network. Andrew combines intimate operational knowledge with a compelling strategic vision for the business.

The Board also appointed two new non-executive directors, Mr Rick Millen and Mr Rod Gilmour. Mr Millen has extensive experience in corporate finance, accounting and transactions in a career spanning more than 30 years at PricewaterhouseCoopers. Mr Gilmour has experience in chief executive, board and other leadership roles in the public and private sectors in the transport; business and economic development; and health and community services sectors.

Also as part of the changes in June, current Board director Mr Neill Ford was appointed Deputy Chairman.

These changes signal a new era of leadership at Cabcharge that we are confident will drive the company through a renewed period of development.

Your Board has set an agenda to develop a stronger offering for customers, innovate with even better technology, change perceptions of our industry and engender strong confidence among shareholders in our governance arrangements, business strategy, the quality of our management and the growth prospects available to us.

Importantly, the roles of Chairman and CEO have been separated and we have put in place appropriate incentives for the new CEO to balance short and long term performance targets and ensure these targets are aligned with shareholders' interests. In the year ahead we will continue to look for additional Board and executive level talent to enhance our capabilities in critical business areas.

Our operating performance over the past year was particularly pleasing across all our businesses and largely in line with the prior year. This was a creditable achievement given the prevailing economic and regulatory challenges we faced.

In Victoria the service fee payable to operators like Cabcharge was reduced and other states have indicated an intention to introduce price controls on service fees. Although these changes represent hurdles which will impact on profit, we are focusing on opportunities for growth.

FULL YEAR DIVIDEND
$0.25

CONTRIBUTIONS FROM ASSOCIATES
$20.6m

Our diversification strategy continues to be successful with contribution from our Associates (ComfortDelGro Cabcharge Pty Ltd and CityFleet Networks Limited) once again being strong at $20.6m – an increase of 1% on last financial year.

Notwithstanding the challenging operating environment we were able to reduce debt during the year as part of a renewed focus on capital management in which we will be striking a balance between gearing the company for growth within conservative balance sheet parameters while ensuring shareholders receive appropriate dividends. Our final dividend of 10 cents a share fully franked took dividends for the year to 25 cents a share.

It is vital that Cabcharge continues to invest in new technology to retain its market leadership. Passengers, drivers and taxi operators are embracing digital technology to make using taxis much easier and more cost effective relative to other forms of transport. We need to continue to provide better platforms for our taxi network customers and easier to use in-car systems for drivers that also deliver convenient, fast and reliable services for passengers. We will continue to enhance our popular taxi apps and strive to remain at the forefront of this technology.

Our new management team has injected substantial energy into the development of our business strategy which will focus on customers, taxi networks, our corporate customers, taxi and bus passengers, taxi operators and drivers.

However, with new entrants to the taxi industry, the challenge for regulators is to ensure a level playing field on which all participants compete on the same basis. We believe it is vitally important that all forms of passenger transport, and especially taxis, are properly regulated, safe, reliable, clean and that the payments systems are secure.

RUSSELL BALDING
Chairman

On behalf of the Board I would like to thank all our stakeholders and customers for their continued loyalty and ongoing support. In particular, I wish to thank shareholders for their enduring support and renewed interest in the Company.

Finally in a year of many changes and a seismic shift in leadership I want to thank all staff for their focus and commitment and their willingness to embark on a new era at Cabcharge. I am confident their loyalty and hard work will be rewarded.

Russell Balding, AO
Chairman

CHANGING ATTITUDES

The 2014 financial year highlighted the resilience of Cabcharge Australia Limited, with the closing months of the year signaling the beginning of a new era for the Company.

FINANCIAL PERFORMANCE

Cabcharge delivered a solid statutory net profit after tax (NPAT) of $56.1 million for the year ended 30 June 2014. While the result was down 7.4% on the prior year, it included a $9.7 million impairment charge against our 49% investment in CityFleet Networks Ltd (CFN) in the UK. Excluding impairment, normalised NPAT was $0.5 million lower at $65.8 million (FY13: $66.3 million).

This was a pleasing result, given the challenges of increased competition in the taxi industry, and the introduction of 5% cap on taxi service fees in Victoria on 1 February 2014.

Total Revenue grew 0.3% to $197.3 million (FY13: $196.5 million) driven by a 4.6% growth in members taxi related services revenue to $96.6 million as more taxis affiliated with our networks in FY14. This was offset by a 1.3% decline in taxi service fee revenue to $89.5 million, driven by the aforementioned cap on service fees in Victoria.

ASSOCIATES

The equity accounted net profit contribution from 49% owned Associate Companies, ComfortDelGro Cabcharge Pty Ltd (CDC) and CFN, remained steady at $20.6 million (FY13: $20.4 million).

CDC's FY14 equity accounted profit contribution of $18.9 million was in line with the prior year largely due to the impact of 2 lost bus contracts in Sydney, offset by full year contributions from the acquisitions of Deane's Buslines and the route bus operations of the Driver Group in Melbourne, as well as additional route services under existing contracts.

NET PROFIT AFTER TAX (NPAT)

$56.1m

OPERATIONS

We continue to make advances in our taxi related operations, particularly around innovation in both our taxi network business and our electronic payments systems. For example, the next generation of taxi meter is currently being offered nation-wide on our FAREWAY*plus* platform and will provide a step-up in transparency and user-friendliness for passengers, drivers and taxi operators. Similarly, we are focused on improving our booking apps to facilitate efficiency, passenger choice and ease of use.

We also place significant emphasis on improving other services for our Taxi Network customers including upgrades to our dispatch systems for the benefit of Taxi Operators, Drivers and Passengers. It is pleasing that our ability to deliver services to other Taxi Networks has resulted in regional companies, such as Mildura Taxis and Melton Bacchus Marsh Taxicabs, choosing to acquire bureau services from our 13CABS network.

ANDREW SKELTON
Chief Executive Officer

BALANCE SHEET

The Company's balance sheet improved over the course of the year. Our solid operating result and ongoing strong cash flow facilitated a $36.3 million reduction in net debt over the year to $117.2 million at 30 June 2014. Consequently, gearing measured by net debt to equity fell from 45.3% at 30 June 2013 to 32% at the end of FY14. In addition, we negotiated a new $200 million bank financing facility with an expiry date of July 2017.

STRATEGY AND OUTLOOK

We look forward to presenting further detail on our strategic priorities later in the first half of FY15. Ahead of this we highlight that Cabcharge faces a changing business environment, particularly in the Taxi Industry. As a result we need to refocus our business:

- We will leverage our strengths and history of innovation in connecting Drivers with Passengers by enhancing our use of technology to deliver outcomes that benefit Taxi Industry participants
- We will assemble and develop a team of people with the right skills and knowledge to ensure that we implement a cohesive response to the challenges facing our business
- We will review our balance sheet and capital management policies to ensure the most efficient use of our capital and sustainable long term returns for our shareholders

It is an exciting time to be at the helm of Cabcharge, and there is much that can be achieved by focusing on our technical capabilities and experience in taxi related services, including payments. The skilful execution of a refocused strategy will ensure that we drive long-term shareholder value.

We will develop our innovation culture in both Taxi Network services and payments. We were first in Contactless Payments, and now through our FAREWAY*plus* offering, we can provide simpler and more transparent in-taxi solutions that significantly enhance satisfaction levels for Passengers, Drivers and Taxi Operators alike.

We are committed to the continued development of our 13CABS, mTAXI and Silver Service taxi booking apps, all three of which were first built in-house in 2009 and continue to rank in the top 10 taxi apps in Australia, despite each of them being focused on a single city.

The limit on service fees in Victoria will continue to impact upon us. New South Wales and Western Australia have indicated an intention to implement a limit on service fees, although details of implementation and start dates have not been announced at the time of writing of this report. We are confident that our technical competence in payments will enable us to continue to provide payment services in a profitable manner despite the pricing challenges ahead.

We look forward to 2015 and beyond with confidence that we will be running a vibrant business and meeting the expectations of our stakeholders.

Andrew Skelton
Chief Executive Officer

FAREWAY*plus*

Provides a step-up in transparency and user-friendliness for passengers, drivers and taxi operators.

UPGRADES TO OUR DISPATCH SYSTEMS

Regional companies, such as Mildura Taxis and Melton Bacchus Marsh Taxicabs, choose to acquire bureau services.

REFINANCING

We negotiated a new $200 million bank financing facility with an expiry date of July 2017.

TECHNOLOGY ENHANCEMENT

We will leverage our strengths and history of innovation in connecting Drivers with Passengers by enhancing our use of technology to deliver outcomes that benefit Taxi Industry participants.

OPERATING AND FINANCIAL REVIEW

BUSINESS OVERVIEW

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

The Company provides Taxi Network services to Taxi Operators and Drivers in Sydney, Melbourne, Adelaide and Newcastle. Network services include taxi booking services, full taxi fit-outs and repairs, as well as driver training and education. Payment services offer taxi passengers a convenient, fast and secure method for non-cash fare payments via electronic terminals for which Cabcharge earns a service fee.

The Company also holds a 49% investment in a route, school and charter bus services company in Australia, ComfortDelGro Cabcharge Pty Ltd (CDC), as well as a 49% investment in CityFleet Networks Ltd (CFN), a Taxi Network and coach services company in the UK. Both investments are equity accounted for in the Consolidated Financial Statements.

STRATEGY

The Company appointed Andrew Skelton as its new Chief Executive Officer in June 2014. Mr Skelton is reviewing the Company's strategy at the time of writing this Annual Report.

Regardless of the specific outcomes of that review, there are some fundamental strategic imperatives for the Company, particularly in view of a changing business environment in the Taxi Industry in Australia. These strategic imperatives include:

- Leveraging our strengths and history of innovation to improve service outcomes for Passengers, Drivers, and Taxi Operators
- Ensuring that we employ and retain the best people with the right skills and knowledge to generate a cohesive response to competitive challenges
- Reviewing our balance sheet and capital management policies to ensure the most efficient use of our capital for sustainable long-term returns for our shareholders.

REGARDLESS OF THE SPECIFIC OUTCOMES OF THAT REVIEW, THERE ARE SOME FUNDAMENTAL STRATEGIC IMPERATIVES FOR THE COMPANY, PARTICULARLY IN VIEW OF A CHANGING BUSINESS ENVIRONMENT IN THE TAXI INDUSTRY IN AUSTRALIA.

MATERIAL BUSINESS RISKS

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

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

Strategic risk	Nature of risk	Action/plans to mitigate
Regulatory changes	Cabcharge operates in industries that are subject to State and Territory regulation and control. In addition to the price control imposed on service fees in Victoria and the intended price controls in New South Wales and Western Australia, other Taxi Regulators may impose limits on the level of service fees able to be charged to Cabcharge customers thereby potentially impacting revenue and earnings. Taxi Regulators may also change rules around required standards and quality control aspects of Taxi Networks.	Work co-operatively with State and Territory Authorities on issues affecting the Taxi Industry. Advocate for standards and controls (and price setting where applicable) that result in maintaining or improving the standards of customer service and safety that are essential to transport user confidence.
Changes to competitive landscape/Changes to IT environment	Continued emergence of new competitors in taxi-type service space utilising new technology to offer alternative service and payment methods, both within and outside the regulatory framework, or subject to watered-down regulation. Potential loss of business if the Company fails to keep pace with technological change with respect to network operations, bookings and payments.	Continue to be at the forefront of Taxi Network app development and integrate bookings and payments. Continue investment in technology as reflected by the rollout of FAREWAY*plus* and upgrades to the 13CABS, mTAXI and Silver Service taxi apps.

FINANCIAL AND OPERATIONAL ANALYSIS

($m)	FY14	FY13	Change %
Revenue	**197.3**	**196.6**	**0.3**
Operating expenses[1]	(113.8)	(111.1)	2.4
Impairment charge on CityFleet investment	(9.7)	(5.7)	70.2
EBITDA	**73.8**	**79.8**	**(7.6)**
Depreciation & Amortisation	(12.6)	(12.9)	(2.3)
EBIT	**61.2**	**66.9**	**(8.6)**
Net finance costs	(6.3)	(7.5)	(16.0)
Profit before tax (excl. associates)	**54.9**	**59.4**	**(7.7)**
Income tax expense	(19.4)	(19.2)	1.0
NPAT (excl. associates)	**35.5**	**40.2**	**(11.8)**
Equity accounted net profit of associates	20.6	20.4	1.0
NPAT	**56.1**	**60.6**	**(7.4)**
EBITDA[2] margin (%)	37.4	40.6	
EBIT[3] margin (%)	31.0	34.0	
Effective tax rate (%)[4]	35.3	32.3	

1 Includes costs of members taxi related services, employee benefits expense, general and administrative expenses, transaction processing expenses and other expenses

2 EBITDA is profit before interest, tax, depreciation and amortisation

3 EBIT is profit before interest and tax

4 Higher effective tax rate due mainly to non-deductibility of impairment charge on CityFleet

REVENUE AND OPERATIONS

Revenue increased by $0.7 million or 0.3% over the prior year to $197.3 million (FY13: $196.6 million). Members taxi related services revenue grew by 4.6% to $96.6 million (FY13: $92.3 million) due to more taxis affiliating with our Taxi Networks, particularly in Sydney and Melbourne.

Taxi service fee income declined $1.2 million or 1.3% to $89.5 million in FY14 (FY13: $90.7 million). This was primarily due to the introduction of a 5% cap on taxi payment service fees in Victoria that came into effect on 1 February 2014.

The full effect of the reduction in the service fee cap in Victoria was partially cushioned by a 31% increase in the volume of non-cash payments through Cabcharge terminals over the five month period from the introduction of the cap, leading to a net $4.5 million revenue decline in Victoria over the corresponding five month period.

The overall average effective service fee rate declined from 9.3% in FY13 to 8.5% in FY14, reflecting the impact of the 5% service fee cap in Victoria.

Cabcharge Payments turnover[1] increased 5.8% to $1,119 million (FY13: $1,058 million), reflecting the ongoing migration from cash payments to card payments and the higher number of taxis in service, as well as fare rises in the Australian Capital Territory (ACT), Western Australia, South Australia, Tasmania and Victoria.

While turnover through Cabcharge customer accounts declined 5.3% to $392 million (FY13: $414 million), turnover through Bank Issued cards increased 15% to $614 million from $534 million in FY13. Turnover through Third Party Issued cards increased 2.7% to $113 million from $110 million in FY13.

1 Turnover represents the value of taxi hire charges (fares) received through the Cabcharge Payments System including service fees received by Cabcharge. Revenue derived from these transactions is disclosed as net service fees rather than the full amount of service fees and taxi hire charges, even though Cabcharge is responsible for collecting the total amount of hire charges

In the second half of the financial year we commenced the rollout of our innovative FAREWAY*plus* product to taxis around Australia to replace the existing Cabcharge payment engines. FAREWAY*plus* offers far simpler and more transparent in-taxi solutions that significantly enhance satisfaction levels for Passengers, Drivers and Taxi Operators alike. It also provides us with a significant platform to offer a broader range of taxi related services to interested Taxi Networks and Operators.

Usage of the Cabcharge-developed Taxi network booking apps offered for individual networks such as 13CABS, mTAXI and Silver Service continues to grow. The 13CABS app has also been upgraded to display nearby taxis (both engaged and vacant), and to facilitate automated provision of destination details direct to the Driver. GPS accuracy improvements have also been implemented on all apps.

We also completed the rollout of a contactless taxi subsidy scheme on behalf of the ACT Government and commenced a similar rollout in Tasmania.

EXPENSES

Operating expenses including depreciation and amortisation charges increased $1.8 million or 1.9% over the previous year in line with business activities.

Costs of Members Taxi Related Services were 2.8% higher at $36.4 million (FY13: $35.4 million) due to more taxis affiliating with our networks in Sydney, Melbourne and Adelaide. In addition, employee benefit expenses were 3.8% higher as a result of increased activity at the Company's Taxi Networks.

Processing fees paid to Taxi Networks were 4.5% higher at $18.7 million (FY13: $17.8 million) due to an increase in payments turnover as noted above.

REVENUE
$197.3m

EBITDA
$73.8m

These increases were partially offset by a decline in general and administrative expenses of $1.1 million or 7.9%.

Depreciation and amortisation expense was largely unchanged while net finance costs declined $1.2 million to $6.3 million (FY13: $7.5 million), reflecting lower interest cost from the Group's lower debt.

The Group's effective tax rate of 35.3% (FY13: 32.3%) is higher than the statutory tax rate of 30% due to the effect of adding back the Group's share of associates profit and impairment of investments in associates for tax purposes. The increase in the effective tax rate from prior year reflects the higher impairment charge on the Group's investment in CityFleet Networks Ltd (CFN).

OPERATING MARGINS

The Group's EBITDA and EBIT margins remained strong albeit lower than the previous year. Excluding the $9.7 million impairment charge in FY14 (FY13: $5.7 million), the normalised EBITDA margin was 42.3% in FY14 (FY13: 43.5%) and the normalised EBIT margin was 35.9% in FY14 compared to 36.9% in FY13. These margin declines again largely reflect the cap on service fees in Victoria.

IMPAIRMENT CHARGE

The $9.7 million impairment charge recognised against the carrying value of the Group's investment in its associate, CFN reflects the current growth outlook for business conditions in the UK, which continue to be challenging and below our previous expectations.

INVESTMENTS IN OTHER TRANSPORT BUSINESSES

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

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

Both investments in these associates are equity accounted for in the Consolidated Financial Statements.

The Group's share of the profit of these associates increased 1% or $0.2 million to $20.6 million in FY14 (FY13: $20.4 million).

CDC's equity accounted net profit contribution for FY14 was unchanged at $18.9 million primarily due to the impact of the loss of the bus contracts in Regions 1 and 3 in Sydney in October 2013, offset by the contributions from Deane's of Queanbeyan (acquired in September 2012), the route business of the Driver Group in Melbourne, and an increase in existing bus services.

Subsequent to the balance date, CDC entered into an agreement to acquire the assets of Blue Mountains Bus Company consisting of 101 buses and three depots at a cost of $26.5 million. In addition, the Sydney Metropolitan Bus System contract for Region 4 (Hillsbus) commenced a new five-year plus three-year option on 1 August 2014.

In the Hunter Valley Region, new three-year bus contracts for Regions 4 and 2 commenced on 1 July 2014 and 1 October 2014 respectively.

The Queanbeyan bus contract continues until 31 December 2015, while in Victoria, the current Melbourne Metropolitan seven-year contracts expire on 30 June 2015 and are likely to be extended into the three-year option period while future contract negotiations commence with incumbent operators. Similarly, the Geelong and Ballarat seven-year contracts expire on 30 June 2018 and are likely to enter the additional three-year option period when entering negotiations for future contracts.

CFN's equity accounted net profit contribution for FY14 was $1.7 million, up $0.2 million or 16% over FY13 due to a favourable currency translation difference.

NET PROFIT

Including the $9.7 million impairment charge against the investment in CFN, Net Profit After Tax (NPAT) declined $4.5 million or 7.4% to $56.1 million (FY13: $60.6 million).

Normalised NPAT (excluding the impairment charge against the investment in CFN) was $65.8 million (FY13: $66.3 million), a decrease of 0.6% or $0.5 million primarily due to the impact of the introduction of the 5% service fee cap in Victoria.

BALANCE SHEET

($m)	2014	2013	Change %
Cash and cash equivalents	41.9	43.9	(4.6)
Advances to associates	18.8	36.6	(48.6)
Investments in associates	274.8	261.6	5.0
Property, plant and equipment	38.3	43.8	(12.6)
Taxi plate licences	71.4	71.8	(0.6)
Other current assets	71.1	71.5	(0.6)
Other non-current assets	44.0	43.9	0.2
Total assets	**560.3**	**573.1**	
Loans and borrowings	159.1	197.4	(19.4)
Other liabilities	34.9	36.6	(4.6)
Total liabilities	**194.0**	**234.0**	
Total net assets	**366.3**	**339.1**	**8.0**

The Group's balance sheet remains strong and we continue to operate within our banking covenants.

The Group's net assets as at 30 June 2014 increased by 8.0% or $27.2 million to $366.3 million (30 June 2013: $339.1 million). This was driven by the decrease in loans and borrowings following the repayment of debt during the year and the increase in the carrying value of the Group's investment in associates, offset by a decrease in advances to associates during the year when CDC repaid certain loans from Cabcharge.

The increase in the carrying value of the Group's associates was due to the equity accounted share of profits for the year, and the impact of FX translation on the CFN investment denominated in Great British Pounds, offset by the impairment of the CFN investment noted earlier.

Net assets per share increased from $2.69 at the end of FY13 to $2.92 per share at 30 June 2014.

A significant management focus during FY14 was to reduce debt. Accordingly, total borrowings were reduced by $38.3 million to $159.1 million from $197.4 million at the end of FY13.

Lower net debt was also reflected in a lower net debt to equity ratio[2] of 32% at 30 June 2014 compared to 45.3% a year ago. The available liquidity of the Group at 30 June 2014 was $92.9 million (2013: $51.4 million), consisting of $41.9 million in cash (2013: $43.9 million) and $51 million (2013: $7.5 million) in unused bank facilities.

During the year, the Company renegotiated its secured $200 million facility with its bankers, extending the term to 1 July 2017.

CASH FLOW

($m)	2014	2013
Net cash from operating activities	57.8	70.4
Net cash from (used in) investing activities	11.0	(66.3)
Net cash (used in) financing activities	(70.8)	(11.3)
	(2.0)	(7.2)
Cash and cash equivalents at 1 July	43.9	51.1
Cash and cash equivalents at 30 June	**41.9**	**43.9**

Operating cash flow for the year was $57.8 million, compared to $70.4 million for 2013 due to the timing of year-end payments to Taxi Networks. The headline cash conversion ratio[3] was 69%. However, adjusting for the timing of year-end payments, the normalised cash conversion ratio continued to be strong at 84% (FY13: 82%).

During the year, the Group received a $17.9 million repayment of the current portion of an advance to its associate, CDC. This was offset by capital expenditure of $6.7 million, resulting in a net cash inflow from investing activities of $11 million for the year (FY13: net cash outflow of $66 million).

The $70.8 million net cash outflow from financing activities reflects the repayment and drawdown of debt noted above, as well as $32.5 million of dividends paid in the year.

The Board is maintaining a prudent approach to financial management ahead of the development of management's business strategy.

DIVIDENDS

The Company paid a fully franked interim dividend of 15.0 cents per share and the Board has declared a fully franked final dividend of 10.0 cents per share scheduled for payment on 29 October 2014.

OUTLOOK

The Industries in which we operate have become increasingly competitive over recent years. Our businesses have withstood the tests of increased competition and continued to achieve strong results in FY14. The quality of our service offerings, our industry experience, and our culture of innovation are solid foundations for our continuing success as a leading provider of taxi related services, even in challenging times. Where opportunity arises, we will seek to offer our services to other Taxi Networks.

In the months ahead, we will roll out our innovative FAREWAY*plus* product to taxis around Australia to replace the existing Cabcharge payment engines. FAREWAY*plus* also provides us with a significant platform to offer a broader range of taxi related services to interested Taxi Networks and Operators.

We also look forward to continuing to develop our 13CABS, mTAXI and Silver Service taxi apps, all three of which were built in-house in 2009 and continue to rank in the top 10 taxi apps in Australia despite each of them being single city focused.

The limit on service fees in Victoria is expected to continue to impact upon Cabcharge. In addition, the State Governments of New South Wales and Western Australia have indicated an intention to implement a limit on service fees, although regulatory details and start dates have not yet been announced at the time of writing of this report.

We will ensure that we are fully compliant with any regulatory changes and continue to work closely with State Regulators to ensure fair and equitable outcomes for the Taxi Industry. We are certain that our technical competence in payments will enable us to continue to provide payment services in a profitable manner despite the pricing challenges ahead.

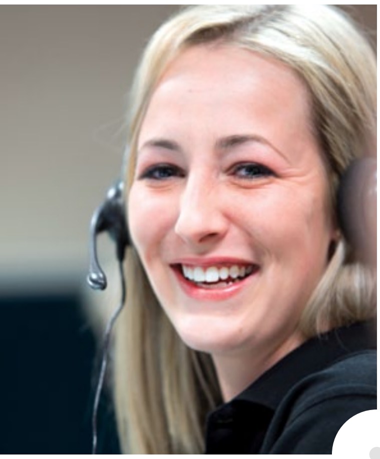
2 Net debt to equity ratio is defined as 'total debt less cash and cash equivalents divided by total equity'

3 Cash conversion ratio is defined as 'net cash from operating activities divided by normalised EBITDA'

THE QUALITY OF OUR SERVICE OFFERINGS, OUR INDUSTRY EXPERIENCE, AND OUR CULTURE OF INNOVATION ARE SOLID FOUNDATIONS FOR OUR CONTINUING SUCCESS AS A LEADING PROVIDER OF TAXI RELATED SERVICES, EVEN IN CHALLENGING TIMES.

SUSTAINABILITY REPORT

Sustainability and corporate social responsibility are integral to the way we conduct our business



SUSTAINABILITY

At Cabcharge, we recognise the interdependence of financial returns, social benefits and environmental impacts in our long-term business success.

We therefore seek to create and build sustainable value for all our stakeholders including Taxi Drivers, Taxi Operators, customers, passengers, the Taxi Industry generally, employees, shareholders, business partners and the communities in which we operate.

We seek to minimise and, where possible, eliminate environmental harm in our business operations.

We seek to be involved in the communities in which we operate and to promote socially responsible business practices.

We conduct corporate governance in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company's Corporate Governance Committee is responsible for nominations and remuneration as well as oversight of our corporate governance framework.

Our Corporate Governance Statement is on pages 24 to 32 of this Report, and our Corporate Governance Charters and Policies are available on our website at **cabcharge.com.au/corporategovernance**

ENVIRONMENT

Cabcharge is not a substantial carbon emitter but nevertheless seeks ongoing reductions in its carbon footprint. We also seek to reduce usage and increase efficiencies in relation to waste, water and energy.

Environmental considerations are also an integral part of our new product development process. Our contactless Cabcharge **FAST**CARD™ is designed to last for five years rather than the three years for the Cabcharge silver card it replaced. Similarly, the Cabcharge **FAST**eTICKET™ has been designed to take maximum advantage of recyclable materials.

Cabcharge is dedicated to minimising its effect on the environment by following the three R's principle – Reduce, Re-use, Recycle:

Reduce

Initiatives to help reduce energy, water and paper resources include 'lights off' and 'power off' policies in offices for all equipment including lighting that can be safely powered down when not in use. This is supported by visible signage in bathrooms, kitchens and offices.

The introduction of LED lights at our Sydney head office in 2013 and other offices during the year contributed to an 8.2% reduction in power usage compared to FY13.

Air-conditioning systems are programmed to shut down outside of business hours, and regular maintenance of those systems is aimed at reducing air-conditioning emissions.

All office printer and photocopiers default to double-sided printing to reduce paper usage. Since May 2014, we have successfully encouraged 70% of Cabcharge Account Holders to switch to electronic statements, saving paper and delivery-related emissions. Suppliers are paid electronically rather than by cheque. Cabcharge terminals allow optional printing of receipts for passengers. Shareholders are encouraged to read our Online Annual Report rather than opt-in for a printed report.

Re-use
Non-secure paper waste is reused as scrap paper for staff. Toner cartridges are refilled and reused. Air conditioner filters are washed on a monthly basis and reused rather than new filters being purchased twice a year.

Recycle
Most offices offer recycling disposal bins for paper, glass, plastic and other materials, with recyclables collected on a weekly basis. Business cards are printed on recycled paper. Old office equipment such as computers and monitors are sent away for dismantling and recycling and Cabcharge offices act as mobile phone recycling points for staff and Taxi Drivers. TaxiTech recycles oil and tyres.

TAXI OPERATORS AND DRIVERS
We encourage and assist Taxi Operators and Drivers who affiliate with our Networks to adopt environmentally sound practices. This includes various emissions-reduction programs such as:

- increasing use of GPS technology to match the nearest vehicle to the customer
- improving driver training to identify techniques to reduce fuel consumption
- encouraging the use of fuel efficient vehicles.

More than 20% of our Sydney Network consists of hybrid electric/petrol fuelled vehicles while 70% of non-hybrid taxis in our Networks run on LPG[1]. This increase in adoption of hybrid technology has been assisted by the marketing of the Apple Taxis fleet as “Green”. Light turbo diesel is powering the next generation of Wheelchair Accessible Taxi Service (WATs) vehicles, which is proving both economical and Driver friendly.

In Melbourne, we have worked with an LPG equipment supplier to develop an LPG conversion kit for hybrid cars to enable an electric/petrol/LPG combination fuel system that offers superior environmental solutions and cost-effective outcomes for Taxi Operators. The converted cars are in high demand because of their reduced fuel consumption and increased range.

BUSES – CDC
Our Associate, ComfortDelGro Cabcharge Pty Ltd (CDC) has an Environmental Plan, available on its website **www.cdcbus.com.au**, which sets out its approach to addressing statutory and other environmental requirements.

CDC’s approach to sustainability includes using improved diesel engines that meet low emission Euro Standards, operating buses to the NSW Government’s Clean Fleet Program Standards and encouraging fuel-efficient vehicle driving practices in driver training programs.

1 Excluding Wheelchair Accessible Taxi Service (WATs) vehicles

COMMUNITY

The taxi industry is a vital contributor to the Australian community and its way of life, especially given the location and operating hours of Australia's metropolitan and regional public transport systems. Taxis provide a regulated, convenient and safe transport service 24 hours a day, seven days a week.

Our Industry plays an important role in contributing to the community, both directly and through our involvement in and support of Taxi Industry initiatives. The Taxi Industry makes significant contributions to the well-being of communities, families and individuals throughout Australia. These range from the dedication of Drivers who provide special care and service to people with disabilities, to Taxi Networks who sponsor local community groups and events, as well as participating in broader campaigns to improve community safety and provide better services to people facing transport disadvantage.

SUPPORTING THE COMMUNITY

Our Taxi Networks support many community initiatives during the year, usually involving local sporting clubs, community groups such as Rotary, Returned Services organisations and charities where we both participate in fund-raising events and make direct donations. We continue to provide taxi transport for veterans on Anzac Day through our fleets in Sydney, Newcastle, Melbourne and Adelaide.

We support local community initiatives such as St Lucy's 'Without Words Week' in Sydney and regional care groups for autism spectrum and development disorders as part of our community sponsorship program. We also sponsor various events where the focus is 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.

We encourage and support staff involvement in these activities and in events such as *Australia's Biggest Morning Tea* for the Cancer Council, the *Pink Ribbon Breakfast*, the *Black Dog Ride*, *Tea and Sympathy* for Lifeline Australia, and *Mental Health First Aid*, *Run for the Kids* and fund raising for Children's Hospital Appeals.

SPECIAL NEEDS PASSENGERS

The Taxi Industry recognises its vital role in providing effective, professional services to all members of the community. 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 Industry and Governments to continually improve the services we provide through both our technology and our Taxi Network subsidiaries.

During the year we continued to provide administrative and processing support for Taxi Transport Subsidy Schemes (TSS) in Queensland, Victoria and the Northern Territory. In addition, we completed the rollout of a contactless taxi subsidy scheme on behalf of the ACT Government and commenced a similar project for the Tasmanian Government.

Our innovative smart card technology is being used to provide greater convenience and ease of use for TSS participants, in particular Special Needs Passengers, as well as higher security and accountability and lower cost for Governments. We believe our development and application of the contactless technology deployed on behalf of Governments is a world first.

In New South Wales and Victoria, WATs vehicles are more than 10% of our Networks' fleets. In Sydney, we provide WATs booking and dispatch services for all taxi fleets, with new technology providing better communication for Drivers on the jobs available and assisting in reducing the job rejection ratio.

WATs vehicles are unfortunately becoming more expensive to convert and operate, which acts as a disincentive to Taxi Operators. Cabcharge continues to engage with vehicle manufacturers and companies that specialise in adapting vehicles to select next generation WATS that meet the needs of passengers, regulators and Taxi Operators.

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

SUPPORTING TAXI INDUSTRY IMPROVEMENT

We work with, support and encourage continuous improvement in the taxi industry across Australia. We believe in a strong and vibrant Taxi Industry that disseminates information on the latest developments in Australia and internationally, and provides 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 opportunities for Taxi Drivers, particularly priority allocation of new taxi licences to experienced, regular Taxi Drivers with good customer service and safe driving records.

We encourage Governments and Regulators to consider a 'weighted seniority' register that 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 taxi licence revenue received by Governments and other licence holders.

SAFETY

Driver and passenger safety has always been a high priority for Cabcharge. 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 our driver training programs.

The 13CABS *Tiger Team* is Australia's only permanent security team dedicated solely to taxi drivers. These safety vehicles patrol Melbourne streets during peak periods with security guards and 13CABS mediators on board, and are sent to help when drivers alert the 13CABS Contact Centre that they feel at risk or are in distress.

Through our subsidiary Taxi Networks we continue to support and work with Regulators and Industry Associations on safety issues, including secure taxi ranks and installation of complimentary automatic taxi phone services for hotels, pubs and clubs. We provide the opportunity for our Drivers in Victoria to undertake first aid training.

EMPLOYEES

Cabcharge values diversity and inclusiveness in the workforce. 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.

At 30 June 2014, women comprised 14.2% of our senior managers who report directly to the CEO. From a total workforce of 538 staff, 44.7% were women, compared to 26.9% in the Australian transport industry generally (Source: Workplace Gender Equality Agency).

The Board-approved Diversity Policy, available on the Company's website, has a particular focus on recruitment and promotion processes.

Our workforce is well balanced across backgrounds, gender, ethnicity, age, abilities, culture and experience, bringing a range of different perspectives to our business decision-making. Over 90% of short lists included at least one female candidate. 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, improving customer service and meeting our regulatory compliance obligations. We seek 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.

We continue to offer staff opportunities to undertake a workplace based Certificate in either Customer Contact or Frontline Management. This involves a mix of face-to-face training, self structured study, and workplace practise. It is an important part of our program to improve customer service and people management practices while increasing productivity and retaining staff. Employees have responded positively to this initiative that provides them with a nationally recognised qualification on successful completion.

We have also maintained our focus on ensuring that all relevant staff undertake Competition and Consumer Act compliance training.

HEALTH AND SAFETY IN THE WORKPLACE

Workplace health and safety (WHS) is a high priority for the Cabcharge Group. We regularly review our policies, systems and procedures to comply with legislative changes. We have updated our workers compensation policies and engaged healthcare professionals to assist in the management of our Workers Compensation claims. We have also delivered appropriate WHS online training to employees.

We view Taxi Operators and Drivers within our fleets as partners and part of the Cabcharge family. We provide assistance with counseling and other support services if a Driver from one of our networks is injured or involved in an incident. We have provided 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.

EMPLOYEE POLICIES

Existing employee policies and programs include those related to merit based recruitment and promotion; internal advertising of all positions; induction; performance management; flexible work arrangements; parental leave; discrimination, harassment and bullying; return to work; resolving and dealing with employee complaints; and policies on personal use of social media.

EMPLOYEE SUPPORT

All employees have access to our Employee Assistance Program which provides a free confidential counselling and support service for employees and their families. It also provides support to managers to assist them in dealing with staff where personal or family problems are impacting upon work performance.

We make available a range of other benefits to staff such as access to private vehicle and home insurance on the same terms as those offered to Taxi Operators, discounted gym memberships, and sponsorship of staff and driver participation in events such as the City 2 Surf in Sydney to encourage and promote healthy lifestyles.

BOARD OF DIRECTORS

RUSSELL BALDING, AO

Chairman,
Member of the Board
since 6 July 2011

Special responsibilities – Member of the Audit & Risk Committee

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

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

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – The Trust Company (Sydney Airport) Limited in its capacity as responsible entity of the Sydney Airport Trust 1.

NEILL FORD

Deputy Chairman,
Member of the Board
since 21 March 1996

Special responsibilities – Chairman of the Corporate Governance Committee, Member of the Marketing Committee

Neill Ford was appointed Deputy Chairman of the Board in June 2014. Mr Ford is the Managing Director of Yellow Cabs (Qld) Pty Limited, a company operating a fleet of 1,200 taxis and Courier vans and has in excess of 40 years' experience in taxi company management. As Chairman of Taxis Australia Pty Limited, Mr Ford represents 10,000 taxis across Australia. Mr Ford is currently a Director of ComfortDelGro Cabcharge Pty Ltd and City of Brisbane Investment Corporation. Mr Ford is a Fellow of the Australian Institute of Company Directors and the Australian Institute of Management.

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – nil.

IAN ARMSTRONG

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

Special responsibilities – Chairman of the Audit & Risk Committee

Ian Armstrong is a Fellow of the Institute of Chartered Accountants in Australia. Mr Armstrong 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 2014 – nil.

RODNEY GILMOUR

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

Special responsibilities – Member of the Marketing Committee

Rodney Gilmour is the Chair of NSW Telecommunications Authority and has held various leadership roles as CEO and on the Boards of public and private sector organisations in transport, business and economic development, and health and community service sectors. This has included policy and regulatory oversight of the taxi, hire car and business industries across Australian State/Territory jurisdictions.

Mr Gilmour is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

From July 2012 to April 2014 Mr Gilmour provided Corporate Affairs consulting services to Cabcharge.

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – nil.

DONNALD McMICHAEL

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

Special responsibilities – Chairman of the Marketing Committee, Member of the Corporate Governance Committee

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

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – nil.

RICHARD MILLEN

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

Special responsibilities – Member of the Audit & Risk Committee

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

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – nil.

IN MEMORIAM

REGINALD KERMODE, AM MBE

Executive Chairman and
Chief Executive Officer

Founder of Cabcharge and Member of the Board from 27 July 1980 to 30 April 2014.

Reginald Kermode founded Cabcharge in 1976 and made an immense contribution to the Taxi Industry and the general business community throughout his life. During his term on the Cabcharge Board, Reginald Kermode was a Director on a number of Cabcharge Group entities. Throughout his career, Reginald Kermode sat 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 Disabled Transport Subsidy Scheme.

Born in Smithtown, Reg worked for the Postmaster-General after he left school aged 15, first as a telegram boy in Coffs Harbour and later as a technician. Reg's understanding of communications technology was instrumental in the development of Cabcharge.

Reg's expertise and knowledge was also sought outside Australia. In 1997 he was elected International Vice President of the Taxicab Limousine and Paratransit Association (USA) and later advised the United Arab Emirates on how best to establish a comprehensive and effective taxi system.

Reginald Kermode passed away on 30 April 2014.

PHILIP FRANET

Non-Executive Director, Member
of the Board from 28 June 1985
to 3 August 2014

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

Philip Franet was the Managing Director of Silver Top Taxi Service Ltd until his retirement in 2005 and a past President of the Victorian Taxi Association. Mr Franet had over 40 years' experience in the Taxi Industry and 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.

Philip Franet passed away on 3 August 2014.

EXECUTIVE TEAM

ANDREW SKELTON
Chief Executive Officer

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

CHIP BENG YEOH
Chief Financial Officer and Company Secretary

Chip Beng Yeoh commenced as Chief Financial Officer in February 2007 and was appointed Company Secretary from April 2009. Before being appointed to his current position, Chip was the Chief Financial Officer for ComfortDelGro Cabcharge Pty Ltd and prior to that, Vice President, Corporate Finance at ComfortDelGro Corporation Limited in Singapore. Chip is a member of CPA Australia and the Institute of Singapore Chartered Accountants, and holds a Bachelor of Commerce (Accountancy, Finance & Systems) from the University of New South Wales.

FRED LUKABYO
Chief Operating Officer

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

STUART OVERELL
Chief Operating Officer, Black Cabs

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

JOHN D'ARCY
Group General Manager, Technology and Payments

John D'Arcy commenced as Group General Manager in May 2007. Prior to that worked for Ausdata-JBA an Australian systems integrator specialising in Banking, Retail and Hospitality products. John held a variety of positions at Ausdata-JBA from Developer through to Managing Director. John also holds a Diploma in Programming Technology.

CORPORATE GOVERNANCE AND DIRECTORS' REPORT

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Cabcharge Australia Limited (**Cabcharge** or **Company**) is responsible for the corporate governance of the Company. The year ended 30 June 2014 (**FY14**) was a year of change for the Board and management. An Independent Chairman was elected in May 2014, two new Board members were appointed and a new CEO commenced in June 2014. This Corporate Governance Statement (**Statement**) is current as at the date of the Directors' Report and has been approved by the Board.

The ASX Corporate Governance Council's (**Council**) "Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition" contain eight principles (**Principles**), with recommendations and guidelines on how to implement the Principles (**Recommendations**). On 27 March 2014 the Council released its third edition of its Principles and Recommendations (**3rd Edition**) and certain ASX Listing Rules were also amended. These changes take effect for an entity's first full financial year commencing on or after 1 July 2014. The Board believes that its corporate governance practices for FY14 were consistent with the 2nd Edition Principles and Recommendations and the Board continues to pursue opportunities to improve the Company's corporate governance arrangements. This Statement is prepared in accordance with the 2nd Edition Principles and Recommendations and the Company will report in accordance with the 3rd Edition Principles and Recommendations and amended ASX Listing Rules for FY15.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Companies should establish and disclose the respective roles and responsibilities of the board and management

The Board

The Board has adopted a Board Charter that sets out the roles and responsibilities of the Board of Directors.

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

- oversight of the Company, including its control and accountability systems
- appointing and removing the Chief Executive Officer
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent)
- input into and final approval of management's development of corporate strategy and performance objectives
- reviewing and ratifying systems of risk management and internal compliance and control, the Code of Ethics and Conduct and legal compliance
- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available
- approving and monitoring the progress of major capital expenditure, capital management and acquisition and divestitures

The Board reviews the Charter at least annually and more frequently if required. A copy of the Board Charter can be found on the Company's website at www.cabcharge.com.au/corporategovernance

RELATIONSHIP OF THE BOARD WITH MANAGEMENT

Management is responsible for implementing the Company's strategy, achieving the business performance objectives and financial objectives. The Board delegates responsibility for the day to day operations and management of Cabcharge to the CEO.

New Directors are given a letter of appointment setting out the terms of the appointment, time commitment envisaged and receive an induction package comprising the Company constitution, Board Charter, Committee Charters, Share Trading Policy and other relevant governance documentation. All new Directors have the opportunity to meet with members of the executive team and to be formally briefed on corporate strategy. Site visits also form part of the new Director induction.

Information on the CEO and other senior executive employment contracts are set out in the Remuneration Report on pages 42 to 48.

EVALUATING PERFORMANCE OF SENIOR EXECUTIVES

The Board has adopted a Performance Evaluation Policy which sets out the annual performance evaluation of the Chairman of the Board and Non-Executive Directors, Board Committees, and the CEO and key executives. A copy of the Performance Evaluation Policy can be found on the Company's website at www.cabcharge.com.au/corporategovernance

The Board sets performance objectives based on both qualitative and quantitative measures. These objectives are then reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the business. The CEO is assessed against these performance targets by the Corporate Governance Committee. The CEO conducts the performance assessment for each senior executive on an annual basis, having regard to the operational and financial responsibilities of the executive and the contribution by the executive to the management and leadership of the Company. Any unresolved issues from the CEO's performance review of senior executives are referred to the Corporate Governance Committee.

The Company is in a transitional period with respect to performance linked remuneration and further details on changes to the Company's remuneration principles and strategy are set out in the Remuneration Report on pages 40 to 51.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Composition of the Board

The composition of the Board is assessed annually by the Corporate Governance Committee.

The composition of the Board changed substantially during the reporting period with an Independent Chairman elected in May 2014, two new Non-Executive Directors appointed (one of whom is independent) and a new CEO commencing in June 2014.

The Corporate Governance Committee has developed a skills and diversity matrix which will be reported against in FY15. As the Board is currently looking to bring further expertise into the business at Board level, the Corporate Governance Committee will use the skills and diversity matrix to supplement the assessment and selection of new Directors and also to identify any professional development initiatives for current Directors.

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

Director	Appointment	Term in office
Russell Balding, AO Independent Chairman	6 July 2011 Chairman from 12 May 2014	3 years
Neill Ford Deputy Chairman	21 March 1996 Deputy Chairman from 18 June 2014	18 years
Ian Armstrong Independent Non-Executive Director	17 July 2000	14 years
Donnald McMichael Independent Non-Executive Director	25 June 1996	18 years
Richard Millen Independent Non-Executive Director	4 June 2014	4 months
Rodney Gilmour Non-Executive Director	4 June 2014	4 months

Details of the Directors' experience, qualification and committee memberships are set out in the Annual Report on pages 20 to 21.

Independence

The majority of the Board is considered to be independent. In determining independence the Board, through the Corporate Governance Committee takes into account whether the Non-Executive Director:

- is a substantial shareholder of Cabcharge or an officer of, or otherwise associated directly with, a substantial shareholder of Cabcharge;
- within the last three years has been employed in an executive capacity by the Company or another group member;
- has within the last three years supplied to the Cabcharge Group any services as a principal of a material professional consultant;
- within the last three years has been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Company or another group member other than as a Director of Cabcharge; and
- is not free from any interest, and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Cabcharge.

In determining independence, the Board will take into account all the circumstances surrounding the relationship before determining if the materiality threshold has been reached. Generally, relationships that account for 10% or more of an entity's revenue over a 12 month period will be regarded as material.

The Board acknowledges that during the reporting period, the Board comprised a number of long standing Non-Executive Directors. The Taxi Industry is a unique and very specialised industry and the Board considers that tenure should not of itself determine independence. Donnald McMichael, Ian Armstrong (and previously Philip Franet) have valuable commercial knowledge and/or experience within the Taxi and Transport Industries and as such, the Board considers that these Directors were able to effectively carry out their responsibilities in accordance with the Board Charter.

Reginald Kermode was the Company's Executive Chairman and CEO until April 2014. The Board considered that this dual appointment enabled the Company to leverage Mr Kermode's leadership and expertise within the Taxi and Transport Industries. As Chairman and CEO, Mr Kermode brought quality analytical judgement to all relevant issues affecting the Group. As announced to the market in April 2014, and in light of Mr Kermode's health the Board considered it appropriate to implement a succession plan and split the Chairman and CEO role with Mr Kermode assisting with the transition.

Russell Balding was appointed Independent Chairman from 12 May 2014. As such, the Company was compliant with Recommendations 2.2 and 2.3 from 12 May 2014.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Board Committees

The Board has in place an Audit & Risk Committee, a Corporate Governance Committee and a Marketing Committee. The Corporate Governance Committee operates under a Charter, and is responsible for nominations, remuneration policy and oversight of the Company's corporate governance framework. More specifically, the Corporate Governance Committee reviews and makes recommendations to the Board on:

- Policies on remuneration, recruitment, retention, termination and superannuation of employees of the Company, including long term incentive plans
- Remuneration of Non-Executive Directors
- The performance of the CEO (and in consultation with the CEO, the CEO's direct reports)
- The Remuneration Report
- Selection, appointment and performance evaluation of the Board, CEO, CFO (and the CEO's other direct reports)
- Board composition and independence
- Succession planning for Directors, the CEO, the CFO (and the CEO's other direct reports)

A copy of the Corporate Governance Committee Charter can be found on the Company's website at www.cabcharge.com.au/corporategovernance

The Corporate Governance Committee comprised the following members in FY14, all of whom were Non-Executive Directors:

Neill Ford (Chairman)

Donnald McMichael

Philip Franet[1]

While the Corporate Governance Committee consisted of a majority of independent Non-Executive Directors during the reporting period, its Chairman is not considered to be independent. However, the Board considers that his experience of nomination and governance matters makes his appointment a valuable transitional approach to assist the Independent Chairman of the Board.

The Board established a Marketing Committee for the purposes of supervising the establishment and development of the Company's marketing framework and ensuring that marketing activities are effective and generating value for money. The Marketing Committee comprised the following Non-Executive Directors in FY14:

Donnald McMichael (Chairman)

Neill Ford

Rodney Gilmour was appointed as a member of the Marketing Committee on 26 September 2014. The Marketing Committee met six times during FY14. Details of Board and Committee meeting attendance is set out on page 36.

Appointment of Directors

The Corporate Governance Committee recently developed a skills and diversity matrix which will be reported against in FY15.

The Corporate Governance Committee identifies potential Directors having regard to the board skills and diversity matrix, and the experience and expertise that will best complement Board effectiveness. Candidates may also be introduced to the Corporate Governance Committee by members of the Board. The nominees are interviewed by the Corporate Governance Committee and detailed background checks are carried out prior to an invitation being issued to join the Board.

The Corporate Governance Committee provides its recommendation to the Board and the Board makes the final determination on new Director appointments.

Details of the new Director on-boarding is set out on commentary for Principle 2 above.

Directors are also encouraged to undertake programs of continuing education to ensure that the Directors understand corporate strategy, financial position, culture, values and developments within statutory and accepted governance guidelines and are kept up to date with developments within the Taxi and Transport Industries generally. Directors receive periodic presentations by corporate legal advisors specialising in trade practice matters.

Board performance

The Performance Evaluation Policy requires the Chairman to conduct interviews with each Non-Executive Director separately to discuss individual performance and ideas for improvement, and the Board as a whole discusses and analyses its own performance during the year.

The Board is also required to undertake a performance review of the Chairman without the Chairman present and this is led by the Chairman of the Audit & Risk Committee.

In FY15, the Corporate Governance Committee has taken steps to build out the process of Board and Committee performance and effectiveness reviews. As part of the review each Director will be asked to complete a questionnaire relating to the role, composition, procedures and practices of the Board and the Committees. The questionnaires will be confidential and the Corporate Governance Committee may also engage an external consultant to facilitate this process. The results and recommendations will be delivered by the Corporate Governance Committee to the Board.

Access to information and independent advice

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

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

The Board and the Company Secretary

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

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

1 Philip Franet ceased to be a Non-Executive Director on 3 August 2014

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Companies should actively promote ethical and responsible decision-making.

Code of ethics and conduct

The Board introduced a Code of Ethics and Conduct in February 2012 setting out the expected standards of ethics and conduct staff members are required to follow whenever they are representing the Company or undertaking work on the Company's behalf for the protection of shareholders and the broader community in which Cabcharge operates. This Code of Ethics and Conduct provides clarity on the standards of behaviour expected, and supplements the legal obligations the Directors and key executives are required to fulfil.

The Board is committed to operating the business of Cabcharge openly and transparently. A breach of the code is considered to be serious and may result in termination of employment. The Code of Ethics and Conduct is available on the Company's website at www.cabcharge.com.au/corporategovernance and provides guidance for how potential conflicts and faults should be reported.

The Code of Ethics and Conduct guides the Company's 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

Share trading policy

The Board has set a Share Trading Policy (available at www.cabcharge.com.au/corporategovernance) to uphold shareholder, investment community and public confidence in the integrity of the market for Cabcharge shares. The policy prohibits Directors, executive staff and other staff members from trading shares (or any related derivatives instruments) or directing the trade of shares on the basis of inside information or communicating the inside information.

The policy provides detail of the available trading periods in which a staff member may trade Cabcharge's shares (subject to the inside trading requirements) and closed periods in which no trading can occur.

The Share Trading 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 (personal hardship)
- 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

Diversity

Cabcharge values diversity and inclusiveness in the workforce and introduced a Diversity Policy in 2012. This policy is important to Cabcharge as the Company recognises that diversity contributes to achieving sustainable long term performance improvements. Cabcharge's commitment to diversity and inclusiveness in the workplace includes background, gender, ethnicity, age, all abilities, culture and experience. Cabcharge is committed to embracing, engaging and empowering people to achieve its commercial objectives without compromising skill requirements.

We work to advance the diversity and inclusion framework through feedback, statistics and the qualitative and quantitative benchmarks/indicators, as we recognise people are our greatest assets. Diversity and inclusiveness is a journey we are on, and we are striving to achieve greater improvements in this area.

We have established a diversity forum for discussions made up of management and team representatives. We provide an Employee Assistance Program that deals with any issues from personal employee advice, domestic violence counselling and general advice line or work related counselling services.

Upon request we provide appropriate facilities for our new mothers in assisting with transitioning back to the workforce. We have improved our cultural awareness through training and employee engagement. We endeavour to weave diversity into the fabric of our team by celebrating diversity through our corporate and social responsibility programs. Some examples of our sponsorship and donation programs, include sponsoring a guide dog, and providing iPads for special needs children. Some examples of employee diversity and inclusion events are our celebrations in support of National Harmony Day, Chinese New Year and various multicultural and faith celebrations. We are also in the process of introducing holistic benefits tailored to the life stage of our employees from commencement to retirement. Examples of this are discounts on health and wellness packages and access to independent financial advisors.

CORPORATE GOVERNANCE STATEMENT CONTINUED

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

- Any short list of prospective appointees should include at least one female candidate; and
- Female representation inside the Company should exceed the female representation of the Company's key commercial stakeholder groups.

The Cabcharge executive team assesses the achievement of these diversity objectives on an annual basis and reports the outcome to the Cabcharge Board.

As at 30 June 2014, women represent 44.7% of the total workforce and comprise 14.2% of senior managers who report directly to the CEO. There are currently no women on the Cabcharge Board, however where vacancies arise the Cabcharge Board actively considers diversity as one of the important selection criteria.

In addition to the Company's Diversity Policy, informal processes are in place for monitoring diversity.

Objective	Target	Outcome
Diversity awareness		
Cabcharge aims to create an environment in which individual differences are valued and all staff have the opportunity to realise their potential and contribute to the success of Cabcharge. Diversity objectives are communicated to business units and a diversity forum comprising management and teams representatives has been set up	Staff members are provided with the Diversity Policy on induction and through further training to line managers on diversity and conscious versus unconscious bias	100% of employees have received diversity communications through induction or training. Diversity Policy and procedure guidelines are also made available
Recruitment		
Efforts are made to identify prospective appointees who are female	Recruiters briefings to include diversity requirements	100% of jobs requested with diversity specifications
Efforts are made for any short list of prospective appointees to include at least one female candidate	Any short list of prospective appointees should include at least one female candidate	Over 90% of short lists included one female
Retention		
Pay parity has been assessed to ensure females are not paid less than males for equivalent roles	Pay parity exercise performed to assess the extent of pay parity discrepancies	Pay parity has been completed and there are no identified roles where pay parity is of concern. As a matter of general practice, all employees engage in exit interviews to assist us in further developing our internal benchmarks and practices
Female representation inside the Company should exceed the female representation of the Company's key commercial stakeholder groups – Taxi Operators and Taxi Drivers	Female representation inside the Company is greater than the Company's key commercial stakeholder groups	Female representation is 44.7% of the Company
Workplace flexibility		
Cabcharge has flexible work arrangements in place – compressed working weeks, flexible work, time in lieu, telecommuting, carer's leave, unpaid leave and part time work	100% of employees offered workplace flexibility programs to the extent possible for the particular role and the arrangement suits the business' needs	100% of employees may request workplace flexibility. Each request is considered on a case by case basis taking into account the reasons for the request, the individual's requirements, business needs, demands and flexibility

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Audit & Risk Committee

The Audit & Risk Committee operates under a Charter, and is responsible for reviewing and making recommendations to the Board in relation to:

- The financial reporting process
- The system of internal control
- Management of financial and business risks
- The audit process
- The Company's process for monitoring compliance with laws and regulations and the Code of Ethics and Conduct Policy
- Overseeing the risk management framework (financial and non-financial)

Whilst the Board had delegated these responsibilities to the Audit & Risk Committee, the ultimate responsibility for all audit and risk management matters rests with the Board.

A copy of the Audit & Risk Committee Charter can be found on the Company's website at www.cabcharge.com.au/corporategovernance

The Audit & Risk Committee comprised the following members in FY14, all of whom were independent Non-Executive Directors:

Ian Armstrong (Chairman)
Russell Balding
Philip Franet[2]
Richard Millen[3]

The Audit & Risk Committee is comprised of all independent Non-Executive Directors. The Chairman is a Fellow of the Institute of Chartered Accountants and was a partner for accounting firm, PricewaterhouseCoopers for 23 years.

The technical expertise of the Audit & Risk Committee was further strengthened in June 2014 with the appointment of Richard Millen who has extensive experience in transactions, corporate finance and accounting and spent over 30 years with PricewaterhouseCoopers in the United Kingdom and Australia.

Details of the Directors' experience, qualification and committee memberships are set out on pages 20 to 21.

There were four Audit & Risk Committee meetings held in FY14. Further details of Board and Committee meeting attendance is set out on page 36. As soon as practicable after each meeting, the Chairman of the Audit & Risk Committee (or a delegate) provides a report to the Board which also includes recommendations for any approvals required by the Board relevant to the Audit & Risk Committee's remit.

Selection and appointment of the external auditor

KPMG is the auditor of the Group and was appointed in 2007. The first external audit partner rotation took place in the financial year ended 30 June 2011.

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

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Continuous disclosure policies and procedures

The Board has in place continuous disclosure procedures designed to identify matters requiring disclosure and to allow appropriate announcements to be made in a timely manner consistent with the ASX Listing Rules. The Policy provides guidance on the type of information that must be disclosed and the procedures for internal notification and external disclosure. The Policy details the procedures in place for promoting the understanding of continuous disclosure requirements and the procedures in place for monitoring compliance.

To ensure accountability at a senior executive level, management procedures are in place to ensure that all material matters which may potentially require disclosure are promptly reported to the CEO through established reporting lines. Matters reported are assessed and where required by the ASX 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 release to the market.

A copy of the Company's Continuous Disclosure Policy can be found on the Company's website at www.cabcharge.com.au/corporategovernance

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Communications Policy

The Board is committed to open and effective communication, ensuring that investors are informed of all material developments concerning the Group. The Company has a Shareholder Communications Policy. The purpose of this Policy is to:

- Give shareholders information about the Company to enable them to exercise their rights as shareholders in an informed manner
- Make relevant information available to people (other than existing shareholders) so that the market for shares in the Company can function in an informed manner.
- Develop a strong culture of disclosure and to make relevant information available to shareholders, potential shareholders and other stakeholders in a timely and accurate manner

The Company's website contains all market announcements, annual reports, important dates, and copies of Board policies and charters. The Company is currently reviewing its website with an aim to improve the effectiveness of its electronic communications with shareholders and stakeholders generally. The Board encourages shareholders to receive electronic communications via its share registrar, Link Market Services.

2 Philip Franet ceased to be a Non-Executive Director on 3 August 2014
3 Richard Millen was appointed a Non-Executive Director on 4 June 2014

CORPORATE GOVERNANCE STATEMENT CONTINUED

All shareholders have the right to attend the Company's Annual General Meeting. Shareholders are provided with a Notice of Meeting and an explanatory statement of the resolutions proposed. A copy of the Notice of Meeting is lodged with the ASX and is included in the market announcements feed on the Company's website.

A copy of the Company's Shareholder Communications Policy can be found on the Company's website at www.cabcharge.com.au/corporategovernance

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Companies should establish a sound system of risk oversight and management and internal controls.

The Board is responsible for reviewing the Company's policies on risk oversight and risk management. Accordingly, the Board must be satisfied that management has developed and implemented a sound system of risk management and internal control.

As discussed at Principle 4 above, the Board established the Audit & Risk Committee. The Audit & Risk Committee Charter also sets out its risk management responsibilities covering operational risk, reporting risk, compliance risk and security risk matters assumed by the Group in the course of carrying on its business. The Audit & Risk Committee is also empowered to make recommendations on the selection and removal of the internal auditor, and the annual internal audit plan scope and fee.

A copy of the Audit & Risk Committee Charter can be found on the Company's website at www.cabcharge.com.au/corporategovernance

The CEO and senior management are accountable for developing and promoting the appropriate management of risk and the ongoing maintenance of the control environment. In FY14, the Audit & Risk Committee appointed PricewaterhouseCoopers to carry out the Group's internal audit function. Accordingly, the internal auditor is independent of the external audit auditor, KPMG. The internal auditors met with the Audit & Risk Committee and key senior executives in FY14 to understand the business, the existing risk management framework and together, worked through a process to identify and understand the current risks facing the business in light of the strategic direction of the Company. The Company has in-principally agreed a three year internal audit plan, with the Audit & Risk Committee to review and recommend to the Board the approval of the annual internal audit plan each year.

Competition and Consumer Act Compliance Policy

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

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

The Board, through the Audit & Risk Committee 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 is also provided with declarations that are required to be made in accordance with section 295A of the *Corporations Act 2001 (Cth)*. When receiving a declaration, the Board is provided with assurance from the CEO and CFO that the declaration is based 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 risk.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Corporate Governance Committee

As discussed at Principle 2 above, the Board has delegated certain responsibilities to the Corporate Governance Committee which require formal reporting back to the Board. These responsibilities are set out in the Corporate Governance Committee Charter available on the Company's website at www.cabcharge.com.au/corporategovernance. The responsibilities delegated to the Committee include:

- Nominations
- Oversight of Remuneration Policy and the Remuneration Report and associated recommendations
- Oversight of the Company's Corporate Governance Framework

The Corporate Governance Committee composition is set out in commentary to Principle 2.

As noted earlier, the Chairman of the Corporate Governance Committee, Mr Neill Ford, is not considered independent. However, the Board believes that his experience of remuneration matters makes his appointment a valuable transitional approach to assist the Independent Chairman of the Board.

Two formal meetings were held by the Committee during the year under review. Additionally, the Committee met informally a number of times during the year in respect of corporate governance matters. Further details of Board and Committee meeting attendance is set out on page 36.

Remuneration for Key Management Personnel

The remuneration of Key Management Personnel (**KMP**) is set out on Pages 46 to 49 of the Directors' Report.

Executives

Cabcharge aims to reward executives in accordance with their positions and responsibilities within the Group and incentive pay is directly linked to Company performance 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 business unit performance;
- Align the interests of executives with those of shareholders; and
- Ensure remuneration is competitive by market standards.

In determining the Chief Executive Officer's remuneration, the Corporate Governance Committee seeks advice from independent advisors and obtains benchmark data and practices of relevant comparator listed companies. The Corporate Governance Committee seeks input from the Chief Executive Officer in respect of the remuneration of other senior executives (**KMP**) but no individual is directly involved in setting their own remuneration.

During the 2014 financial year, the Corporate Governance Committee undertook a review of the Company's remuneration arrangements and agreed in principle to proceed with a new long term incentive plan to complement the current fixed remuneration and short term incentive structures. The Board has since approved the adoption of the Cabcharge Australia Limited Long Term Incentive Plan. Shareholder approval is not required under ASX Listing Rules to adopt the Long Term Incentive Plan, however, approval is being sought as a matter of good and transparent corporate governance. Executives are prohibited from entering into any type of hedging arrangements on incentive remuneration.

Non-Executive Directors

In relation to Board remuneration independent advice relating to market practice and quantum 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 a General Meeting.

CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE

Principle 1: Lay solid foundations for management and oversight		
Companies should establish and disclose the respective roles and responsibilities of the board and management		Page 24
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and discuss those functions	Y
1.2	Companies should disclose the process for evaluating the performance of senior executives	Y
1.3	Companies should provide the information indicated in the guide to reporting on Principle 1	Y
Principle 2: Structure the board to add value		
Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties		Pages 24 to 26
2.1	A majority of the board should be independent directors	Y
2.2	The chair should be an independent director	Y
2.3	The roles of the chair and chief executive officer should not be exercised by the same individual	Y
2.4	The board should establish a nomination committee	Y
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	Y
2.6	Companies should provide the information in the guide to reporting on Principle 2	Y
Principle 3: Promote ethical and responsible decision making		
Companies should actively promote ethical and responsible decision making		Pages 27 to 28
3.1	Companies should establish a code of conduct and disclose the code or summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Y
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The Policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them	Y
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity	Y
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board	Y
3.5	Companies should provide the information indicated in the guide to reporting on Principle 3	Y

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle 4: Safeguard integrity in financial reporting		
Companies should have a structure to independently verify and safeguard the integrity of their financial reporting		Page 29
4.1	The board should establish an audit committee	Y
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not the chair of the board • has at least 3 members	Y
4.3	The audit committee should have a formal charter	Y
4.4	Companies should provide the information indicated in the guide to reporting on Principle 4	Y
Principle 5: Make timely and balanced disclosure		
Companies should promote timely and balanced disclosure of all material matters concerning the company		Page 29
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Y
5.2	Companies should provide the information indicated in the guide to reporting on Principle 5	Y
Principle 6: Respect the rights of shareholders		
Companies should respect the rights of shareholders and facilitate the effective exercise of those rights		Pages 29 to 30
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	Y
6.2	Companies should provide the information indicated in the guide to reporting on Principle 6	Y
Principle 7: Recognise and manage risk		
Companies should establish a sound system of risk oversight and management and internal control		Page 30
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	Y
7.2	The board should require 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 should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	Y
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	Y
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7	Y
Principle 8: Remunerate fairly and responsibly		
Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship with performance is clear		Pages 30 to 31
8.1	The board should establish a remuneration committee	Y
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members	N
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that from that of executive directors and senior executives	Y
8.4	Companies should provide the information indicated in the guide to reporting on Principle 8	Y

DIRECTORS' REPORT

Your Directors present their report together with the Consolidated Financial Statements of the consolidated entity consisting of Cabcharge Australia Limited (**Company** or **Cabcharge**) and the entities it controls (**Group**) for the financial year ended 30 June 2014.

1. DIRECTORS

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

Russell Balding, AO	Chairman – appointed 12 May 2014 Director
Neill Ford	Deputy Chairman – appointed 18 June 2014 Director
Ian Armstrong	Director
Richard Millen	Director – appointed 4 June 2014
Rodney Gilmour	Director – appointed 4 June 2014
Donnald McMichael	Director
Reginald Kermode	Executive Chairman and CEO – ceased 29 April 2014 CEO – ceased 30 April 2014
Philip Franet	Director – ceased 3 August 2014

Russell Balding, AO

Chairman
Member of the Board since 6 July 2011

Special responsibilities – Member of the Audit & Risk Committee

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

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

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – The Trust Company (Sydney Airport) Limited in its capacity as responsible entity of the Sydney Airport Trust 1.

Neill Ford

Deputy Chairman
Member of the Board since 21 March 1996

Special responsibilities – Chairman of the Corporate Governance Committee, Member of the Marketing Committee

Neill Ford was appointed Deputy Chairman of the Board in June 2014. Mr Ford is the Managing Director of Yellow Cabs (Qld) Pty Limited, a company operating a fleet of 1,200 taxis and Courier vans and has in excess of 40 years' experience in taxi company management. As Chairman of Taxis Australia Pty Limited, Mr Ford represents 10,000 taxis across Australia. Mr Ford is currently a Director of ComfortDelGro Cabcharge Pty Ltd and City of Brisbane Investment Corporation. Mr Ford is a Fellow of the Australian Institute of Company Directors and the Australian Institute of Management.

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – nil.

Ian Armstrong

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

Special responsibilities – Chairman of the Audit & Risk Committee

Ian Armstrong is a Fellow of the Institute of Chartered Accountants in Australia. Mr Armstrong 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 2014 – nil.

Rodney Gilmour

Non-Executive Director
Member of the Board since 4 June 2014

Special responsibilities – Member of the Marketing Committee

Rodney Gilmour is the Chair of NSW Telecommunications Authority and has held various leadership roles as CEO and on the Boards of public and private sector organisations in transport, business and economic development, and health and community service sectors. This has included policy and regulatory oversight of the taxi, hire car and business industries across Australian State/Territory jurisdictions. Mr Gilmour is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

From July 2012 to April 2014 Mr Gilmour provided Corporate Affairs consulting services to Cabcharge.

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – nil.

Donnald McMichael

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

Special responsibilities – Chairman of the Marketing Committee, Member of the Corporate Governance Committee

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

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – nil.

DIRECTORS' REPORT CONTINUED

Richard Millen
Non-Executive Director
Member of the Board since 4 June 2014

Special responsibilities – Member of the Audit & Risk Committee

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

Directorships of other listed public companies held at any time during the three years to 30 June 2014 – nil.

In memoriam
Reginald Kermode, AM MBE
Executive Chairman and Chief Executive Officer

Founder of Cabcharge and Member of the Board from 27 July 1980 to 30 April 2014.

Reginald Kermode founded Cabcharge in 1976 and made an immense contribution to the Taxi Industry and the general business community throughout his life. During his term on the Cabcharge Board, Reginald Kermode was a Director on a number of Cabcharge Group entities. Throughout his career, Reginald Kermode sat 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 Disabled Transport Subsidy Scheme.

Reginald Kermode passed away on 30 April 2014.

In memoriam
Philip Franet
Non-Executive Director
Member of the Board from 28 June 1985 to 3 August 2014

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

Philip Franet was the Managing Director of Silver Top Taxi Service Ltd until his retirement in 2005 and a past President of the Victorian Taxi Association. Mr Franet had over 40 years' experience in the Taxi Industry and 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.

Philip Franet passed away on 3 August 2014.

2. EXECUTIVE TEAM

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

Chip Beng Yeoh, Chief Financial Officer and Company Secretary
Chip Beng Yeoh commenced as Chief Financial Officer in February 2007 and was appointed Company Secretary from April 2009. Before being appointed to his current position, Chip was the Chief Financial Officer for ComfortDelGro Cabcharge Pty Ltd and prior to that, Vice President, Corporate Finance at ComfortDelGro Corporation Limited in Singapore. Chip is a member of CPA Australia and the Institute of Singapore Chartered Accountants, and holds a Bachelor of Commerce (Accountancy, Finance & Systems) from the University of New South Wales.

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

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

John D'Arcy, Group General Manager, Technology and Payments
John D'Arcy commenced as Group General Manager in May 2007. Prior to that worked for Ausdata-JBA an Australian systems integrator specialising in Banking, Retail and Hospitality products. John held a variety of positions at Ausdata-JBA from Developer through to Managing Director. John also holds a Diploma in Programming Technology.

3. PRINCIPAL ACTIVITIES

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

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

4. DIVIDENDS

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

Date paid or scheduled	Type	Cents per share	Paid or declared $'000
In respect of the prior year			
30-Oct-13	Final	12	14,452
In respect of the current year			
30-Apr-14	Interim	15	18,064
29-Oct-14	Final	10	12,043

The 2014 final dividend was declared after the end of the financial year and is payable on 29 October 2014 with a record date of 30 September 2014.

All dividends are fully franked at a tax rate of 30%.

5. OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review of the Group for the year ended 30 June 2014 is set out on pages 10 to 15.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

7. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to balance date, the Company has committed to advance to its associate, ComfortDelGro Cabcharge Pty Ltd (CDC), $13 million to fund its acquisition of the assets of the Blue Mountains Bus Company. The funds can be repaid in tranches, on dates mutually agreed by CDC and its shareholders, and in any case within 12 months from the start of the loan.

Other than the 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.

8. LIKELY DEVELOPMENTS

The Governments of New South Wales and Western Australia have indicated an intention to set the payment service fee at 5%. If the service fee in New South Wales and Western Australia does in fact become limited to 5% and if that limitation were to apply across all categories of transactions processed by Cabcharge, Cabcharge's taxi service fee income could be reduced by approximately $18 million.

The impact of a reduction in the level of service fee in New South Wales and Western Australia may be mitigated by an increase in electronic payments generally and/or a decrease in the level of competition in the transaction processing market in New South Wales and Western Australia. Other mitigating factors could include a reassessment of the merchant fee arrangements with Taxi Networks and incentive payments made to Drivers which together total approximately $10 million annually in New South Wales and $2 million annually in Western Australia.

In light of the above it is not possible to predict the actual impact of a reduction in the service fee in New South Wales and Western Australia.

The Group will continue to pursue opportunities to grow revenue and manage costs during the next financial year. This will require a focus on leading technology and product innovation, a high standard of customer service, and targeted diversification that builds on the Group's taxi and payments competence, national presence and experience in the passenger transport industry.

DIRECTORS' REPORT CONTINUED

9. ENVIRONMENTAL REGULATION

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

10. 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
Russell Balding, AO		7,500	–	7,500
Ian Armstrong		233,212	–	233,212
Rodney Gilmour	1	5,000	3,000	8,000
Donnald McMichael	2	500	15,530	16,030
				264,742

1 5,000 fully paid ordinary shares held by Rodney Gilmour and Anne Rein, and 3,000 fully paid ordinary shares held by Bond Street Custodians Ltd.

2 12,500 fully paid ordinary shares held by Gracious Investments Pty Ltd atf Donren Holdings Superannuation Fund and 3,030 CABSRU (a self funding instalment warrant issued by RBS) held by Gracious Investments Pty Ltd atf Donren Holdings Superannuation Fund.

11. REMUNERATION REPORT

The Remuneration Report which is set out on pages 40 to 51 and forms part of this Directors' Report, has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

12. DIRECTORS' MEETINGS

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

	Directors' meetings		Committee meetings					
			Audit & Risk Committee		Corporate Governance 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
Reginald Kermode, AM MBE*	8	5	nm	nm	nm	nm	nm	nm
Ian Armstrong	11	11	4	4	nm	nm	nm	nm
Russell Balding, AO	11	11	4	4	nm	nm	nm	nm
Neill Ford	11	11	nm	nm	2	2	6	6
Philip Franet**	11	11	4	4	2	2	nm	nm
Rodney Gilmour***	1	1	nm	nm	nm	nm	nm	nm
Donnald McMichael	11	10	nm	nm	2	2	6	6
Richard Millen***	1	1	1	1	nm	nm	nm	nm

nm – not a member of the relevant committee

* Ceased 30 April 2014

** Ceased 3 August 2014

*** Appointed 4 June 2014

13. SHARE OPTIONS

There were no unissued shares of the Company under option at 30 June 2014 and no shares issued during the financial year as a result of the exercise of options. No options have been granted since the end of the financial year.

14. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

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

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

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

15. NON-AUDIT SERVICES BY AUDITORS

Non-audit services provided by KPMG Australia, the auditors of the Group, were for the provision of taxation compliance services for which fees were paid or payable of $53,700 (2013: $150,900) and trade practice compliance services for which fees were paid or payable of $8,850 (2013: $13,200).

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit & Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

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

16. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of a court under section 237 of the *Corporations Act 2001*.

17. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 52 and forms part of this Directors' Report for the year ended 30 June 2014.

18. ROUNDING OFF

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, amounts in the consolidated financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

DIRECTORS' REPORT CONTINUED

(UNAUDITED)

Letter from the Chairman of the Corporate Governance Committee

Dear Shareholders

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 30 June 2014 (FY14).

One of the primary responsibilities of your executives is to effectively execute Cabcharge's strategy of investing in future growth initiatives to create value for shareholders. The Board is mindful of ensuring executive remuneration practices support the business strategy to the benefit of our shareholders while rewarding your executive team for their contributions to business performance.

At our Annual General Meeting 20 November 2013, a number of concerns were raised in relation to the Board's independence, the Company's remuneration practices and the disclosure of incentive arrangements. These concerns resulted in a vote against the adoption of the Remuneration Report.

To better understand these concerns, we increased engagement with shareholders and other stakeholders. Following the engagement, our enhanced focus on remuneration issues has resulted in improving:

- Alignment between the remuneration framework and strategies and goals of the business;
- Our remuneration governance practices in the context of stakeholder and market expectations;
- The quality of disclosures to ensure we meet the ongoing changes to the regulatory environment; and
- Communications to ensure we provide insight into the rationale and value of our remuneration strategies.

To reflect these key areas of improvement, our approach to remuneration in the year ended 30 June 2014 has been focused on evaluating how we make meaningful and positive change to our remuneration principles and structure with the aim of improving shareholder value for the year ending 30 June 2015 (FY15) and beyond.

This Remuneration Report reflects our consideration of and actions taken to address shareholders' concerns in the past, and focuses on the future. The report looks at both:

- the improvements we said we would make; and
- the significant enhancement we commit to undertaking during FY15.

The main areas of our remuneration governance renewal and review in both FY14 and FY15 are outlined in the table below.

Activity	Activity timing	Who is affected	Additional explanation
Split the role of Chairman and Chief Executive Officer	April 2014	Non-Executive Directors	We split the role of Chairman and Chief Executive Officer.
Appointment of an independent Non-executive Chairman	April 2014	Non-Executive Directors	After the passing of the previous Chairman, Reginald Kermode, we have embarked on a process of Board renewal. The Company is currently conducting a review of Board effectiveness. Russell Balding was appointed as the Non-Executive Chairman in May 2014.
Appointment of a Chief Executive Officer (CEO)	June 2014	The new CEO	Andrew Skelton was appointed CEO in June 2014. Mr Skelton's remuneration package is structured with fixed annual remuneration (FAR), short term incentive (STI) and long term incentive (LTI) which differs from his predecessor's 100% FAR package. Both FAR and total remuneration is lower than his predecessor supporting the cost management initiatives driven by the Board.
Introduce CEO contract	June 2014	The new CEO	The new CEO's contract was developed with a corporate governance focus with a structured remuneration package incorporating FAR, STI and LTI.
Introduction of an LTI for the new CEO	June 2014	The new CEO	Part of the new CEO's package was the introduction of an LTI plan. We will volunteer the LTI plan for shareholder approval at the Annual General Meeting (AGM). There are two performance measures directly linked to our strategy of building wealth for our shareholders – absolute total shareholder return (TSR) and strategic revenue growth targets.

Activity	Activity timing	Who is affected	Additional explanation
Corporate Governance Committee Charter adopted	June 2014	Non-Executive Directors	We reviewed and introduced a new Corporate Governance Committee Charter.
Improving disclosures in the Remuneration report	FY14	KMP	We have rewritten the Remuneration Report to provide our shareholders with improved disclosures of our remuneration frameworks, such as the metrics for the STI and executive contracts.
Rollout of the LTI plan to Executives	FY15	Executives	The LTI plan under which the CEO was granted an award will be extended to the other members of the executive team.
Remuneration framework review	FY15	CEO and Executives	The current remuneration framework will be reviewed to ensure it is cognisant of market practice and aligns with both Cabcharge's strategy and shareholder expectations.
Short-term incentive (STI) review	FY15	CEO and Executives	During FY15 the current STI plan will be reviewed and assessed to ensure it aligns with the remuneration framework.
Review and provision of up-to-date employment contracts	FY15	Executives	The employment contracts of the executive team will be reviewed and a consistent format and standardised terms will be developed.

The Board recognises it is our responsibility to maintain shareholder confidence in our leadership of Cabcharge and our oversight of the Company's remuneration and governance practices. The Board is focused on strategic renewal of the Company and is looking to bring further expertise into the business at Board level.

As a result of the structural changes to the Board and the desire of shareholders to enhance the governance oversight, capability and capacity of the Board, an increase in the aggregate fee pool is proposed to be put to shareholders at the upcoming AGM. The aggregate fee pool has not been altered for seven years with it last being increased at the 2007 AGM. Since 2007, the duties and expectations of the Board has significantly altered.

Yours faithfully

Neill Ford
Chairman of the Corporate Governance Committee

DIRECTORS' REPORT CONTINUED

REMUNERATION REPORT (AUDITED)

The Remuneration Report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
   A. Remuneration principles and strategy
   B. Remuneration structure
   C. Detail of incentive plans
4. Executive remuneration outcomes for 2014 (including link to performance)
5. Executive contracts
6. Non-Executive Director fee arrangements
7. Additional disclosures relating to options and shares
8. Loans to Key Management Personnel and their related parties
9. Other transactions and balances with Key Management Personnel and their related parties

This Remuneration Report for the year ended 30 June 2014 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

1. INTRODUCTION

The Remuneration Report details the remuneration arrangements for Key Management Personnel (**KMP**) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

For the purposes of this report, the term "executive" includes the Chairman and Chief Executive Officer, the Chief Executive Officer (CEO), and other executive officers of the Company.

KMP included in this report

(i) Executive Director	
Mr Reginald Kermode, AM MBE	Executive Chairman and Chief Executive Officer – ceased 29 April 2014 Chief Executive Officer – ceased 30 April 2014
(ii) Non-Executive Directors (NEDs)	
Mr Russell Balding, AO	Chairman – appointed 12 May 2014 Director
Mr Neill Ford	Deputy Chairman – appointed 18 June 2014 Director
Mr Ian Armstrong	Director
Mr Philip Franet	Director
Mr Rodney Gilmour	Director – appointed 4 June 2014
Mr Donnald McMichael	Director
Mr Richard Millen	Director – appointed 4 June 2014
(iii) Executives	
Mr Andrew Skelton	Chief Executive Officer – appointed 4 June 2014 – previously General Counsel & Company Secretary
Mr Chip Beng Yeoh	Chief Financial Officer and Company Secretary
Mr Fred Lukabyo	Chief Operating Officer
Ms Anne Rein	Group General Manager – People and Business Improvement – ceased 13 December 2013
Mr Rob Roozendaal	Group General Manager, Information Technology
Mr John D'Arcy	Group General Manager, Technology and Payments
Mr Stuart Overell	Chief Operating Officer, Black Cabs
Mr Sai Kancharla	Deputy Chief Financial Officer

Changes to KMP since close of reporting period

The Board was saddened to advise the unexpected passing of Philip Franet on 3 August 2014. There were no other changes to KMP after the reporting date and before the date the Directors' Report was authorised for issue.

2. REMUNERATION GOVERNANCE

Corporate Governance Committee

The Corporate Governance Committee comprised three Directors during the financial year under review, the majority of which were independent NEDs. Following the passing of Philip Franet after the close of the reporting period, the composition of the Corporate Governance Committee is under consideration.

The Corporate Governance Committee has been delegated decision making authority for selected matters related to the remuneration arrangements for NEDs and executives, and is required to make recommendations to the Board on other matters.

Specifically, the Corporate Governance Committee reviews and recommends to the Board overall policies on the remuneration, recruitment, retention, termination and superannuation of employees of the Company. The Corporate Governance Committee reviews and recommends to the Board the remuneration (including fees and benefits) of NEDs. The CEO's performance, in light of the Company's goals and objectives, is reviewed by the Corporate Governance Committee, and recommendations regarding the performance targets, and STI and LTI participation and outcomes are provided to the Board. The Corporate Governance Committee, in consultation with the CEO, will evaluate the performance of the executives reporting to the CEO, and will recommend the short and long term remuneration arrangements to the Board.

The Corporate Governance Committee meets regularly through the year. The CEO attends certain Corporate Governance Committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remuneration arrangements.

Further information on the Corporate Governance Committee's role and responsibilities can be accessed at https://www.cabcharge.com.au/corporategovernance

Use of remuneration consultants

To ensure the Corporate Governance Committee is fully informed when making decisions, it has the authority to seek relevant external advice as required. In the case of remuneration advisors, they are engaged by, and report directly to, the Committee. In selecting remuneration advisors, the Committee considers potential conflicts of interest and requires independence from the Company's KMP and other executives as part of the terms of engagement.

During the financial year, the Committee appointed Ernst & Young (**EY**) and HLB Mann Judd as remuneration consultants as defined under the *Corporations Act 2001*.

EY were appointed to provide a remuneration recommendation regarding the Executive Chairman and CEO. The Corporate Governance Committee considered the recommendation, along with other factors, in making its remuneration decisions. The fees paid to EY for the remuneration recommendation were $13,390. Other services provided by EY included tax, legal and remuneration governance advisory services, and the fees for these services were $54,796.

HLB Mann Judd provided remuneration recommendations with respect to both NED fees and CEO remuneration. The fees paid to HLB Mann Judd for the remuneration recommendations were $12,700.

The Committee is satisfied the advice received from the remuneration consultants was free from undue influence from the KMP to whom the remuneration recommendation applied as the remuneration consultants were engaged by, and reported directly to, the Chairman of the Corporate Governance Committee. The remuneration consultants also confirmed in writing to the Chairman that the remuneration recommendations were made free from undue influence by the Company's KMP to whom the remuneration recommendation relates.

The Remuneration Report resolution at 30 June 2013 AGM

At the 2013 AGM the Remuneration Report received a 45% vote against its adoption. The issues raised by shareholders at the 2013 AGM included the Board's independence, the former Executive Chairman and CEO's high FAR and resulting pay inequity, the ad hoc nature of the incentive awards and the lack of disclosure of employment contract terms. The Board is very focused on improving remuneration governance and ensuring remuneration outcomes are closely linked to Company performance. In the year since the vote, the Board has actively taken steps to ensure these matters are addressed to shareholders' satisfaction. Additional details regarding what has been achieved and our further plans to address these matters are set out in the relevant sections of the 2014 Remuneration Report.

DIRECTORS' REPORT CONTINUED

3. EXECUTIVE REMUNERATION ARRANGEMENTS

3A: Remuneration principles and strategy

Up to 2014, Cabcharge followed an executive remuneration strategy promoting executive stability. This approach was important given the competitive business environment in which the Company operated and the significant external changes our industry faced. Following the split of the Chairman and CEO roles and feedback from shareholders, the Board has proposed a more contemporary, performance-based remuneration approach designed to attract, motivate and retain high performing individuals and align the interests of executives to shareholders.

The following diagram illustrates how the Company's new remuneration strategy aligns with our strategic direction and links remuneration outcomes to performance.

Our business objective…

To be recognised as a leader in passenger transport solutions and services, which includes payments, to build long-term value for shareholders

Is linked to the remuneration strategy…

Align the interests of executives with shareholders
- The remuneration framework incorporates "at-risk" components, including both short and long term elements delivered in equity
- Performance is assessed against financial and non-financial measures relevant to the success of the Company and the returns generated for shareholders

Attract, motivate and retain high performing individuals
- Remuneration is competitive for companies of a similar industry, size and complexity
- Longer-term remuneration encourages retention

And reflected in each remuneration component… / **Which clearly link to performance…**

FAR
Competitive FAR set with reference to similar sized competitors

- Company and individual performance are considered during the annual remuneration review
- There are no guaranteed FAR increases in any executive contracts

Short-term incentives (STI)
STI awards are made in cash and reward executives for their contribution to achievement of Company and business unit outcomes, as well as individual key performance indicators (**KPIs**)

- Key financial metrics in STI plan of revenue growth, NPAT, cost containment relative to budget and EBITDA
- Key non-financial metrics in STI plan of business strategy planning and delivery, people management and successful integration of new acquisitions into our existing business

Long-term incentives (LTI)
LTI awards are made in the form of performance Rights and reward executives for their contribution to the creation of shareholder value over the longer term

- Vesting of awards is dependent on absolute TSR and growth in annual turnover

3B. Remuneration structure

In FY14, the Executive remuneration framework consisted of FAR, STI and, for the CEO, a LTI.

One of the significant changes in FY14, made as part of the governance renewal and review process we committed to in last year's report, was to introduce an LTI to ensure the alignment of remuneration with shareholder interests and that Cabcharge can attract, motivate and retain high performing individuals.

Voluntary approval of the CEO's LTI award will be sought at the AGM. The Board is committed to a transparent approach to remuneration and has adopted this approach to inform shareholders of the key terms of the arrangement. The Company intends to review and evaluate the plan for use with Executives during FY15.

Remuneration mix

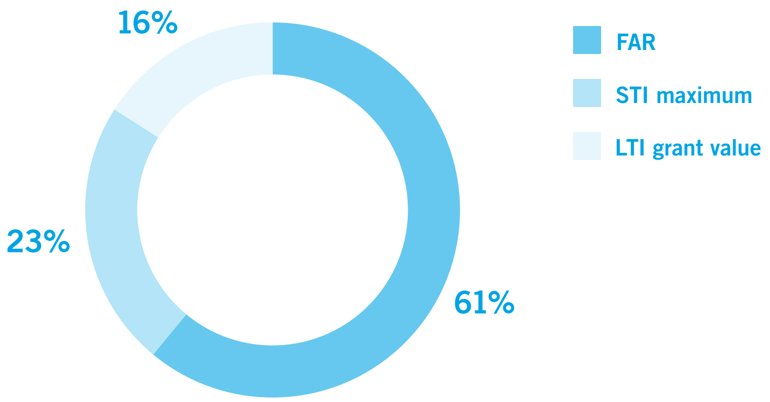
The Company aims to reward Executives with a level and mix of remuneration appropriate to their position, responsibilities and performance. Our level and mix of remuneration are now aligned with market practice.

The Company's policy is to competitively position FAR with reference to our direct industry peers and other Australian listed companies of a similar size and complexity. In FY14 remuneration benchmarking was undertaken with reference to select industry peers of a comparable size.

With the creation of the Corporate Governance Committee it is intended remuneration levels will be considered annually through a remuneration review that considers market data, insights into remuneration trends, the performance of the Company and the individual, and the broader economic environment.

There are no guaranteed FAR increases in any Executive contracts.

The following summarises the CEO's maximum remuneration mix and the component parts for FY15.



Fixed Annual Remuneration (FAR)

What is FAR?

The predominant part of FAR is base salary and also comprises other benefits provided to an Executive on an ongoing basis. Executives are able to apply flexibility in the use of benefits such as superannuation contributions, provision of motor vehicles and salary sacrifice benefits in accordance with relevant taxation office guidelines.

How is FAR determined?

FAR is reviewed annually under normal circumstances. Executive contracts do not include any guaranteed base pay rises.

To address shareholder concerns expressed at the 2013 AGM, the new CEO's FAR is lower than his predecessor's. The appointment of the new CEO has reduced the internal pay variation that occurred during the previous combined Chairman and CEO's term. The current CEO's FAR is now approximately 1.4 times the next highest paid Executive's FAR, compared to approximately 3.9 times in FY13.

DIRECTORS' REPORT CONTINUED

3C. Detail of incentive plans

STI

As part of our ongoing remuneration framework review, we set out below the FY14 and FY15 STI approaches.

<table>
<tr><th></th><th>FY14</th><th>FY15</th></tr>
<tr><td>What is the STI plan?</td><td colspan="2">The STI plan provides executives with an opportunity to achieve an annual remuneration outcome in addition to FAR, subject to the attainment of Company, business unit and individual measures.</td></tr>
<tr><td rowspan="2">What are the STI performance measures?</td><td colspan="2">STI payments awarded to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of KPIs covering financial and non-financial measures of performance.</td></tr>
<tr><td>The current STI structure references financial KPIs including revenue growth, NPAT, costs against budget and EBITDA in addition to the individual's performance.

Performance measurement may also reference non-financial KPIs including business strategy planning and delivery, fleet growth, people management, realisation of discount on acquisition and successful integration of new acquisitions into our existing business.</td><td>During FY15 a review of the current STI plan will be undertaken. The review will include:
• Evaluation of the current financial measures to ensure alignment to the key drivers of short-term business success, provide a framework for delivering long-term value and are weighted to reflect the individual executive's accountabilities.
• Assessment of non-financial measures against a range of specific objectives.

The performance measures of the FY15 STI will include a balance of financial and non-financial metrics aligned with the strategy of the business.

KPIs for the FY15 plan will be set out in the FY15 Remuneration Report.</td></tr>
<tr><td rowspan="2">How are STI target and maximum quantum values determined?</td><td colspan="2">The STI values are set as a percentage of FAR.</td></tr>
<tr><td>The CEO has a maximum STI of 37% of FAR ($250,000).

The other Executives have a maximum STI of between 0% and 25% of FAR.

Target STI values are determined as a percentage of maximum STI.</td><td>As part of the review of our remuneration framework, the Company will assess the appropriateness of STI opportunities for the CEO and Executives during the course of FY15.

Any changes to opportunity, if made, will be disclosed in the FY15 Remuneration Report.</td></tr>
<tr><td>How are the STI payouts approved by the Board?</td><td colspan="2">On an annual basis, the Corporate Governance Committee considers the CEO's performance against KPIs and provides a recommendation of the STI to be paid (if any) to the Board for approval.

The CEO considers each Executive's performance against KPIs and provides recommendations to the Corporate Governance Committee of the STI to be paid (if any) to each Executive. The Committee considers the CEO's recommendations and in turn make its recommendations to the Board to make a final determination.</td></tr>
</table>

LTI

Cabcharge has not previously operated an LTI. In line with commitments made in the FY13 Remuneration Report, Cabcharge has during FY14 reviewed the appropriateness of an LTI structure. Currently, the Company has considered it appropriate to provide an opportunity to the CEO and is considering the appropriateness of providing awards to other executives. The following description sets out the Company's agreed approach to LTI.

What is the LTI plan?

LTI awards will be granted annually in order to align remuneration with the creation of shareholder value over the long-term. As such, LTI awards will be made to the CEO and the Company is considering awarding grants to executives and other key talent who have an impact on the Company's performance against the relevant long-term performance measure.

How does the LTI plan work?

LTI awards will be made under the executive LTI plan and will be delivered in the form of Rights. The Rights will vest over a period of four years subject to meeting performance measures, with no opportunity to retest.

How are LTI quantum values determined?

To date only the CEO has had an LTI opportunity. The CEO's LTI quantum is 26% of his FAR (or 16% of maximum total remuneration). The LTI review in FY15 will determine if the LTI is to be rolled out to other executives and the value of the LTI quantum to be granted.

The number of Rights to be granted will be based on the 5 day volume weighted average price immediately preceding the performance period.

What are the LTI performance measures?

The Company will use two performance measures to determine vesting, with a higher weighting on share price and dividend performance. The measures were chosen as they reflect the Company's focus on increasing shareholder value and the long-term sustainability of the Company.

Absolute TSR per annum (67% of the total award)

Absolute TSR is defined as the achievement of a target level of total shareholder return (change in the company's share price over the performance period along with dividends paid over the performance period). The absolute TSR performance target is set at a level above average market returns over the long term to ensure vesting is directly linked to the superior returns achieved by shareholders relative to the cost of equity for our shareholders and are sufficiently stretching in our view.

Absolute TSR will be measured over a four year performance period (from 1 July 2014 to 30 June 2018).

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

- TSR ensures an alignment between comparative shareholder return and reward for executives
- The measure minimises the effects of market cycles
- The Board selected absolute TSR over relative TSR as there are few companies suitable as direct comparators to Cabcharge and comparing Cabcharge to a broader index may result in outcomes that are not reflective of the Company's performance over the period.

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

Turnover annual growth (33% of total award)

Turnover (compound) annual growth is an internal strategic measure calculated using the payment turnover over the performance period. The payment turnover represents the value of taxi hire fares processed through the Cabcharge Payment System and net service fee.

The performance measures for FY15 set out below may be re-evaluated after the first year. Actual growth in turnover will be measured each year and compared to these performance targets. The average outcome after four years will determine the actual number of Rights vesting.

Turnover annual growth was selected to reflect the importance of this revenue generating source, the value of measuring a specific growth measure rather than a typical profit measure and the benefit to shareholders of delivering consistent results across the performance period. We consider these targets to be stretching in light of the continuing emergence of competitors, and potential limits on services fees by State Governments.

The vesting schedule is set out in the table below.

LTI vesting schedule for the FY15 grant

Absolute TSR

Performance outcome	% of award that will vest
Less than 9% return p.a.	0%
9% return p.a.	50%
At 9% return p.a. and less than 11% return p.a.	Straight-line vesting between 50% and 100% of the award
11% return p.a. or more	100%

Turnover annual growth for FY15

Performance outcome	% of award that will vest
Below the threshold of CPI (at 30 June 2015) or 3% (whichever is higher)	0%
Equal to the CPI (at 30 June 2015) or 3% (whichever is higher)	50%
CPI (at 30 June 2015) or 3% (whichever is higher) and below CPI + 2% (at 30 June 2015) or 5%, (whichever is higher)	Straight-line vesting between 50% and 100% of the award
At or above the CPI + 2% (at 30 June 2015) or 5%, (whichever is higher)	100%

DIRECTORS' REPORT CONTINUED

Termination

Where a participant ceases employment with the Company prior to the Rights vesting, the treatment will depend on the circumstances of cessation:

- Cessation due to resignation or termination for cause: all unvested Rights will lapse at cessation.
- Cessation for any other reason: generally a pro-rata portion of unvested Rights (based on the period of time employed during the performance period) will continue on-foot and be tested at the end of the original vesting date against the relevant vesting conditions. The Board has discretion to apply another treatment it deems appropriate in the circumstances (including that another number of Rights may vest either at cessation or at the end of the original vesting date, or that some or all of the Rights lapse).

Change of control provisions

Where a change of control event occurs, the Board has discretion to determine whether unvested Rights should ultimately vest, lapse or become subject to different vesting conditions.

In making such a determination, the Board may have regard to any factors considered relevant, including the performance period elapsed at the time of the event, the extent to which the vesting conditions have been satisfied at the time of the event and the circumstances of the event.

The Company also has specific rules in relation to divestments, with the Board having the discretion to determine an appropriate treatment for unvested awards in the event of the divestment of a "material" part of the business.

4. EXECUTIVE REMUNERATION OUTCOMES FOR 2014 (INCLUDING LINK TO PERFORMANCE)

Snapshot of Company performance

Performance outcomes for the last five years

	2014	2013	2012	2011	2010
Profit after tax ($m)	56.1	60.6	60.0	46.1	57.6
EBITDA ($m)	73.8	79.8	80.3	68.4	78.9
Dividends paid ($m)	32.5	43.4	44.6	32.5	40.9
Return on equity (%)	15.3	17.9	18.7	15.0	19.5
Change in share price measured 1 July to 30 June each year	$0.01	($0.97)	($0.15)	$0.01	($0.02)

Performance against 2014 STI performance targets

No STI awards have been approved yet in respect of performance in the FY14 period.

The amounts disclosed as cash bonuses in the statutory remuneration tables reflect amounts paid in FY14 relating to FY13 performance. These amounts were determined and paid in December 2013 at the instruction of the Executive Chairman and Chief Executive Officer.

Based on the CEO's current employment contact, the CEO may receive an STI for the FY14 performance period, to be paid in FY15. Any award is subject to the determination of performance and review of award quantum by the Board. At the date of the Annual Report, no award has been approved by the Board.

Company performance and its link to LTI

The LTI performance period for the initial grant of Rights under the new plan commenced on 1 July 2014. Both TSR performance and turnover performance have yet to be measured.

Executive remuneration for the years ended 30 June 2014 and 30 June 2013

2014 year:	Short-term benefits: Salary and fees ($)	Short-term benefits: Non-cash benefits[1] ($)	Short-term benefits: Cash bonus (performance related) ($)	Post-employment benefits: Super-annuation contributions ($)	Post-employment benefits: Other long-term benefits[1] ($)	Post-employment benefits: Termination benefits ($)	Total ($)	Performance related %
Executive Director								
Reginald Kermode, AM MBE (ceased 30 April 2014)	1,646,268	29,981	–	15,268	–	–	1,691,517	–
Total remuneration for Executive Director for 2014 year	**1,646,268**	**29,981**	**–**	**15,268**	**–**	**–**	**1,691,517**	
Senior Executives								
Andrew Skelton	515,899	38,030	25,000	18,116	90,074[2]	–	687,119	4
Chip Beng Yeoh	445,814	–	20,000	24,209	22,395	–	512,418	4
Fred Lukabyo	384,731	42,664	18,692	17,661	7,310	–	471,058	4
Anne Rein (ceased 13 December 2013)	125,345	–	–	34,999	–	111,461	271,805	–
Rob Roozendaal	257,925	14,895	5,607	25,838	–	–	304,265	2
John D'Arcy	339,700	–	–	–	–	–	339,700	–
Stuart Overell	215,053	26,981	9,346	17,661	6,706	–	275,747	3
Sai Kancharla	256,573	16,945	18,692	25,581	15,601		333,392	6
Total remuneration for Senior Executives for 2014 year	**2,541,040**	**139,515**	**97,337**	**164,065**	**142,086**	**111,461**	**3,195,504**	

2013 year:	Short-term benefits: Salary and fees ($)	Short-term benefits: Non-cash benefits[1] ($)	Short-term benefits: Cash bonus (performance related) ($)	Post-employment benefits: Super-annuation contributions ($)	Post-employment benefits: Other long-term benefits[1] ($)	Post-employment benefits: Termination benefits ($)	Total ($)	Performance related %
Executive Director								
Reginald Kermode, AM MBE	1,900,016	24,984	–	–	74,261	–	1,999,261	–
Total remuneration for Executive Director for 2013 year	**1,900,016**	**24,984**	**–**	**–**	**74,261**	**–**	**1,999,261**	
Senior Executives								
Andrew Skelton	481,118	14,288	–	16,403	8,933	–	520,742	–
Chip Beng Yeoh	430,517	–	–	23,802	16,186	–	470,505	–
Fred Lukabyo	387,160	35,141	–	18,304	6,664	–	447,269	–
Anne Rein	290,941	2,579	–	24,062	10,792	–	328,374	–
Rob Roozendaal	258,131	–	–	21,879	4,140	–	284,150	–
Sai Kancharla	256,319	–	–	17,353	3,755	–	277,427	–
Total remuneration for Senior Executives for 2013 year	**2,104,186**	**52,008**	**–**	**121,803**	**50,470**	**–**	**2,328,467**	

1 Accruals for annual leave are disclosed as non-cash benefits. Other long-term benefits represent provisions for long service leave.
2 Other long-term benefits in FY14 reflects the re-basing of the long service leave provision using the new salary as at 30 June 2014.

DIRECTORS' REPORT CONTINUED

5. EXECUTIVE CONTRACTS

Remuneration arrangements for Executives are formalised in employment agreements. The following outlines the details of contracts with Executives.

Chief Executive Officer

The CEO, Andrew Skelton, is employed under an ongoing contract which can be terminated with notice by either side. Under the terms of the present contract as disclosed to the ASX on 4 June 2014:

- The CEO receives FAR of $675,000 per annum.
- The CEO's maximum STI opportunity is $250,000 dependent on the achievement of performance conditions.
- The CEO is eligible to participate in Cabcharge's LTI plan on terms determined by the Board, subject to receiving any required shareholder approval. An initial grant will be made in the form of Cabcharge performance Rights with the initial grant value equal to $175,000 per annum, and will vest based on the achievement of performance hurdles over a four-year period.

The CEO's notice period is 12 months (both by the Company and the CEO). The Company has absolute discretion to provide the CEO with a payment in lieu of notice for part or all of the service period. The Company may terminate employment without notice if the CEO commits an act of dishonesty or serious misconduct, commits persistent breaches or other serious misconduct.

Other Executives

All other Executives have ongoing contracts. As part of the review and provision of up-to-date employment contracts standard KMP termination provisions will be reviewed and developed.

Payments applicable to outgoing Executives

The following arrangements applied to outgoing Executives in office during the 2014 financial year:

- Reginald Kermode passed away on 30 April 2014. All outstanding statutory entitlements having been accrued over the course of his employment have since been paid to Mr Kermode's estate.
- Termination payments to Anne Rein included 4.5 times monthly salary upon resignation after 8 years of service.

6. NON-EXECUTIVE DIRECTOR FEE ARRANGEMENTS

Aggregate fee pool

The Board seeks to set aggregate fees at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The aggregate fee pool and the NED fee structure is reviewed against comparative sized listed entities in Australia. The Board considers advice from external consultants when undertaking the fee review process.

The Company's constitution and the ASX listing rules specify the NED fee pool shall be determined from time to time by a general meeting. The last determination was at the AGM held on 21 November 2007 when shareholders approved an aggregate fee pool of $800,000 per year. The fee pool is inclusive of statutory entitlements (including superannuation).

As a result of the structural changes to the Board and the desire of shareholders to enhance the governance oversight, capability and capacity of the Board, an increase in the aggregate fee pool is proposed to be put to shareholders at the upcoming AGM (to increase the aggregate fee pool to $1,300,000). Since 2007, the duties and expectations of the Board has significantly altered.

The reasons for the increase are:

- To ensure the Company has the ability to attract and retain high calibre NEDs with the appropriate skills, expertise and competencies.
- To accommodate the Non-Executive Chairman (previously a Chairman and CEO role).
- To create capacity to appoint additional NEDs, if necessary.
- To allow for some growth in future NED fees to remain market competitive.

The Board believes the proposed increase in the aggregate fee pool is appropriate for the Company.

Structure

NED fees consist of Board fees and Committee fees. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs.

The table below summarises the NED policy fees for FY14:

Board fees	
Chairman	$220,000
Director	$100,000
Committee fees	
Audit & Risk Committee Chairman	$20,000
Audit & Risk Committee Member	$11,000
Corporate Governance Committee Chairman	$16,000
Corporate Governance Committee Member	$11,000
Marketing Committee Member	$5,000

Board and Committee fees include statutory superannuation contributions.

NEDs do not receive retirement benefits, nor do they participate in any incentive programs.

NED fees for the years ended 30 June 2014 and 30 June 2013

	Short-term benefits		Post-employment benefits		
2014 year:	Salary and fees ($)	Non-cash benefits[1] ($)	Superannuation contributions ($)	Total ($)	Performance related (%)
Russell Balding, AO	116,905	–	10,547	127,452	–
Neill Ford	111,009	–	9,991	121,000	–
Ian Armstrong	85,191	–	34,807	119,998	–
Philip Franet	111,926	–	10,073	121,999	–
Rodney Gilmour	7,627	–	706	8,333	–
Donnald McMichael	106,422	–	9,578	116,000	–
Richard Millen	7,627	–	706	8,333	–
Total fees for NEDs for 2014 year	**546,707**	**–**	**76,407**	**623,114**	**–**

	Short-term benefits		Post-employment benefits		
2013 year:	Salary and fees ($)	Non-cash benefits[1] ($)	Superannuation contributions ($)	Total ($)	Performance related (%)
Russell Balding, AO	102,626	–	9,236	111,862	–
Neill Ford	109,564	–	9,861	119,425	–
Ian Armstrong	88,618	–	27,745	116,363	–
Philip Franet	99,497	–	25,991	125,488	–
Rodney Gilmour	–	–	–	–	–
Donnald McMichael	112,374	–	10,114	122,488	–
Richard Millen	–	–	–	–	–
Sharon Doyle (Resigned 28 Nov 2012)	39,430	–	3,538	42,968	–
Total fees for NEDs for 2013 year	**552,109**	**–**	**86,485**	**638,594**	**–**

1 Accruals for annual leave are disclosed as non-cash benefits. Other long-term benefits represent provisions for long service leave.

DIRECTORS' REPORT CONTINUED

7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES

The relevant interest of each KMP in the share capital of the Company at the date of this report is detailed in the table below.

Shareholdings of KMP

	Balance 1 June 2013		Granted as remuneration		Net change other		Balance 30 June 2014	
30 June 2014	Direct interest shares	Indirect interest shares	Direct interest shares	Indirect interest shares	Direct interest shares	Indirect interest shares	Direct interest shares	Indirect interest shares
Reginald Kermode, AM MBE	100,000	–	–	–	–	–	100,000	–
Neill Ford	–	81,000[1]	–	–	–	(81,000)	–	–
Ian Armstrong	250,000	–	–	–	–	–	250,000	–
Rodney Gilmour	5,000[2]	3,000[2]	–	–	–	–	5,000[2]	3,000[2]
Donnald McMichael	500	15,530[3]	–	–	–	–	500	15,530[3]
Andrew Skelton	6,861	–	–	–	–	–	6,861	–
Fred Lukabyo	2,450	–	–	–	–	–	2,450	–
Anne Rein	5,000[2]	3,000[2]	–	–	–	–	5,000[2]	3,000[2]
Rob Roozendaal	2,353	–	–	–	–	–	2,353	–
Total	**367,164**	**99,530**	**–**	**–**	**–**	**(81,000)**	**367,164**	**18,530**

1 81,000 fully paid ordinary shares held by NL Ford Nominees Pty Ltd.
2 5,000 fully paid ordinary shares held by Rodney Gilmour & Anne Rein and 3,000 fully paid ordinary shares held by Bond Street Custodians Ltd.
3 12,500 fully paid ordinary shares held by Gracious Investments Pty Ltd atf Donren Holdings Superannuation Fund and 3,030 CABSRU (a self-funding instalment warrant issued by RBS) held by Gracious Investments Pty Ltd atf Donren Holdings Superannuation Fund.

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.

8. LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

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

There are no contracts:

(i) to which a KMP is a party or under which a KMP is entitled to a benefit, apart from that listed below, 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.

9. OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

The Group had transactions with certain related parties in the reporting period. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

Related parties	KMP relationship	Nature of transaction	2014 $	2013 $
Yellow Cabs (QLD) Pty Ltd	Neill Ford	(i)	(1,865,203)	(1,856,920)
		(ii)	–	196,680
HopgoodGanim Trust Account	Neill Ford	(iii)	–	(4,800,000)

(i) Fees paid or payable to Taxi Networks.
(ii) Fees received or receivable for services.
(iii) Amounts paid in relation to the purchase of Maxi Taxi (Australia) Pty Ltd and Maxi Taxi Trademark, where Mr Ford was a Director and Secretary of Maxi Taxi (Australia) Pty Ltd Mr Ford was also one of the shareholders of Maxi Taxi (Australia) Pty Ltd.

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

Russell Balding, AO
Chairman

Ian Armstrong
Director
Sydney
29 September 2014

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

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

To: the directors of Cabcharge Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 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

29 September 2014

CONSOLIDATED FINANCIAL STATEMENTS

For the year end 30 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
CABCHARGE AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES

for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Revenue	5	197,253	196,598
Other income		35	29
Processing fees to taxi networks		(18,689)	(17,861)
Costs of members taxi related services		(36,407)	(35,406)
Employee benefits expenses		(37,251)	(35,888)
General and administrative expenses		(12,651)	(13,843)
Transaction processing expenses		(3,821)	(3,203)
Depreciation and amortisation	6	(12,632)	(12,855)
Impairment charge on investments in associates	12	(9,700)	(5,656)
Other expenses		(4,959)	(4,966)
Results from operating activities		**61,178**	**66,949**
Finance income		1,593	1,854
Finance costs		(7,857)	(9,396)
Net finance costs		**(6,264)**	**(7,542)**
Share of profit of equity accounted investees (net of income tax)	12	20,654	20,415
Profit before income tax		**75,568**	**79,822**
Income tax expense	7	(19,449)	(19,229)
Profit for the year attributable to owners of the Company		**56,119**	**60,593**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates, net of tax		3,186	8
Effective portion of change in fair value of cash flow hedge		(634)	823
Net change in fair value of available-for-sale financial assets		1,157	766
Income tax on other comprehensive income		(157)	(476)
Other comprehensive income for the year, net of income tax		**3,552**	**1,121**
Total comprehensive income for the year attributable to owners of the Company		**59,671**	**61,714**
Earnings per share			
Basic earnings per share (AUD)	23	46.6 cents	50.3 cents
Diluted earnings per share (AUD)	23	46.6 cents	50.3 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
CABCHARGE AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES

as at 30 June 2014

	Notes	2014 $'000	2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	30	41,856	43,915
Trade and other receivables	8	65,257	64,582
Advances to associates		–	17,977
Other current assets		2,953	4,018
Inventories	9	2,922	2,924
TOTAL CURRENT ASSETS		**112,988**	**133,416**
NON-CURRENT ASSETS			
Trade and other receivables	8	8,819	10,204
Advances to associates		18,812	18,605
Financial assets	10	6,260	5,103
Investments in associates accounted for using the equity method	12	274,807	261,564
Property, plant and equipment	13	38,265	43,807
Net deferred tax assets	14	4,351	4,370
Taxi plate licences	15	71,383	71,775
Goodwill	16	15,032	15,032
Intellectual property	17	9,617	9,260
TOTAL NON-CURRENT ASSETS		**447,346**	**439,720**
TOTAL ASSETS		**560,334**	**573,136**
CURRENT LIABILITIES			
Trade and other payables	18	22,335	24,335
Loans and borrowings	19	10,065	14,905
Interest rate swaps		894	260
Current tax liabilities		6,319	5,885
Employee benefits	20	4,596	5,217
TOTAL CURRENT LIABILITIES		**44,209**	**50,602**
NON-CURRENT LIABILITIES			
Loans and borrowings	19	149,000	182,500
Employee benefits	20	839	903
TOTAL NON-CURRENT LIABILITIES		**149,839**	**183,403**
TOTAL LIABILITIES		**194,048**	**234,005**
NET ASSETS		**366,286**	**339,131**
EQUITY			
Share capital	21	138,325	138,325
Reserves	21	(3,519)	(7,071)
Retained earnings		231,480	207,877
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF CABCHARGE AUSTRALIA LIMITED		**366,286**	**339,131**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
CABCHARGE AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES

for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers and others		1,249,720	1,194,978
Payments to suppliers, licensees and employees		(1,167,526)	(1,099,042)
Dividends received		1,172	308
Interest received		1,394	957
Finance costs paid		(7,334)	(8,560)
Income tax paid		(19,579)	(18,286)
Net cash provided by operating activities	30	**57,847**	**70,355**
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,954)	(6,704)
Payments for development of intellectual property		(2,816)	(2,130)
Acquisition of subsidiary, net of cash acquired		–	(6,392)
Purchase of taxi licence plates		(392)	(7,678)
Advances to associates		17,970	(17,970)
Investment in associates		–	(25,970)
Proceeds from sale of property, plant and equipment		142	584
Net cash provided by (used in) investing activities		**10,950**	**(66,260)**
Cash flows from financing activities			
Proceeds from borrowings		39,511	55,764
Repayment of borrowings		(77,851)	(23,750)
Dividends paid	22	(32,516)	(43,356)
Net cash (used in) financing activities		**(70,856)**	**(11,342)**
Net increase (decrease) in cash and cash equivalents		(2,059)	(7,247)
Cash and cash equivalents at 1 July		43,915	51,162
Cash and cash equivalents at 30 June	30	**41,856**	**43,915**

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
CABCHARGE AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES

for the year ended 30 June 2014

	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2012		**138,325**	**(8,192)**	**190,640**	**320,773**
Total comprehensive income for the year					
Profit for the year		–	–	60,593	60,593
Other comprehensive income					
Share of associates' foreign exchange translation differences, net of tax		–	8	–	8
Effective portion of change in fair value of cash flow hedge, net of tax		–	576	–	576
Net change in fair value of available-for-sale financial assets, net of tax		–	537	–	537
Total other comprehensive income		–	1,121	–	1,121
Total comprehensive income for the year		–	1,121	60,593	61,714
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders	22	–	–	(43,356)	(43,356)
Total contributions by and distributions to owners		–	–	(43,356)	(43,356)
Total transactions with owners		–	–	(43,356)	(43,356)
Balance at 30 June 2013		**138,325**	**(7,071)**	**207,877**	**339,131**
Balance at 1 July 2013		**138,325**	**(7,071)**	**207,877**	**339,131**
Total comprehensive income for the year					
Profit for the year		–	–	56,119	56,119
Other comprehensive income					
Share of associates' foreign exchange translation differences, net of tax		–	3,186	–	3,186
Effective portion of change in fair value of cash flow hedge, net of tax		–	(444)	–	(444)
Net change in fair value of available-for-sale financial assets, net of tax		–	810	–	810
Total other comprehensive income		–	3,552	–	3,552
Total comprehensive income for the year		–	3,552	56,119	59,671
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders	22	–	–	(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 2014		**138,325**	**(3,519)**	**231,480**	**366,286**

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 2014

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 2014 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 and route, school and charter bus services (through its interest in an associate), see Note 32.

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 29 September 2014.

b) Basis of measurement

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

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:

Note 3e – impairment of assets

Note 3k – provisions for employee benefits

Notes 12d,15b and 16 – measurement of the recoverable amounts of cash-generating units

e) Changes in accounting policies

Except as described below, the accounting policies applied by the Group in its Consolidated Financial Statements are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 30 June 2013. The Group has adopted the following new standards and amendments to standards during the year:

- AASB 13 Fair Value Measurement establishes a single framework for measuring fair value and replaces and expands the disclosure requirements about fair value measurements in other AASB's including AASB 7 Financial Instruments: Disclosures. Accordingly, the Directors have considered the requirements of this standard when determining the disclosures in this regard (refer Note 31). This standard has not affected the Group's accounting policies and there has been no significant impact on the measurement of the Group's assets and liabilities.
- AASB 119 Employee Benefits (2011) revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the annual reporting period in which the employees render the related service. There were no material changes from this revision.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint arrangements and AASB 12 Disclosure of Interests in Other Entities (the consolidation suite of standards) establishes a single control model that applies to all entities, removes the option to account for jointly controlled entities using proportionate consolidation and increases disclosure requirements of the Group's interests in subsidiaries and associates. The Directors have assessed the impact of the standards on the Group's investments. The investments in associates continue to be accounted for under the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group. Additional disclosure has been made in Note 12 in accordance with the requirements of the standards.

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.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has exposure or rights to variable returns from its investment with an entity and has the power to affect those returns. 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 28 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 associates are used by the Group to apply the equity method. Reporting dates of the associate vary from that of the Group, but management accounts for the period to the Group's balance date are used for equity accounting.

Where there has been a change recognised directly in an associate's other comprehensive income, the Group recognises its share of any changes and discloses this in the Consolidated Statement of Comprehensive Income (Refer Note 12).

(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 as 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

d) Intangible assets

(i) Taxi plate licences

Taxi and other licences acquired separately are reported at cost less accumulated amortisation and impairment losses. Taxi and other licences with finite useful lives are amortised on a straight-line basis over their estimated useful lives with an amortisation rate of between 2% to 10% p.a. depending on the licence. Taxi and other licences with indefinite useful lives are not amortised. Such assets are tested for impairment in accordance with the policy in Note 3e below.

(ii) Intangible assets acquired in a business combination

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

Trademarks and brand names are considered to have indefinite useful lives and such assets are tested for impairment in accordance with the policy in Note 3e below.

Subsequent to initial recognition, other intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses and amortised on a straight line basis over their estimated useful lives, with an amortisation rate between 2% to 10% p.a.

(iii) Goodwill

Goodwill arising on the acquisition of a subsidiary is included in 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 costs

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

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses and amortised on a straight line basis over their estimated useful lives, with an amortisation rate in current and comparative periods of 16.67% p.a.

e) Impairment of assets

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 profit or 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 profit or 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.

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 payment is processed and billed.

Members taxi related services consist of taxi depot and leasing fees billed every 28 days in advance. Revenue is recognised on a straight-line over the period the services are provided. Operating revenue receipts relating to the period beyond the current financial year are shown in the Consolidated Statement of Financial Position as unearned revenue under the heading of Current liabilities – Trade and other payables.

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 taxi 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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

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

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

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 equity holders 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

The Group classifies non-derivative financial instruments into the following categories: loans and receivables, available-for-sale financial assets and financial liabilities.

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.

Loans and receivables

This category includes trade and other receivables and 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.

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

Available-for-sale financial assets

Available-for-sale financial assets include the Group's investments in listed and unlisted equity securities. Available-for-sale financial assets for listed securities are recognised initially and subsequently at fair value. Unrealised gains and losses arising from changes in fair value other than impairment losses and foreign exchange gains and losses on those assets are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss. Available-for-sale financial assets for non-listed securities are recognised initially and subsequently at cost as the fair value of these securities cannot be measured reliably. The carrying amount of available-for-sale financial assets is considered to approximate fair value.

Financial liabilities

This category includes trade and other payables and loans and borrowings.

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

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

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 Taxation Office (ATO). 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 Consolidated Statement of Financial Position.

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

r) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

s) 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 between 80% to 125%.

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.

t) 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 January 2013 or are available for early adoption and have not been applied in preparing these Consolidated Financial Statements. The Group does not plan to adopt these standards early. The application of AASB 9 Financial Instruments will become mandatory for the Group's Consolidated Financial Statements in 2016 and could potentially have an impact on the classification and measurement of financial assets; however the extent of any impact has not yet been determined.

4. DETERMINATION OF FAIR VALUE

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.

a) 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.

b) Taxi plate licences

The fair value of taxi plate licences 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.

c) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

d) 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.

e) Investments in equity securities

The fair value of available-for-sale financial assets for listed securities is determined by reference to their quoted bid price at the reporting date. These assets are measured at fair value.

f) 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. For finance leases the market rate of interest is determined by reference to similar lease agreements.

g) 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.

5. REVENUE AND INCOME

	2014 $'000	2013 $'000
From operating activities		
Taxi service fee income	89,513	90,711
Members taxi related services	96,567	92,312
Dividends received – other corporations	275	308
Rental revenue	189	192
Other revenue	10,709	13,075
	197,253	**196,598**
Total turnover	**1,228,066**	**1,165,612**

6. EXPENSES

Profit before related income tax includes the following expenses:

Depreciation of property, plant and equipment	9,389	9,173
Amortisation of intangibles	3,243	3,682
Total depreciation and amortisation	**12,632**	**12,855**
Employee benefits expense		
Included in total employee benefits expense are contributions to defined contribution / accumulation type superannuation funds	**2,654**	**2,466**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

7. INCOME TAX EXPENSE

a) Recognised in the Consolidated Statement of Comprehensive Income

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

	2014 $'000	2013 $'000
Current income tax expense		
Current year	19,761	19,446
R & D / other adjustments for prior year	(174)	(532)
	19,587	18,914
Deferred tax expense		
Origination and reversal of temporary differences	(138)	315
Total income tax expense in the Consolidated Statement of Comprehensive Income	**19,449**	**19,229**
Numerical reconciliation between tax expense and pre-tax profit		
Pre-tax profit	75,568	79,822
Prima-facie income tax using the corporate tax rate of 30% (2013: 30%)	22,670	23,947
Add tax effect of:		
Non-deductible depreciation	180	203
Non-allowable impairment of investment	2,910	1,697
Other non-allowable items	68	51
	25,828	25,898
Less tax effect of:		
Rebateable fully franked dividends	(9)	(12)
Over provision for income tax in prior year	(174)	(532)
Share of net profit of associates	(6,196)	(6,125)
Income tax expense attributable to profit before income tax	19,449	19,229
Income tax expense	**19,449**	**19,229**
Effective tax rate on pre-tax profit	25.7%	24.1%

b) Recognised directly in equity

Revaluations of available for-sale-financial assets	**(157)**	**(476)**

8. TRADE AND OTHER RECEIVABLES

	2014 $'000	2013 $'000
Current		
Trade receivables	47,219	47,558
Accumulated impairment losses	(914)	(764)
Finance lease receivables	8,984	9,224
Other receivables	9,968	8,564
	65,257	**64,582**
Non-current		
Finance lease receivables	8,418	9,486
Other receivables	401	718
	8,819	**10,204**
Movement in allowance for impairment		
Balance at the beginning of the year	(764)	(780)
Doubtful debts (recognised)	(421)	(201)
Amount written off as uncollectable	271	217
Balance at the end of the year	**(914)**	**(764)**

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 31.

Finance leases of the Group are receivable as follows:

	2014 year			2013 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	10,493	1,509	8,984	10,785	1,561	9,224
Between one and five years	9,235	817	8,418	10,769	1,283	9,486
	19,728	2,326	17,402	21,554	2,844	18,710

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

9. INVENTORIES

	2014 $'000	2013 $'000
Motor vehicles – at cost	329	189
Parts, safety cameras and sundries – at cost	2,593	2,735
	2,922	**2,924**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

10. FINANCIAL ASSETS

	2014 $'000	2013 $'000
Listed investments – available-for-sale		
Shares in other listed corporations – at fair value	4,521	3,364
Unlisted investments – available-for-sale		
Shares in other corporations – at cost	1,739	1,739
	6,260	**5,103**

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 $298,000 after tax (2013: an increase of $219,000); 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 2013.

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 operations where the shareholding held by the Group is not sufficient to demonstrate significant influence. The Group has no intention to dispose of these investments in the foreseeable future.

11. BUSINESS COMBINATIONS

2013 year

On 2 July 2012 the Group acquired the business assets of Yellow Corporation Pty Ltd (Yellow Cabs). Yellow Cabs provides call centre services to around 250 cabs.

On 1 February 2013 the Group obtained control of Maxi Taxi (Australia) Pty Ltd (Maxi Taxi) by acquiring 100% of the shares and voting interests in the Company and other assets. Maxi Taxi holds 11 taxi licences and 5 limousine licences spread across the ACT, Brisbane and other regional centres in Queensland.

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

	$'000
Trade and other receivables	20
Shares in unlisted company	55
Inventory	364
Fixed assets	225
Taxi plate licences	4,135
Intellectual property	2,103
Provisions and other payables	(311)
Fair value of identifiable net assets acquired	6,591
Consideration paid, satisfied in cash	(8,392)
Goodwill recognised on acquisition	(1,801)

The goodwill is attributable mainly to the assembled and trained workforces of Yellow Cabs and Maxi Taxi and the synergies expected to be achieved from integration of the acquired companies into the Group's existing operations. The goodwill recognised is not expected to be deductible for tax purposes.

During the post-acquisition period, the revenue and profit recorded by the Group in respect of Yellow Cabs and Maxi Taxi was $4,587,000 and $39,000, respectively and does not materially affect the current year's consolidated revenue and consolidated profit.

12. ASSOCIATED COMPANIES

Name	Principal Activities	Country of Incorporation	Reporting Period	Ownership Interest		Carrying amount of investment	
				2014 %	2013 %	2014 $'000	2013 $'000
ComfortDelGro Cabcharge Pty Ltd	Route, school and charter bus services	Australia	31 December	49	49	222,073	203,133
CityFleet Networks Ltd	Taxi related and coach services	United Kingdom	31 December	49	49	52,734	58,431
						274,807	**261,564**

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

	2014 $'000	2013 $'000
Balance at beginning of the financial year	261,564	220,827
Additional investments during the year		
– ComfortDelGro Cabcharge Pty Ltd	–	25,970
Share of associates' profit after income tax		
– ComfortDelGro Cabcharge Pty Ltd	18,940	18,943
– CityFleet Networks Ltd	1,714	1,472
Foreign exchange translation differences		
– CityFleet Networks Ltd	3,186	8
Impairment		
– CityFleet Networks Ltd (Refer Note 3e)	(9,700)	(5,656)
Dividend received		
– CityFleet Networks Ltd	(897)	–
Balance at end of the financial year	**274,807**	**261,564**

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

Share of associates' profit before income tax expense		
– ComfortDelGro Cabcharge Pty Ltd	26,625	27,062
– CityFleet Networks Ltd	2,188	1,906
Share of associates' income tax expense		
– ComfortDelGro Cabcharge Pty Ltd	(7,685)	(8,119)
– CityFleet Networks Ltd	(474)	(434)
Share of associates' profit after income tax	**20,654**	**20,415**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

12. ASSOCIATED COMPANIES CONTINUED

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

	2014 $'000	2013 $'000
ComfortDelGro Cabcharge Pty Ltd		
Current assets	76,170	135,676
Non-current assets	929,071	970,620
Total assets	1,005,241	1,106,296
Current liabilities	(131,350)	(198,663)
Non-current liabilities	(420,830)	(493,223)
Total liabilities	(552,180)	(691,886)
Net assets	453,061	414,410
Revenues	356,914	375,078
Profit after income tax of associates	38,651	38,658
CityFleet Networks Ltd		
Current assets	33,725	29,233
Non-current assets	21,977	20,095
Total assets	55,702	49,328
Current liabilities	(9,165)	(8,567)
Non-current liabilities	(1,330)	(1,240)
Total liabilities	(10,495)	(9,807)
Net assets	45,207	39,521
Revenues	105,250	94,142
Profit after income tax of associates	3,498	3,004

d) Impairment testing

CityFleet Networks Ltd

The business conditions in the United Kingdom continue to be challenging for taxis. The Group has assessed the recoverable amount of the investment in CityFleet Networks Ltd at 30 June 2014. The recoverable amount of this investment based on its value-in-use using a discounted projected cash flow model, was determined to be lower than the carrying amount, resulting in the impairment charge of $9,700,000 (2013: $5,656,000). This is reflected in the segment result of the taxi related services in Note 32. In assessing the recoverable amount of this investment, the Group has applied an average earnings growth rate of 2.25% (2013: 3%) on the base year profit before tax forecast for 2015 of GBP2.5m (2014: GBP2.7m), a long-term growth rate of 2.3% into perpetuity (2013: 2.75%), and a pre-tax discount rate of 7.3% (2013: 7.2%). Management has made the key assumptions on earnings growth on the basis of the combination of historic trends in this business, industry forecasts and in-house estimates. The discount rate has been revised to reflect current UK market assumptions for the risk free rate, the cost of debt and the beta. Following the impairment loss in the investment, the recoverable amount approximates the carrying amount. Therefore, any adverse change in a key assumption would result in a further impairment loss. The value-in-use of this investment is most sensitive to the discount rate and the base year profit before tax forecast at balance date.

ComfortDelGro Cabcharge Pty Ltd

ComfortDelGro Cabcharge Pty Ltd, with its operations in the provision of route, school and charter bus services in Australia, continues to perform in line with expectations.

13. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings $'000	Furniture, fittings, plant and equipment $'000	Eftpos equipment $'000	Total $'000
2014 year:				
Cost				
Opening balance	17,684	43,400	19,322	80,406
Additions	2	1,729	2,223	3,954
Disposals	–	(3,731)	(4,918)	(8,649)
Closing balance	**17,686**	**41,398**	**16,627**	**75,711**
Accumulated depreciation				
Opening balance	(3,254)	(20,414)	(12,931)	(36,599)
Depreciation expense	(228)	(6,263)	(2,898)	(9,389)
Disposals	–	3,624	4,918	8,542
Closing balance	**(3,482)**	**(23,053)**	**(10,911)**	**(37,446)**
Net book value				
Opening balance	**14,430**	**22,986**	**6,391**	**43,807**
Closing balance	**14,204**	**18,345**	**5,716**	**38,265**
2013 year:				
Cost				
Opening balance	17,684	39,721	17,239	74,644
Additions	–	4,434	2,083	6,517
Additions through business combinations – Note 11	–	571	–	571
Disposals	–	(1,326)	–	(1,326)
Closing balance	**17,684**	**43,400**	**19,322**	**80,406**
Accumulated depreciation				
Opening balance	(2,990)	(14,830)	(10,218)	(28,038)
Depreciation expense	(264)	(6,196)	(2,713)	(9,173)
Additions through business combinations – Note 11	–	(346)	–	(346)
Disposals	–	958	–	958
Closing balance	**(3,254)**	**(20,414)**	**(12,931)**	**(36,599)**
Net book value				
Opening balance	**14,694**	**24,891**	**7,021**	**46,606**
Closing Balance	**14,430**	**22,986**	**6,391**	**43,807**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

14. DEFERRED TAX ASSETS AND LIABILITIES

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

	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Acquisitions $'000	Closing balance $'000
2014 year:					
Accumulated impairment losses – receivables	229	45	–	–	274
Provision for employee entitlements	1,836	(205)	–	–	1,631
Accruals	117	41	–	–	158
Tax losses	1,652	(40)	–	–	1,612
Interest rate derivatives	78	–	190	–	268
Intangible assets	1,890	–	–	–	1,890
Prepayments	(529)	274	–	–	(255)
Revaluations of available-for-sale financial assets	(559)	–	(347)	–	(906)
Other taxable temporary differences	(344)	23	–	–	(321)
	4,370	**138**	**(157)**	**–**	**4,351**
2013 year:					
Accumulated impairment losses – receivables	234	(5)	–	–	229
Provision for employee entitlements	2,105	(304)	–	35	1,836
Accruals	126	(9)	–	–	117
Tax losses	1,677	(25)	–	–	1,652
Interest rate derivatives	324	–	(246)	–	78
Intangible assets	1,890	–	–	–	1,890
Prepayments	(557)	28	–	–	(529)
Revaluations of available-for-sale financial assets	(329)	–	(230)	–	(559)
Other taxable temporary differences	(23)	–	–	(321)	(344)
	5,447	**(315)**	**(476)**	**(286)**	**4,370**

15. TAXI PLATE LICENCES

a) Composition and movement

	Indefinite life $'000	Finite life: 50 year renewable $'000	Finite life: 10 year $'000	Total $'000
2014 year:				
Cost				
Opening balance	65,270	5,240	3,319	73,829
Additions	392	–	–	392
Reclassifications	(617)	360	–	(257)
Disposals	–	–	–	–
Closing balance	**65,045**	**5,600**	**3,319**	**73,964**
Accumulated amortisation				
Opening balance	–	(1,378)	(676)	(2,054)
Amortisation expense	–	(158)	(369)	(527)
Disposals	–	–	–	–
Closing balance	**–**	**(1,536)**	**(1,045)**	**(2,581)**
Net book value				
Opening balance	**65,270**	**3,862**	**2,643**	**71,775**
Closing balance	**65,045**	**4,064**	**2,274**	**71,383**
2013 year:				
Cost				
Opening balance	53,457	5,240	3,319	62,016
Additions	7,678	–	–	7,678
Additions through business combinations – Note 11	4,135	–	–	4,135
Disposals	–	–	–	–
Closing balance	**65,270**	**5,240**	**3,319**	**73,829**
Accumulated amortisation				
Opening balance	–	(1,291)	(307)	(1,598)
Amortisation expense	–	(87)	(369)	(456)
Disposals	–	–	–	–
Closing balance	**–**	**(1,378)**	**(676)**	**(2,054)**
Net book value				
Opening balance	**53,457**	**3,949**	**3,012**	**60,418**
Closing balance	**65,270**	**3,862**	**2,643**	**71,775**

The remaining period for amortisation of 50 year finite life taxi plate licences is 44 years

The remaining period for amortisation of 10 year finite life taxi plate licences is 6 years

b) Impairment testing

The recoverable amount of indefinite life taxi plate licences 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% to 3% (2013: between 2% to 3%) for each of the next five years, long term growth rates of between 2% to 3% (2013: between 2% to 3%) into perpetuity and a pre-tax discount rate of 8.9% (2013: 9%). The recoverable amount of all taxi plate licences, was determined to be higher than the carrying amount at the end of period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

16. GOODWILL

Impairment testing

Goodwill is allocated to the Group's Cash Generating Units (CGU) as set out below and assessment of the recoverable amount for each CGU has been performed on a value-in-use basis using discounted cash flow projections. To determine value-in-use, cash flows have been projected for five years based on actual operating results for the current year (with nil growth) plus a terminal value growth rate of 0% after 5 years. A pre-tax discount rate of between 11.6% to 13.4%, as shown in the table, was applied in determining recoverable. The discount rate was estimated based on an industry average weighted average cost of capital. For the purpose of impairment testing, goodwill is allocated to groups of CGU, according to business operation and/or geography of operation, which represent the lowest level at which the goodwill is monitored for internal management purposes.

	Carrying value		Impairment loss	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cabcharge Australia Limited	5,405	5,405	–	–
Combined Communications Network	3,572	3,572	–	–
Black Cabs Combined	6,055	6,055	–	–
	15,032	**15,032**	**–**	**–**

17. INTELLECTUAL PROPERTY

		Finite life		
	Indefinite life $'000	Customer contracts $'000	Capitalised development costs $'000	Total $'000
2014 year:				
Cost				
Opening balance	1,593	1,160	18,635	21,388
Additions – internally developed	–	–	2,816	2,816
Disposals	–	–	–	–
Reclassifications	257	–	–	257
Closing balance	**1,850**	**1,160**	**21,451**	**24,461**
Accumulated amortisation				
Opening balance	–	(176)	(11,952)	(12,128)
Amortisation expense	–	(176)	(2,540)	(2,716)
Disposals	–	–	–	–
Closing balance	**–**	**(352)**	**(14,492)**	**(14,844)**
Net book value				
Opening balance	**1,593**	**984**	**6,683**	**9,260**
Closing balance	**1,850**	**808**	**6,959**	**9,617**

	Indefinite life $'000	Finite life: Customer contracts $'000	Finite life: Capitalised development costs $'000	Total $'000
2013 year:				
Cost				
Opening balance	650	–	16,505	17,155
Additions – internally developed	–	–	2,130	2,130
Additions through business combinations – Note 11	943	1,160	–	2,103
Disposals	–	–	–	–
Closing balance	**1,593**	**1,160**	**18,635**	**21,388**
Accumulated amortisation				
Opening balance	–	–	(8,902)	(8,902)
Amortisation expense	–	(176)	(3,050)	(3,226)
Additions through business combinations – Note 11	–	–	–	–
Disposals	–	–	–	–
Closing balance	**–**	**(176)**	**(11,952)**	**(12,128)**
Net book value				
Opening balance	**650**	**–**	**7,603**	**8,253**
Closing balance	**1,593**	**984**	**6,683**	**9,260**

18. TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
Trade payables	10,507	10,644
Other payables and accruals	7,488	9,323
Unearned revenue	4,340	4,368
	22,335	**24,335**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

19. LOANS AND BORROWINGS

a) Composition

	2014 $'000	2013 $'000
Unsecured loans	10,065	4,905
Bank borrowings	149,000	192,500
	159,065	**197,405**

b) Disclosure in the Consolidated Statement of Financial Position

Current liability	10,065	14,905
Non-current liability	149,000	182,500
	159,065	**197,405**

The unsecured loans are at-call and bear variable interest rates (current year at 4.25% to 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. The total bank borrowing of $149m as at 30 June 2014 is repayable in the 2018 financial year.

Bank borrowings bear interest at rates from 3.82% to 6.99%.

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

20. EMPLOYEE BENEFITS

a) Composition

	2014 $'000	2013 $'000
Annual leave provision	2,270	2,625
Long service leave provision	3,165	3,495
	5,435	**6,120**

b) Disclosure in the Consolidated Statement of Financial Position

Current provision	4,596	5,217
Non-current provision	839	903
	5,435	**6,120**

21. SHARE CAPITAL AND RESERVES

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

	2014 (number)	2013 (number)
Composition of issued capital		
Fully paid ordinary shares	120,430,683	120,430,683

b) Composition and movement in share capital (dollars)

	2014 $'000	2013 $'000
Composition of share capital		
Fully paid ordinary shares	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.

e) Composition and movement in reserves

	Translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Fair value reserve $'000	Total $'000
2014 year:					
Opening balance	(7,290)	(181)	(914)	1,314	(7,071)
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	810	810
Effective portion of change in fair value of cash flow hedge	–	(444)	–	–	(444)
Share of associates' change in reserve, net of tax	3,186	–	–	–	3,186
Closing Balance	**(4,104)**	**(625)**	**(914)**	**2,124**	**(3,519)**
2013 year:					
Opening balance	(7,298)	(757)	(914)	777	(8,192)
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	537	537
Effective portion of change in fair value of cash flow hedge	–	576	–	–	576
Share of associates' change in reserve, net of tax	8	–	–	–	8
Closing Balance	**(7,290)**	**(181)**	**(914)**	**1,314**	**(7,071)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

22. DIVIDENDS

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

	2014 $'000	2013 $'000
2014 year interim – 15.0 cents per share	18,064	–
2013 year final – 12.0 cents per share	14,452	–
2013 year interim – 18.0 cents per share	–	21,678
2012 year final – 18.0 cents per share	–	21,678
Total dividends paid	**32,516**	**43,356**
Dividends cents per share – paid/payable		
Interim	15.00	18.00
Final	10.00	12.00
Total	**25.00**	**30.00**

The final 10 cents per share fully franked dividend was declared after balance date and has not been provided for. It is scheduled for payment on 29 October 2014. The declaration and subsequent payment of dividends has no income tax consequences to the Company. The financial effect of these dividends has not been brought to account in the financial statements for the financial year ended 30 June 2014 and will be recognised in subsequent financial statements.

23. EARNINGS PER SHARE (EPS)

	2014	2013
Consolidated profit attributable to ordinary shareholders of the Company (in thousands of AUD)	56,119	60,593
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	46.6 cents	50.3 cents
Diluted EPS	46.6 cents	50.3 cents

24. DIVIDEND FRANKING BALANCE

	2014 $'000	2013 $'000
Balance at the end of the financial year including franking credits arising from income tax payable in respect of the financial year.	65,372	57,865

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

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

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

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

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

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $5,161,000 (2013: $6,194,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax consolidated group has also assumed the benefit of $65,372,000 (2013: $57,865,000) 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 $152,534,000 could potentially be paid to shareholders.

25. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2014 the parent entity of the Group was Cabcharge Australia Limited.

	Parent entity	
	2014 $'000	**2013 $'000**
Result of the parent entity		
Profit for the year	46,521	46,547
Other comprehensive income	356	1,101
Total comprehensive income for the year	**46,877**	**47,648**
Financial position of parent entity at year end		
Current assets	83,584	114,702
Non-current assets	472,890	471,962
Total assets	**556,474**	**586,664**
Current liabilities	12,842	23,904
Non-current liabilities	290,835	324,324
Total liabilities	**303,677**	**348,228**
Total equity of the parent entity comprising of:		
Share capital	138,325	138,325
Revaluation reserve	1,457	1,101
Retained earnings	113,015	99,010
Total equity	**252,797**	**238,436**

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 $9.5 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 2014 (2013: nil).

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

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

a) KMP compensation (including Non-Executive Directors)

	2014 $'000	**2013 $'000**
Short-term employee benefits – salary, fees, non-cash benefits and cash bonus	4,633,638	4,633,303
Post-employment benefits – superannuation	230,159	208,288
Other long-term benefits	126,485	124,731
Termination benefits	111,461	–
	5,101,743	4,966,322

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

b) Loans to Directors and other KMP

No loans are made to Directors or other KMP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

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

c) Transactions with Directors and other KMP

The Group has transactions with certain related parties in the reporting period. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

Related parties	KMP relationship	Nature of transaction	2014 $	2013 $
Yellow Cabs (QLD) Pty Ltd	Neill Ford	(i)	(1,865,203)	(1,856,920)
		(ii)	–	196,680
HopgoodGanim Trust Account	Neill Ford	(iii)	–	(4,800,000)

(i) Fees paid or payable to taxi networks.
(ii) Fees received or receivable for services.
(iii) Amounts paid in relation to the purchase of Maxi Taxi (Australia) Pty Ltd and Maxi Taxi Trademark, where Mr. Ford was a Director and Secretary of Maxi Taxi (Australia) Pty Ltd. Mr. Ford was also one of the shareholders of Maxi Taxi (Australia) Pty Ltd.

d) Other related party transactions

Related parties	Relationship	Nature of transaction	2014 $	2013 $
ComfortDelGro Cabcharge Pty Ltd (CDC)	Associate	(i)	20,000	20,000
		(ii)	17,970,000	(17,970,000)
		(iii)	18,812,086	18,606,315

(i) Fees received or receivable for services.
(ii) On 28 June 2013 the Group advanced an additional short term loan to CDC of an amount of $17,970,000 to enable the associate to complete its acquisition of part of the business of Driver Group Pty Ltd in Victoria, pending CDC's finalisation of a longer term bank loan. On 19 September 2014 CDC paid off this short term loan with the interest.
(iii) Other amounts receivable by the Group. Although repayable on demand, were classified as non-current having regard to the associate's recent acquisition and continued growth aspirations.

27. REMUNERATION OF AUDITORS

	2014 $	2013 $
Audit services		
Auditors of the Company – KPMG Australia		
Audit and review of financial reports	415,800	404,200
Other regulatory services	14,200	13,800
Other auditors		
Audit and review of financial reports	43,000	63,000
Other services		
Auditors of the Company – KPMG Australia		
Taxation services	53,700	150,900
Other assurance services	8,850	13,200
Other auditors		
Taxation and administrative services	98,000	15,739
	633,550	**660,839**

28. PARTICULARS RELATING TO CONTROLLED ENTITIES

	Group Interest % 2014	Group Interest % 2013
135466 Pty Ltd	100	100
ABC Radio Taxi Pty Ltd	100	100
Access Communications Net Pty Ltd	100	100
Arrow Taxi Services Pty Ltd	100	100
Austaxi Group Pty Ltd	100	100
Black Cabs Combined Car Sales Pty Ltd	100	100
Black Cabs Combined Pty Ltd	100	100
Cab Access Pty Ltd	100	100
Cabcharge (Investments) Pty Ltd	100	100
Carbodies Australia Pty Ltd	100	100
Combined Communications Network Pty Ltd	100	100
Combined Network Couriers Pty Ltd[1]	–	100
EFT Solutions Pty Ltd	100	100
Enterprise Speech Recognition Pty Ltd	100	100
Go Taxis Pty Ltd	100	100
Helpline Australia Pty Ltd	100	100
Maxi Taxi (Australia) Pty Ltd	100	100
Melbourne Taxi Cab Service Pty Ltd	100	100
Newcastle Taxis Pty Ltd	100	100
North Suburban Taxis (Vic) Pty Ltd	100	100
Silver Service (Victoria) Pty Ltd	100	100
Silver Service Taxis Pty Ltd	100	100
South Western Cabs (Radio Room) Pty Ltd	100	100
Taxi Data Australia Pty Ltd	58	58
Taxi Services Management (Newcastle) Pty Ltd	100	100
TaxiProp Pty Ltd	100	100
Taxis Australia Pty Ltd	58	58
Taxis Combined Services (Vic) Pty Ltd	100	100
Taxis Combined Services Pty Ltd	100	100
Taxitech Pty Ltd	100	100
TCS Communications (Vic) Pty Ltd	100	100
Thirteen Hundred Pty Ltd	100	100
Voci Asia Pacific Pty Ltd	100	100
Yellow Cabs of Sydney Pty Ltd	100	100
Yellow Cabs South Australia Pty Ltd	100	100
Yellow Cabs Victoria Pty Ltd	100	100
Cabcharge International Limited	100	100
Cabcharge New Zealand Limited	100	100
Cabcharge North America Ltd	93	93

1 This dormant entity was deregistered on 3 November 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

29. CAPITAL EXPENDITURE COMMITMENTS

The Group has not entered into any contracts to purchase plant and equipment for which amounts have not been provided as at 30 June 2014 (2013: nil).

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2014 $'000	2013 $'000
Profit from ordinary activities after income tax	56,119	60,593
Adjustment for non-cash items:		
Depreciation and amortisation	12,632	12,855
Net (profit) / loss on disposal of property, plant and equipment	(35)	(29)
Non-cash finance income	(206)	(897)
Impairment of investment in associate	9,700	5,656
Share of associated companies' net profit after income tax	(20,654)	(20,415)
Dividend received from associate	897	–
Changes in assets and liabilities, net of the effects of purchase of subsidiaries:		
Change in trade and other debtors	1,782	12,421
Change in inventories	2	(281)
Change in creditors and accruals	(2,001)	465
Change in provisions	(685)	(895)
Change in income taxes payable	434	601
Change in deferred tax balances	(138)	281
Net cash provided by operating activities	**57,847**	**70,355**

b) Cash and cash equivalents

	2014 $'000	2013 $'000
Cash on hand and at bank	16,587	15,091
Money market deposits	25,269	28,824
Balance per Consolidated Statement of Cash Flows	**41,856**	**43,915**

c) Restricted Cash

There was no restricted cash at 30 June 2014 (30 June 2013: $nil).

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Overview

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 2014 the return was 15.3% (2013: 17.9%). In comparison, the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 4.4% (2013: 5.3%).

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

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

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

- Credit risk
- Liquidity risk
- Market risk.

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

b) Financial risk management objectives

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

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

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

c) Credit risk

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

Trade and other receivables

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

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

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

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

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

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 receivables

	2014 year			2013 year		
	Gross $'000	Impairment $'000	Net $'000	Gross $'000	Impairment $'000	Net $'000
Not past due	40,151	(91)	40,060	38,969	(76)	38,893
Past due 1 – 30 days	6,182	(95)	6,087	7,318	(79)	7,239
Past due 31 – 60 days	897	(99)	798	951	(83)	868
Past due 61 – 90 days	357	(163)	194	302	(136)	166
Past due over 90 days	546	(466)	80	782	(390)	392
	48,133	**(914)**	**47,219**	**48,322**	**(764)**	**47,558**

Details of the movement in the allowance for impairment in respect of trade receivables during the year are provided in Note 8.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

c) Credit risk continued

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 $9.5 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
2014 year						
Trade and other payables	22,335	22,335	22,335	–	–	–
Loans and borrowings	159,065	167,539	10,493	–	–	157,046
Interest rate swaps used for hedging	894	894	–	94	–	800
	182,294	**190,768**	**32,828**	**94**	**–**	**157,846**
2013 year						
Trade and other payables	24,335	24,335	24,335	–	–	–
Loans and borrowings	197,405	208,658	15,755	–	192,903	–
Interest rate swaps used for hedging	260	260	116	–	144	–
	222,000	**233,253**	**40,206**	**–**	**193,047**	**–**

	2014 $'000	2013 $'000
Financial facilities		
Revolving credit facility	192,500	75,000
Multi option facility	7,500	125,000
Total facility	**200,000**	**200,000**
Amount used	**149,000**	**192,500**
Amount unused	**51,000**	**7,500**

The bank borrowings, as disclosed in Note 19, require the Group to comply with certain financial covenants which, if breached, could result in repayment of a portion or all of the borrowings earlier than indicated in the above table. The interest payments on variable interest rate loans and the future cash flows from interest rate swaps reflect market forward interest rate at the period end and these amounts may change as market interest rate change. The cash flows associated with interest rate swaps used for hedging are expected to impact profit or loss in the same periods in which they occur. Except for these financial liabilities, it is not expected that the cash flows included in the maturity profile could occur significantly earlier, or at significantly different amounts.

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

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 GBP. 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% strengthening of the AUD against the SGD would have decreased equity by $298,000 net of tax (2013: $219,000 net of tax) for the Group. A 10% 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% 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 2013.

	2014 $'000	2013 $'000
Profit	(171)	(147)
Equity	(171)	(147)

A 10% 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	
	2014 $'000	2013 $'000
Fixed rate instruments		
Financial assets	17,402	18,710
Financial liabilities	(115,000)	(125,500)
	(97,598)	(106,790)
Variable rate instruments		
Financial assets	41,856	43,915
Financial liabilities	(44,065)	(71,905)
	(2,209)	(27,990)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2014

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

e) Market risk continued

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 2013.

	Profit or loss		Equity	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
2014	(1,509)	1,509	(2,579)	2,579
2013	(1,860)	1,860	(2,697)	2,697

iii) Other market price risk

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

Details of the sensitivity to market price risk for the Group's listed equity instruments are provided in Note 10.

f) Fair values

Interest rates used for determining fair value

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

	2014	2013
Loans and borrowings	3.8% to 7%	4.1% to 7%
Finance lease receivables	9% to 12%	10.5% to 12%
Interest rate derivatives	3% to 5%	3% 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
30 June 2014				
Listed investments – available-for-sale financial assets	4,521	–	–	4,521
Interest rate swap used for hedging	–	(894)	–	(894)
	4,521	**(894)**	**–**	**3,627**
30 June 2013				
Listed investments – available-for-sale financial assets	3,364	–	–	3,364
Interest rate swap used for hedging	–	(260)	–	(260)
	3,364	**(260)**	**–**	**3,104**

There have been no transfers between levels for the year ended 30 June 2014.

32. 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.

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

	Taxi related services		Bus & coach services		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Revenue						
External revenue	197,253	196,598	–	–	197,253	196,598
Result						
Reported result	61,178	66,949	–	–	61,178	66,949
Share of net profit of associates	1,714	1,472	18,940	18,943	20,654	20,415
Segment result	62,892	68,421	18,940	18,943	81,832	87,364
Net finance costs					(6,264)	(7,542)
Income tax expense					(19,449)	(19,229)
Profit for the period					56,119	60,593
Other disclosures						
Segment assets, excluding investments accounted for using the equity method	285,527	311,572	–	–	285,527	311,572
Segment liabilities	194,048	234,005	–	–	194,048	234,005
Other-investments accounted for using the equity method	32,434	58,431	222,073	203,133	254,507	261,564
Depreciation and amortisation	12,632	12,855	–	–	12,632	12,855
Impairment charge on investments in associates	9,700	5,656	–	–	9,700	5,656

33. SUBSEQUENT EVENT

Dividends

The Directors have declared a final dividend of 10 cents per share (fully franked) scheduled to be paid on 29 October 2014. The record date to determine entitlement to dividend is 30 September 2014.

Advance to associate

Subsequent to balance date, the Company has committed to advance to its associate, ComfortDelGro Cabcharge Pty Ltd (CDC), $13m to fund its acquisition of the assets of the Blue Mountains Bus Company. The funds can be repaid in tranches, on dates mutually agreed by the CDC and its shareholders, in any case within 12 months from the start date of the loan.

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 2014.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Cabcharge Australia Limited (Company), we declare that:

(a) in the opinion of the Directors, the Consolidated Financial Statements and Notes set out on pages 54 to 87, and the Remuneration Report in the Directors' Report, set out on pages 40 to 51, 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 2014 and of the performance for the financial year ended on that date, and

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

(b) in the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable,

(c) the Directors have been given the declarations required to be made in accordance with section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2014.

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

Signed in accordance with the resolution of the Directors.

Russell Balding, AO
Chairman

Ian Armstrong
Director

Sydney

29 September 2014

INDEPENDENT AUDITOR'S REPORT

KPMG

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 statements of financial position as at 30 June 2014, and consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended on that date, notes 1 to 33 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 (a), 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.

AUDITOR'S REPORT
CONTINUED

KPMG

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

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 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 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

Report on the remuneration report

We have audited the Remuneration Report included on pages 40 to 51 of the directors' report for the year ended 30 June 2014. 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 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Mark Epper
Partner

Sydney
29 September 2014

ADDITIONAL ASX INFORMATION

SPREAD OF SHAREHOLDERS AS AT 10 SEPTEMBER 2014

Holding	Number of shareholders	Number of shares	% of issued capital
1 – 1,000	2,555	1,447,900	1.20
1,001 – 5,000	2,754	7,108,973	5.90
5,001 – 10,000	726	4,987,408	4.14
10,001 – 10,0000	654	16,538,949	13.73
10,0001 and over	46	90,347,453	75.02
Total	**6,735**	**120,430,683**	**100.00**

There were 209 shareholders each holding less than a marketable parcel of shares (based on CAB's closing market price on 10 September 2014).

SUBSTANTIAL HOLDINGS AS AT 10 SEPTEMBER 2014[a]

Entity name	Number of shares held
Aberdeen Asset Management Asia Limited (and its associates)	18,455,485
Lazard Asset Management Pacific Co	13,029,954
Comfortdelgro Corporation Limited (and its associates)	11,611,680
Invesco	6,505,657
FIL Limited (and its associates)	6,076,492

a. Information included in the substantial holdings table is sourced from publicly disclosed document releases or the register that the Company maintains in accordance with section 672DA of the Corporations Act, in each case as at 10 September 2014.

TOP 20 SHAREHOLDERS AS AT 10 SEPTEMBER 2014

	Name	Number of shares	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	21,074,323	17.50
2	BNP Paribas Noms Pty Ltd	15,339,516	12.74
3	J P Morgan Nominees Australia Limited	13,698,959	11.37
4	National Nominees Limited	12,040,915	10.00
5	NEFCO Nominees Pty Ltd	8,980,676	7.46
6	Citicorp Nominees Pty Limited	5,166,435	4.29
7	Swan Taxis Pty Ltd	2,631,004	2.18
8	Legion Cabs (Trading) Co-Operative Society Limited	1,750,000	1.45
9	HSBC Custody Nominees (Australia) Limited	1,389,743	1.15
10	Warbont Nominees Pty Ltd	1,083,185	0.90
11	Ms Faby Fielan Chong	525,487	0.44
12	National Nominees Limited	518,144	0.43
13	Mrs Mary Ann Boehme	500,000	0.42
14	QIC Limited	402,644	0.33
15	Mr Raymond John Meredith	286,607	0.24
16	Paden Valley Investments Pty Ltd	270,080	0.22
17	Mr John Morgan Bosler	270,000	0.22
17	Granger Transport Pty Ltd	270,000	0.22
18	Mr Ian Alexander Armstrong	250,000	0.21
19	Mrs Marianne Parass	220,000	0.18
20	ABN Amro Clearing Sydney Nominees Pty Ltd	218,486	0.18
Total		**86,886,204**	**72.15**

ADDITIONAL ASX INFORMATION CONTINUED

VOTING RIGHTS

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

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

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

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

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

(b) by not more than two proxies; or

(c) by not more than two attorneys.

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

ASX LISTING

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

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

WEBSITE

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

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

CORPORATE DIRECTORY

ABN 99 001 958 390

COMPANY SECRETARY
Mr Chip Beng Yeoh

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