# Cabcharge Australia Limited

Final Report

For the year ended 30 June 2018

ABN: 99 001 958 390

# Table of contents


| | |
|---|---|
| Appendix 4E Preliminary Final Report | 2 |
| Results for announcement to the market | 2 |
| Commentary on the results | 2 |
| Operating and Financial Review | 3 |
| Board of Directors | 12 |
| Directors' Report | 14 |
| Remuneration Report | 19 |
| Auditor's Independence Declaration | 35 |
| Consolidated Financial Statements | 38 |
| Director's Declaration | 74 |
| Independent Auditor's Report | 75 |

# Appendix 4E

Preliminary Final Report

Financial year ended 30 June 2018

## Results for announcement to the market

| | 30 June 2018 $000 | 30 June 2017 $000 | Change $000 | Change % |
|---|---|---|---|---|
| Revenue | 185,543 | 151,949 | 33,594 | 22.1 |
| Statutory net (loss) after tax attributable to owners of the Company | (2,219) | (90,550) | 88,331 | 97.5 |
| **From continuing operations:** | | | | |
| Revenues from continuing operations | 185,543 | 151,949 | 33,594 | 22.1 |
| Statutory net (loss) / profit after tax from continuing operations attributable to owners of the Company | (1,857) | 13,701 | (15,558) | (113.6) |

| | Franked amount per share (cents) | Amount per share (cents) | Total dividend $000 | Payment date |
|---|---|---|---|---|
| 2018 final dividend | 4.0 | 4.0 | 4,817 | 31 Oct 18 |
| 2018 interim dividend | 4.0 | 4.0 | 4,817 | 30 Apr 18 |
| 2017 final dividend | 10.0 | 10.0 | 12,043 | 31 Oct 17 |
| 2017 interim dividend | 10.0 | 10.0 | 12,043 | 28 Apr 17 |
| 2017 special dividend | 80.0 | 80.0 | 96,345 | 28 Apr 17 |

Record date for determining entitlements to the dividend – 28 September 2018

Date the final dividend is payable – 31 October 2018

| | 30 June 2018 $ | 30 June 2017 $ |
|---|---|---|
| Net tangible assets per security | 0.86 | 1.02 |

## Commentary on the results

Please refer to the Operating and Financial Review section in the Directors' Report accompanying the attached Financial Report for the year end 30 June 2018.

The information in the Consolidated Financial Statements has been audited and is not subject to audit dispute or qualification.

This report should be read in conjunction with any public announcements made by Cabcharge Australia Limited in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

Ton van Hoof
Chief Financial Officer

Date: 28 August 2018

# Operating and Financial Review

### Principal activities

Cabcharge is a key participant in the personal transport industry facilitating bookings, trips and payments for its Corporate Account Customers, Passengers, Drivers and Taxi Operators 24 hours a day, 7 days per week. Cabcharge is a leader in the Australian Taxi payments market and approximately 9,500 Taxis in Australia are affiliated with its 13cabs and Silver Service brands providing reliable, efficient and affordable personal transport services and digital payment software to help Passengers get from A to B.

### Payments

Cabcharge provides payment services that enable Passengers to discharge their obligation to pay the Driver and that enable Drivers to process non-cash Taxi fare payments via credit and debit cards, or using a Cabcharge Corporate Account product. Cabcharge provides Passengers with a range of payment solutions to meet their personal transport needs. For Corporate Clients, Cabcharge offers innovative products to charge travel expenditure on account and real time trip information that facilitates efficient management of travel expenditure.

The Cabcharge FASTCARD, credit and debit cards can be stored in the 13cabs and Silver Service booking Apps for a convenient end of trip payment experience. The Cabcharge Digital Pass – a digital version of the Cabcharge paper-based single use eTICKET was launched in July 2018. The Cabcharge Digital Pass is available on iPhones and enables a simple, seamless payment solution.

Through its FAREWAY*plus* and Spotto products, Cabcharge receives service fee income on non-cash Taxi payment transactions based on the value of the fare processed. Cabcharge also receives a monthly rental income for its Giraffe product (a handheld payment terminal popular with Hire Car Drivers).

### Bookings and trips

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

Cabcharge owns and operates a fleet of 190 Taxis in its 13cabs Networks in Brisbane and Adelaide. Cabcharge receives income through the rental of these vehicles by independent Drivers.

The fixed monthly fee received from Taxi Operators for affiliation with 13cabs or Silver Service represents the majority of Taxi Network revenue. Brokered Taxi plate licence income and payments to the owner are on a monthly fee basis set by market conditions for each type of Taxi licence plate. This service does not generate significant net margin for Cabcharge, however acting as an intermediary in the Taxi plate licence market is an important service for Cabcharge's Taxi Operators and Taxi licence plate owners. Other Taxi related services not included in the Network subscription fee generate revenue as the services are provided.

### Other activities

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

**Strategy and prospects**

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

The Company is well positioned to provide, grow, and enhance the products and services offered to Passengers, Drivers and Taxi Operators through strategic investments in technology and marketing.

Investment decisions at Cabcharge are backed by clear strategic focus:

- Developing world class Technology and effective marketing initiatives
- Improving the value proposition for Passengers to capture the growing demand for personal transport
- Supporting Drivers in the personal transport sector
- Engaging with Taxi Operators and Taxi Networks to provide supportive infrastructure

To achieve Cabcharge's vision management in FY18 has followed through on its commitment to increase investment in marketing and technology; attracted almost 5,000 new 13cabs Drivers through a strong Driver value proposition; and strengthened the Network via refreshed branding in pursuit of its mission to be Australia's leader in the growing personal transport sector.

In FY18 Cabcharge has made the following progress against its strategic initiatives:

- **Technology Investment for Enhanced User Experience:** upgraded the 13cabs and Silver Service App functionality; redesigned mobile website; developed and deployed innovative payment and booking solutions (Digital Pass, Taxi Butler); and announced the acquisition of Mobile Technologies International (subject to ACCC approval).
- **Marketing and Brand Development:** launched strategic marketing initiatives for the refreshment of the 13cabs **brand** and integration of Yellow Cabs Queensland operations; Developed redesign of Cabcharge Payments brand.
- **Stronger Driver/Operator Value Proposition:** upgraded in-car infrastructure via redesigned interface of the FAREWAY*plus* payment terminal; upgraded in-car safety infrastructure (13CABSi camera installed in 1,500 Taxis); new Driver training program; announced partnerships with AliPay and Viva Fuel (offering 13cabs Drivers and Spotto users fuel discounts at 700+ Coles Express outlets); growth in distribution of Spotto terminals with releases in Queensland, South Australia and Western Australia and upgrades to the Driver Spotto Mobile App including improvements to user experience.
- **Growing Taxi Networks:** achieved 28% growth in fleet size in FY18 fuelled by the acquisition of Yellow Cabs Queensland, organic fleet growth where regulatory conditions permit, and regional bureau expansion predominantly across Victoria and New South Wales and won government contracts with New South Wales (12 month extension for the Wheelchair Accessible Taxi Service Zero 200 Agreement) and South Australia (won extended contract for school bus route services).

A significant milestone for Cabcharge and its commitment to agile software development is represented in the new Digital Pass. As mobile technology continues to facilitate a shift away from cash, it creates an opportunity for payments innovation and Cabcharge has delivered a better alternative to paper-based tickets with a world-first closed loop digitised version.

Cabcharge supports Drivers, Operators and Networks in growing their businesses through continuous improvements such as the redesigned interface on the in car payment terminal pinpad. The new interface and software now includes an optional Tipping feature which more than 50% of Drivers have switched on since its implementation in June 2018 and is also capable of accepting the newly launched Digital Pass.

In addition to the changing technology at Cabcharge, the Company has refreshed its 13cabs and Cabcharge Payments brands which now both exhibit looks distinctly reflective of Cabcharge's evolution.

The re-design of the 13cabs brand was underpinned by the desire to unite and align the Company's Taxi Network (operating across Sydney, Melbourne, Brisbane, Adelaide, Newcastle, regional Victoria and the Northern Territory) and propel 13cabs into the hearts and minds of more Australians. This rebrand was part of a marketing push through the second half of FY18, with major outdoor billboard advertising sites, targeted online ads, social media, brand ambassadors, radio and cinema screens utilised in the campaign. The new orange identity saturates 13cabs platforms including the mobile App, mobile website, website, and Driver training program.

Cabcharge's bookings, tracking, payments and DriverConnect capabilities have been upgraded as well as extended to new fleets and more areas. 7,033 handheld terminals (Spotto and Giraffe) were rolled out by 30 June contributing to growth in payment turnover.

These recent strategic initiatives are not only improving Cabcharge's engagement with Passengers, Drivers, Operators, Networks and Corporate Accounts, but importantly, will support further growth in the Taxi industry.

### Financial Results

Statutory loss after tax for the year was $2.2 million while statutory net loss from continuing operations was $1.9 million.

Unless otherwise stated full year results disclosed in this Operating and Financial Review are underlying results from continuing operations excluding significant items (see below). For FY18 underlying NPAT from continuing operations excludes significant items as follows: $2.2 million in taxi license compensation received from State governments, $15.7 million in Taxi license plate impairment charges, $1.4 million in transaction costs relating to the acquisition of Yellow Cabs and $0.5 million in other charges. The aggregate impact of these exclusions has a favourable impact of $15.4m (FY17 $7.6 million) compared to statutory loss of $2.2 million giving an underlying net profit after tax of $13.2 million and $13.6 million from continued operations. For further detail please see table 2.

**Table 1: Results as reported**

| | FY18 $m | FY17 $m | Change over PCP |
|---|---|---|---|
| **Revenue** | **185.5** | **151.9** | **22.1%** |
| Other income | 2.6 | **1.7** | |
| Expenses | (152.8) | (105.7) | |
| Impairment charges | (15.7) | (8.3) | |
| **EBITDA** | **19.6** | **39.7** | **(50.6%)** |
| Depreciation & Amortisation | (15.2) | (13.7) | |
| **EBIT** | **4.4** | **26.0** | **(83.1%)** |
| Net interest | (0.7) | (1.7) | |
| **Profit before tax** | **3.7** | **24.3** | **(84.7%)** |
| Income tax | (5.6) | (10.6) | |
| **NPAT from continuing operations** | **(1.9)** | **13.7** | **(113.6%)** |
| (Loss) / profit from discontinued operation | (0.4) | (104.3) | |
| **NPAT** | **(2.2)** | **(90.6)** | **97.5%** |
| EBITDA margin | 10.6% | 26.1% | |
| EBIT margin | 2.4% | 17.1% | |
| Earnings per share from continuing operations (AUD) | (1.5 cents) | 11.4 cents | |
| Earnings per share attributable to owners of the company (AUD) | (1.8 cents) | (75.2 cents) | |

## Table 2: Underlying results excluding significant items

| | FY18 $m | FY17 $m | Change over PCP |
|---|---|---|---|
| **Revenue** | **185.5** | **151.9** | **22.1%** |
| Other income [1] | 0.4 | 0.0 | |
| Expenses [2] | (151.3) | (103.6) | |
| Impairment Charges [3] | 0.0 | 0.0 | |
| **EBITDA** | **34.6** | **48.4** | **(28.4%)** |
| Depreciation & Amortisation [4] | (14.9) | (13.7) | |
| **EBIT** | **19.7** | **34.7** | **(43.2%)** |
| Net interest | (0.7) | (1.7) | |
| **Profit before tax** | **19.0** | **33.0** | **(42.3%)** |
| Income tax [5] | (5.4) | (11.7) | |
| **NPAT from continuing operations** | **13.6** | **21.3** | **(36.2%)** |
| EBITDA margin | 18.7% | 31.8% | |
| EBIT margin | 10.6% | 22.8% | |
| Earnings per share from continuing operations (AUD) | 11.3 cents | 17.7 cents | |
| Earnings per share attributable to owners of the company (AUD) | 11.3 cents | 23.9 cents | |

1. Excludes $2.2M taxi licence compensation (Gain on sale property Newcastle $1.7M FY17)
2. Excludes $1.4M YCQLD acquisition related costs, $0.1M employee separation costs ($1.6M write-off capitalised development costs and $0.5M employee separation costs FY17)
3. Excludes taxi plate impairment charges $15.7M (non-cash impairment charges $8.3M FY17)
4. Excludes $0.3 M accelerated amortisation
5. Excludes tax effect of above items

Underlying profit is a non-statutory measure for the purpose of assessing the performance of the group.

### Revenue and Taxi fares processed

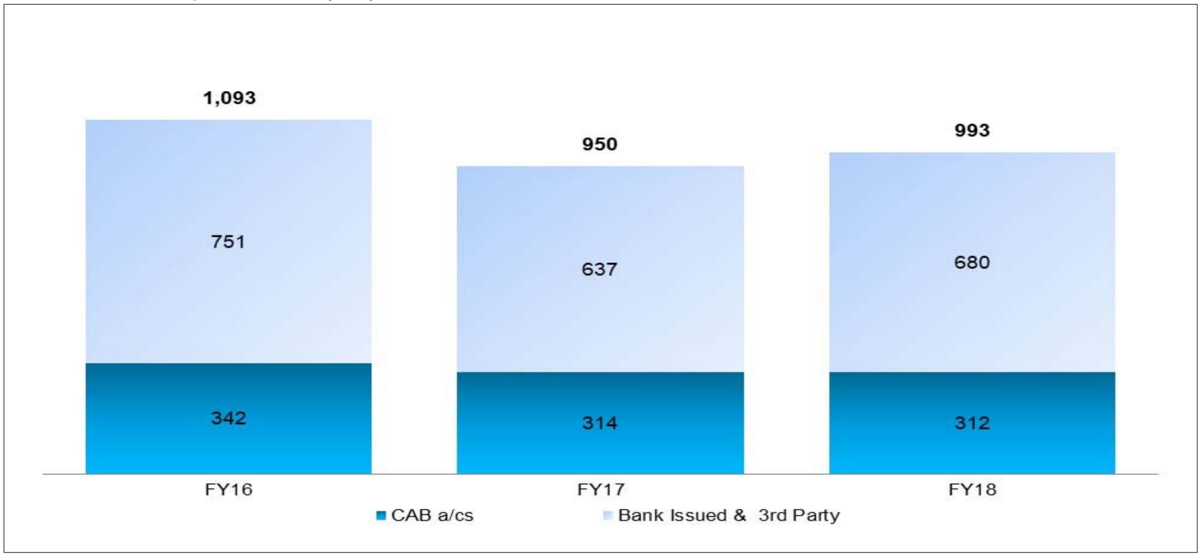
Revenue increased 22% or $33.6 million to $185.5 million (FY17 $151.9 million).

Yellow Cabs Queensland contributed $33.8 million in revenue in FY18. On a like-for-like basis revenue was 0.1% or $0.2 million below prior year.

Total Taxi service fee income was $6.4 million lower, change in service fee limits had an unfavourable impact of $8.3 million being partly offset by increased volumes in Taxi fares processed.

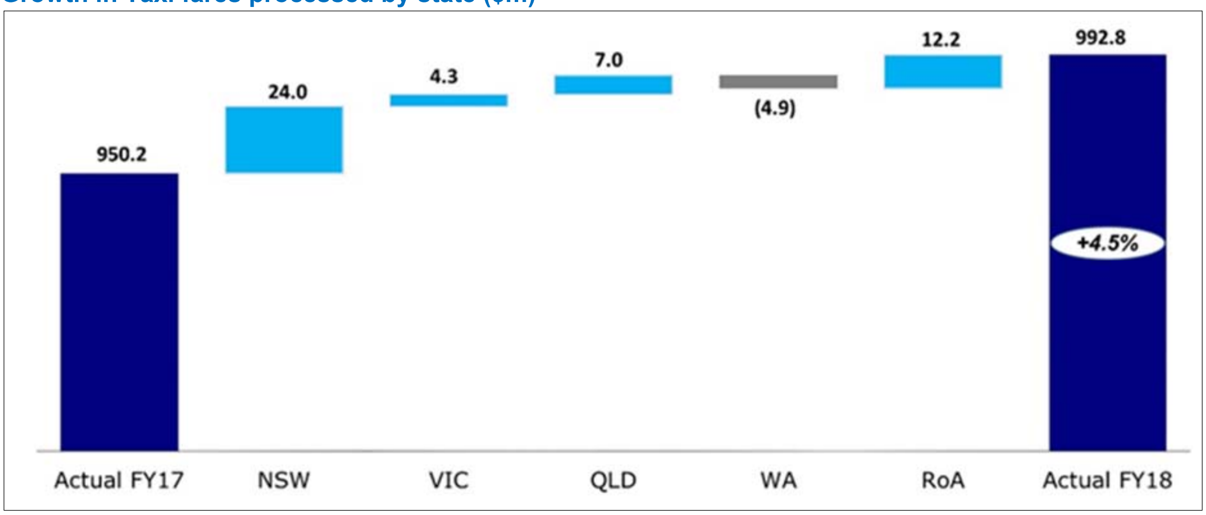
In FY18 total Taxi fares processed returned to growth, at $993 million reflecting a 4.5% increase vs PCP (FY17 $950 million). Cabcharge corporate account volumes experienced a decline of 0.4% while bank issued and 3rd party card volumes increased by 6.9% vs PCP.

### Total Taxi fares processed ($m)




Growth in Taxi fares processed was realised in all states with the exception of Western Australia. New South Wales and Queensland recorded year-on-year growth of 7.8% and 3.8% respectively.

### Growth in Taxi fares processed by state ($m)




RoA = Rest of Australia (South Australia, Tasmania, ACT and the Northern Territory)

Of the total $993 million of Taxi fares processed $104 million was processed through the handheld distribution channel (Spotto and Giraffe). As at 30 June 2018 a total of 7,033 handheld terminals were deployed with the Spotto product available in New South Wales, Victoria, Queensland, South Australia and Western Australia.

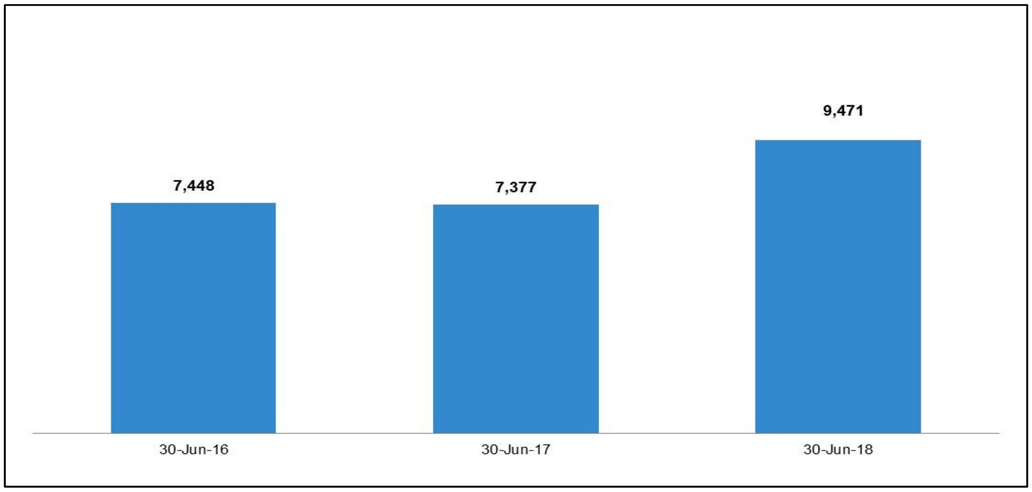
Network subscription fee income increased 5.6% or $3.2 million compared to FY17 on a like-for-like basis. Organic fleet growth is the key driver of this increase up 888 cars or 12% as at 30 June 2018. Organic fleet growth was primarily driven by a 30% increase in fleet in Melbourne as at 30 June 2018. With the inclusion of Yellow Cabs Queensland the total fleet increased 28% or 2,094 cars.

Brokered Taxi license plate income was in line with FY17 on a like-for-like basis with reduction in lease prices being offset by an increase in number of brokered plates. Including Yellow Cabs Queensland brokered license plate income increased 24% or $5.1 million.

Taxi operating income is a new revenue channel that was introduced in FY18 as a result of the Yellow Cabs Queensland acquisition and launch of fleet operations in Adelaide. In FY18 a total $7.7 million in Taxi operating income was generated and the total operating fleet as at 30 June 2018 was 190 cars, 123 cars in Brisbane and 67 cars in Adelaide.

Courier service income of $3.7 million was generated in FY18 through the Yellow Courier Network in Brisbane.

## Fleet




Income from Cabcharge's portfolio of owned Taxi licence plates declined $1.6 million to $3.4 million (FY17: $5.0 million) driven by the cessation of Taxi license plates in Victoria effective October 2018 resulting in an unfavourable impact of $0.8 million and lower average market rates for plates in various States and Territories.

**Other income**
Statutory other income includes once-off compensation of $2.2 million received by the Victorian, Queensland and South Australian Governments in relation to our Taxi license plates.

**Cash expenses**
Total operating cash expenses increased 46% or $48 million to $151.3 million (FY17 $103.6 million). The addition of Yellow Cabs Queensland contributed $31.4 million in operating cash expenses. Excluding Yellow Cabs operating expenses increased 14% or $16.3 million.

**Volume driven cash expenses**
Compared to prior year on a like-for-like basis volume driven cash expenses increased 16% or $5.3 million. Of this increase $1.0 million is attributable to the launch of fleet operations in Adelaide, $2.7 million relates to car sales, $2.5 million relates to other taxi related costs while processing fees payable to taxi networks reduced $1.4 million. Including Yellow Cabs volume driven cash expenses increased 60% or $20.5 million.

**Non-volume driven cash expenses**
Non-volume driven cash expenses increased 16% or $11 million on a like-for-like basis in line with the additional investment in marketing and technology resource capabilities communicated last year.

From the $11 million increase $2.9 million relates to the full year impact of additional technology labour resources that joined Cabcharge in 2H17 and $7.9 million relates to the additional investment in marketing and technology communicated last year. Other non-volume cash expenses were in line with prior year. Including Yellow Cabs non-volume driven cash expenses increased 39% or $27.2 million.

On a statutory basis total cash expenses increased 45% or $47.2 million to $152.8 million which includes $33.7 million in additional expenses relating to Yellow Cabs.

Impairment charges of $15.7 million in FY18 and $8.3 million in FY17 relate to the portfolio of our owned Taxi license plates and trademarks.  During FY18 $1.4 million in costs associated with the acquisition of Yellow Cabs Queensland were incurred. These expenses are excluded from underlying cash expenses.

During FY18 $1.4 million in costs associated with the acquisition of Yellow Cabs Queensland were incurred. These expenses are excluded from underlying cash expenses.

**Depreciation and amortisation**
Total depreciation and amortisation charges decreased 3.2% or $0.5 million on a like-for-like basis. Including Yellow Cabs total depreciation and amortisation charges increased 11% or $1.5 million. This increase includes $0.6 million in amortisation charges of intangible assets that were recognised following the acquisition of Yellow Cabs.

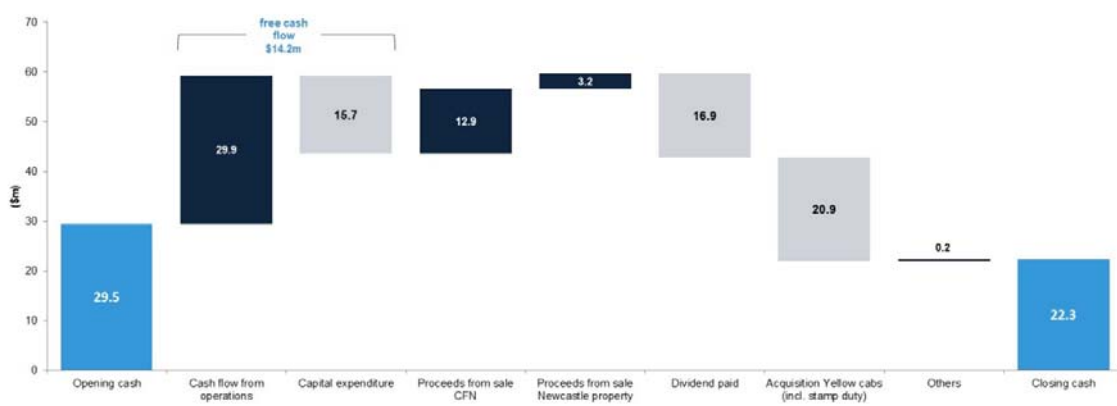
**Net finance costs**
Net finance costs decreased $1.0 million in FY18 as a result of reduced debt balances.  Bank debt has been reduced to zero following the divestment of our associate CityFleet Networks Ltd.

**Income tax expense**
The income tax effective rate on pre-tax statutory profit was 150% (FY17 44%) and is affected by the non-tax deductibility of impairment charges in FY18 and FY17.

**Discontinued operations**
The loss of discontinued operations of $0.4 million in FY18 relates to a foreign exchange loss on the sale of our investment in associate CityFleet Networks Ltd in the UK.

**Profit after tax from continuing operations**
Underlying net profit after tax was $13.6 million (FY17 $21.3 million) with the introduction of service fee caps and increased investment in marketing and technology being the largest drivers behind the profit decline.  A statutory net loss after tax of $2.2 million was recorded in FY18 (FY17 $90.6 million loss).

**Cashflow**




Cabcharge continued to generate strong cash flows from operations ending at $29.9 million representing a 107% conversion of cash profit (profit after tax and before depreciation, amortisation and impairment charges).

Total capital expenditure for FY18 was $15.7 million (FY17 $12 million), $0.4 million more than depreciation and amortisation expense combined for FY18. The increase in capital expenditure is primarily due to the launch of fleet operations Adelaide ($1.9 million), handheld terminals not yet deployed ($0.8 million) and increased software development.

The proceeds received in FY18 from the sale of CityFleet Networks Ltd ($12.9 million) and a property in Newcastle ($3.2 million) largely funded the acquisition of Yellow Cabs Queensland ($20.9 million).

Final FY17 dividend and FY18 interim dividends paid during the year totalled $16.9 million (FY17 $24.2 million).

### Dividend

Cabcharge paid a fully franked interim dividend of 4.0 cents per share and the board has declared a fully franked final dividend of 4.0 cents per share scheduled for payment on 31 October 2018.

## Balance sheet

| | Jun 2018 ($m) | Jun 2017 ($m) |
|---|---|---|
| Cash and cash equivalents | 22.3 | 29.5 |
| Other current assets | 76.1 | 83.2 |
| **Total current assets** | **98.4** | **112.7** |
| Property, plant and equipment | 38.3 | 35.4 |
| Taxi plate licences | 17.6 | 33.2 |
| Other non-current assets | 50.5 | 35.3 |
| **Total non-current assets** | **106.3** | **103.9** |
| **Total assets** | **204.7** | **216.6** |
| Loans and borrowings | 3.1 | 3.7 |
| Other liabilities | 39.4 | 31.8 |
| **Total liabilities** | **42.5** | **35.4** |
| **Total net assets** | **162.2** | **181.2** |
| Net cash | 19.2 | 25.8 |

Cabcharge has reduced its finance facility limits from $100 million to $70 million and entered into agreements with its lending banks to extend the current facility a further 2 years to 1 July 2021.

Total proceeds of $16.1 million relating to the sale of CityFleet Networks and a property in Newcastle were received in FY18 primarily explaining the decrease in trade and other receivables.

Goodwill increased $9.8 million following the acquisition of the business and assets of Yellow Cabs Queensland as at 31 July 2017.

### Investments

In June, Cabcharge announced to the market its intention to acquire MTI for $6.6 million, subject to ACCC approval. MTI provides technology for the processing, management and distribution of bookings (dispatch system) to the Taxi industry.  The acquisition will fast track the creation of innovative dispatch and payment tools to deliver seamless outcomes for the personal transport industry. The acquisition provides an opportunity to expand Cabcharge's customer reach and increases Cabcharge's ability to compete with other fully integrated personal transport companies.

### Outlook

Increasing population, urbanisation, vehicle costs and consumer preferences will continue to support growth in the personal transport industry. In line with our vision to become the first choice of Passengers, Drivers, Taxi Operators and Employees Cabcharge is committed to maintaining its current strategic investments in technology and marketing.

We will continue to deliver better travel experiences and remain focused in growing our key revenue drivers being fleet size and Taxi fares processed. In FY19 our core focus will be on the national rebrand of our 13cabs Networks, completing the integration of Yellow Cabs Queensland and accelerating the development of integrated dispatch solutions.

In FY19 we will continue to explore organic as well as inorganic growth opportunities leveraging our strong balance sheet and cash flow.

## Material business risks

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

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

| Strategic Risk | Nature of Risk | Actions / Plans to Mitigate |
|---|---|---|
| **Regulatory changes** | Cabcharge's operations are subject to State and Territory regulation and control.<br>New State Passenger levies were introduced in FY18 and FY19 across various states.<br>Queensland implemented a 5% limit on payment service fees in October 2017 with Tasmania now being the only state without service fee restrictions.<br>It is possible that Taxi Regulators may impose lower limits on the level of service fees able to be charged to Cabcharge Customers thereby potentially impacting revenue and earnings.<br>It is possible that Taxi Regulators may change rules around required standards and quality control aspects of Taxi Networks.<br>Taxi Regulators may affect the value of Taxi plate licences through setting supply of new Taxi plate licences and setting rates for Government leased Taxi plate licences.<br>In addition, changes in Taxi regulation, including establishing a regulatory environment for non-Taxi transport can indirectly affect the value of Taxi plate licences.<br>Taxi Regulators may also restrict the supply of Taxi plate licences which limits growth opportunities for the Taxi Industry. | Continue to work with Taxi Regulators on issues affecting the Taxi Industry.<br>Building applications to collect levies in NSW, NT, and VIC. Operators can reconcile their levies with Drivers and the Network through our Operator Portal and CabAccess Administration tool which we now offer nationally as well as providing additional levy report improvements.<br>Advocate for and deliver standards and controls that result in maintaining or improving the standards of Customer service and safety that are essential to transport user confidence.<br>Maximise opportunities for Cabcharge presented by new point to point regulatory frameworks. |
| **Changes to competitive landscape / changes to IT environment** | Continued emergence of competitors in personal transport who offer alternative service and payment methods, both within and outside the regulatory framework, or subject to less stringent regulation.<br>Potential loss of business if the Company fails to keep pace with technological change with respect to Network Operations, bookings and payments. | Be at the forefront of Taxi Network App development and integrate bookings and payments.<br>Strategic acquisition-led growth to bolster existing technology and resources (MTI acquisition announced June 2018)<br>Continue investment in technology and marketing as reflected by:<br>World first launch of Digital Pass, replacing physical eTICKET or FASTCARD<br>▪ Growth in handheld terminals Spotto for Taxi Drivers and Giraffe for Hire Cars<br>▪ Upgrades and added features to the 13CABS and Silver Service Taxi apps<br>▪ Upgrades to interface of Cabcharge payments terminal, FAREWAY*plus*<br>▪ Strengthened national 13CABS brand<br>▪ Strengthened national Cabcharge Payments brand |

# Board of Directors

## Paul Oneile

*Independent Chairman*

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

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

## Louise McCann

*Independent Non-executive Director*

Louise was appointed as a Director in August 2017. She is currently a Non-executive Director of Macquarie Media Limited, Credit Union Australia Limited, Grant Thornton Australia and the University of Notre Dame Australia. Louise was previously a Non-executive Director of iiNet Limited (2011 – 2015). Louise has over 25 years of experience in media, publishing and market research in Australia and internationally. Her previous executive roles include CEO for Asia and Managing Partner for Australia for Hall & Partners (2009 – 2012), CEO and Chairman of Research International (ANZ) (2004 – 2009), and CEO of OzTAM Pty Ltd (2001 – 2004). Louise holds a Master of Management from Macquarie Graduate School of Management and is a fellow of the Australian Institute of Company Directors, the Institute of Managers and Leaders, and the Royal Society for Arts, Manufacturers and Commerce.

## Richard Millen

*Independent Non-executive Director*

Rick was appointed as a Director in June 2014. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee. He also served as Chairman from November 2016 to February 2017. Rick has extensive experience in corporate transactions, corporate finance and accounting. Having spent over 30 years with PwC, his senior executive roles at the firm included leading its first Corporate Finance practice and subsequently the firms' broader Advisory practice. Rick has a strong background in corporate responsibility. He led PwC's internal Corporate Responsibility agenda and is currently a Director of Australia for UNHCR. Rick holds an MA Hons Jurisprudence (Law) from Oxford University, is a graduate of the Australian Institute of Company Directors and is a member of the Institute of Chartered Accountants in Australia and New Zealand.

## Clifford Rosenberg

*Independent Non-executive Director*

Clifford was appointed as a Director in August 2017. He is currently a Non-executive Director of Afterpay Touch Group Limited, Pureprofile Limited, Nearmap Limited and IXUP Limited. Clifford has over 20 years of experience in the digital space as an entrepreneur and as an executive, with specific experience in disrupting businesses. His previous executive roles include Managing Director, South-East Asia, Australia & New Zealand for LinkedIn (2009 – 2017), Managing Director of Yahoo! Australia & New Zealand (2003 – 2006) and Founder and Managing Director of iTouch Australia and New Zealand, one of the largest mobile content and application providers in Australia. Clifford holds a Master of Science in Management from the Ben Gurion University of the Negev, and a Bachelor of Business Science (Honours) in Economics and Marketing from the University of Cape Town.

### Andrew Skelton

*Chief Executive Officer and Managing Director*

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

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

### Trudy Vonhoff

*Independent Non-executive Director*

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

# Directors' Report

The Directors present their report (including the Remuneration Report), together with the financial statements of the consolidated entity being Cabcharge Australia Limited (**Cabcharge** or the **Company**) and the entities it controls (the **Group**) for the financial year ended 30 June 2018.

### Directors

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

- Paul Oneile (Chairman)
- Louise McCann (appointed 29 August 2017)
- Donnald McMichael (retired 30 June 2018)
- Richard Millen
- Clifford Rosenberg (appointed 29 August 2017)
- Andrew Skelton (CEO and Managing Director)
- Trudy Vonhoff

The qualifications, experience and special responsibilities of current Directors of the Company are set out in the Board of Directors section on pages 12 and 13. Particulars relating to Donnald McMichael, who retired on 30 June 2018, are provided below.

Donnald McMichael

*Independent Non-executive Director*

Donn was appointed as a Director in June 1996. He is a member of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee. Donn has deep operational experience in the personal transport industry. He has served on the Board for over 20 years. Prior to this he was Chairman of Aerial Capital Investments Pty Ltd (1987 – 1998) (formerly Aerial Taxi Co-Op Society Limited), a Director of Taxis Australia Pty Ltd (1992 – 2000), a Director of Canberra Taxi Industry Association Ltd (1989 – 1998) and a Director of Yellow Cabs (Canberra) Pty Ltd (1998 – 2002). Donn has served on a number of not-for-profit Boards and is currently the CEO of the Noah's Ark Resources Inc.

## Directorships of other listed companies

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

| Director | Name of listed company | Appointment date | Cessation date |
|---|---|---|---|
| Paul Oneile | Intecq Ltd | 21 September 2012 | 16 December 2016 |
| Louise McCann | Macquarie Media Ltd | 10 June 2015 | - |
| | Iinet Ltd | 14 April 2011 | 24 August 2015 |
| Richard Millen | - | - | - |
| Clifford Rosenberg | IXUP Ltd | 29 September 2017 | - |
| | Afterpay Touch Group Ltd | 30 March 2017 | - |
| | Pureprofile Ltd | 12 June 2015 | - |
| | Nearmap Ltd | 3 July 2012 | - |
| Andrew Skelton | - | - | - |
| Trudy Vonhoff | Ruralco Holdings Ltd | 1 September 2014 | - |

## Company Secretary

### Adrian Lucchese

*General Counsel and Company Secretary*

Adrian Lucchese commenced at Cabcharge on 20 October 2014. Adrian began his career with Blake Dawson Waldron (now Ashurst) in 1988 and has held a number of senior management roles including Group General Counsel and Company Secretary of George Weston Foods Limited where, amongst other things, he was responsible for many of the improvements to its competition compliance program. From August 2011 to October 2014, Adrian was Company Secretary of AMP Capital Holdings Limited where he contributed to governance, structural and business improvement initiatives.

Adrian holds Bachelor degrees in both Science and Laws from the University of Sydney and a Master of Laws from the University of Sydney.

## Dividends

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

| Type | Cents per share | Total paid or declared ($000) | Payment date |
|---|---|---|---|
| Final FY17 | 10.0 | $12,043 | 31 October 2017 |
| Interim FY18 | 4.0 | $4,817 | 30 April 2018 |
| Final FY18 | 4.0 | $4,817 | 31 October 2018 |

The final dividend has a record date of 28 September 2018.

## Principal activities

The principal activities of the Group are included in the Operating and Financial Review (**OFR**) set out on pages 3 to 11. Other than those mentioned in the OFR there were no other significant changes to the nature of the activities of the Group during the year.

## Review of operations

A review of the Group's operations during the year and the results of those operations, together with its financial position, are included in the OFR set out on pages 3 to 11. The Group's business strategies and prospects for future financial years are also included in the OFR.

## Significant changes in state of affairs

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

## Events subsequent to reporting date

Since the reporting date:

- The Directors declared a final dividend of 4.0 cents per share (fully franked) payable on 31 October 2018. The record date to determine entitlement to the dividend is 28 September 2018.
- On 20 June 2018 the Company announced that it had entered into an agreement to acquire all of the issued shares in Mobile Technologies International Pty Ltd for a purchase price of $6.6 million. The acquisition is subject to a number of conditions precedent including a confirmation by the Australian Competition and Consumer Commission that it does not intend to oppose the acquisition. As at the date of this report the conditions precedent have not been satisfied and the acquisition has not completed.

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

## Likely developments

Information about likely developments in the Group's operations is included in the "Outlook" section of the OFR on page 10.

## Environmental regulation

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

## Directors' interests and benefits

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

| Director | Interest in shares |
|---|---|
| Paul Oneile | 56,968 |
| Louise McCann | 23,800 |
| Richard Millen | 60,000 |
| Clifford Rosenberg | 111,307 |
| Andrew Skelton | 6,861 |
| Trudy Vonhoff | 22,000 |

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

| Grant period | Performance Rights |
|---|---|
| FY15 grant (for period ending 30 June 2018) | 43,036 |
| FY16 grant (for period ending 30 June 2019) | 78,624 |
| FY17 grant (for period ending 30 June 2020) | 124,611 |
| FY18 grant (for period ending 30 June 2021) | 222,222 |
| **Total** | **468,493** |

## Remuneration Report

The Remuneration Report is set out on pages 19 to 34 and forms part of this Directors' Report, has been audited as required by section 308(3C) of the Corporation Act 2001 (Cth).

## Directors' Meetings

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

| | Board | | Audit and Risk[2] | | Remuneration and Nominations[2] | |
|---|---|---|---|---|---|---|
| **Director[1]** | **Held[3]** | **Attended** | **Held[3]** | **Attended** | **Held[3]** | **Attended** |
| Paul Oneile | 12 | 12 | - | - | - | - |
| Louise McCann | 9 | 9 | 3 | 3 | 3 | 3 |
| Donnald McMichael | 12 | 11 | 5 | 4 | 6 | 5 |
| Richard Millen | 12 | 11 | 5 | 5 | 6 | 5 |
| Clifford Rosenberg | 9 | 8 | 3 | 3 | 3 | 3 |
| Andrew Skelton | 12 | 12 | - | - | - | - |
| Trudy Vonhoff | 12 | 12 | 5 | 5 | 6 | 6 |

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

**Share options and performance rights**

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

As at the date of this report there are 1,295,657 performance rights over unissued shares which have been granted to the CEO and Managing Director and other senior executives under the Company's LTI Plan. Further information on the LTI Plan is included in the Remuneration Report on pages 26 to 28.

**Indemnification and insurance of officers and auditors**

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

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

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

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

**Non-audit services by auditors**

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

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

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

**Lead auditor’s independence declaration**

The lead auditor’s independence declaration required under section 307C of the Corporations Act is set out on page 35.

**Rounding off**

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

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

Paul Oneile
Chairman
28 August 2018

Andrew Skelton
CEO and Managing Director
28 August 2018

# Remuneration Report

## Table of Contents

1. Overview
    - Who is covered by this report
    - Realised remuneration
    - Remuneration strategy
2. Remuneration governance
    - Use of remuneration consultants and advisors
3. Executive KMP remuneration arrangements
    - Remuneration principles and link to Company strategy
    - Remuneration structure
    - Detail of remuneration elements and incentive plans
    - Executive KMP contracts
4. Executive KMP remuneration outcomes for FY18
    - FAR
    - STI performance and outcomes
    - LTI performance and outcomes
    - Snapshot of Group performance
    - Executive remuneration in FY18
    - LTI awards held by executive KMP
5. Non-executive Director fee arrangements
    - Board and Committee fees
    - Fees in FY18
    - NED remuneration in FY18
6. Additional disclosures relating to securities
    - Shares
    - Rights
7. Transactions with KMP and their related parties
8. Shareholder voting for the 2017 Remuneration Report

This Remuneration Report for the year ended 30 June 2018 outlines the remuneration arrangements of Cabcharge Australia Limited (**Cabcharge** or **Company**) and is prepared in accordance with the requirements of the Corporations Act 2001 (**Corporations Act**) and the Corporations Regulations 2001. The information in sections 1 to 7 has been audited as required by section 308(3C) of the Act.

# 1. Overview

The Board of Directors present the Company's Remuneration Report for the financial year ended 30 June 2018 (**FY18**). This report details the Company's remuneration framework and its alignment with the Company's performance and strategy. It also sets out the remuneration arrangements and outcomes for the Company's key management personnel (**KMP**) who have authority and responsibility for planning, directing and controlling the activities of the Company.

### *Who is covered by this report*

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

Table 1: KMP included in this report

| KMP | Role | Change in FY18 |
|---|---|---|
| **Non-executive Director** | | |
| Paul Oneile | Independent Chairman | |
| Louise McCann | Independent Director | Appointed 29 August 2017 |
| Donnald McMichael | Independent Director | Retired 30 June 2018 |
| Richard Millen | Independent Director | |
| Clifford Rosenberg | Independent Director | Appointed 29 August 2017 |
| Trudy Vonhoff | Independent Director | |
| **Executive** | | |
| Andrew Skelton | Managing Director and CEO | |
| Adrian Lucchese | General Counsel and Company Secretary | |
| Deon Ludick | Chief Technology Officer | |
| Fred Lukabyo | Chief Operating Officer | |
| Stuart Overell | Chief Operating Officer - Taxi Networks | |
| Ton van Hoof | Chief Financial Officer | Appointed 15 May 2018 |
| **Former executive** | | |
| Sheila Lines | Chief Financial Officer | Resigned 31 December 2017 |

### *Realised remuneration*

The details of statutory executive KMP remuneration prepared in accordance with the Australian Accounting Standards can be found in table 6 on page 30. Details of statutory Non-executive Director fee arrangements can be found in table 9 on page 32.

The table below provides shareholders with an understanding of remuneration earned by executive KMP in FY18. The amounts disclosed in the table below are intended to provide an explanation of the pay for performance relationship in our remuneration framework and are in addition to the information provided by the statutory executive remuneration table prepared in accordance with the Australian Accounting Standards.

### Table 2: Remuneration earned in FY18 (non-statutory) (unaudited)

| Executive | Fixed remuneration[1] $ | STI earned for FY18 & deferred STI $ | LTI vested in FY18[2] $ | Total $ |
|---|---|---|---|---|
| Andrew Skelton | 700,000 | 397,585[3] | - | 1,097,585 |
| Adrian Lucchese | 390,000 | 135,000 | - | 525,000 |
| Deon Ludick | 383,250 | 135,000 | - | 518,250 |
| Fred Lukabyo | 440,000 | 131,325 | - | 571,325 |
| Stuart Overell | 415,000 | 113,775 | - | 528,775 |
| Ton van Hoof[4] | 111,250 | | | 111,250 |
| **Former executive** | | | | |
| Sheila Lines[5] | 240,000 | - | - | 240,000 |

1. Fixed remuneration means contracted remuneration amount for base salary and superannuation.
2. The first LTI rights awarded in FY15 are due to vest in September 2018. Further information on vesting is set out in the LTI section of this report.
3. This amount includes both STI earned in respect of FY18 and STI earned in FY17 ($42,785) and deferred and paid for FY18. For FY18, 75% will be paid in September 2018 and 25% will be deferred and paid in cash in two equal instalments over the next 24 months after payment of the first 75%.
4. Mr van Hoof was appointed as CFO on 15 May 2018. He did not participate in the FY18 STI but was paid a discretionary bonus of $67,500 in recognition for his contribution towards the underlying financial performance of the Company whilst acting as CFO during the months prior to his formal appointment.
5. Ms Lines resigned on 31 December 2017 following completion of her notice period. She did not participate in the FY18 STI.

***Remuneration strategy***

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

## 2. Remuneration governance

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

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

**Remuneration and Nominations Committee**
- Comprises at least three members appointed by the Board
- Must have an independent chair and a majority of independent directors
- Makes recommendations to the Board regarding remuneration policies, structures and arrangements
- Makes recommendations to the Board regarding performance measures and outcomes
- The Committee met six times in FY18

For more detail on Cabcharge charters and policies, see:
https://www.cabcharge.com.au/about-us/corporate-governance

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

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

***Use of remuneration consultants and advisors***

The Company appointed Korn Ferry and Hay Group and Godfrey Remuneration Group during FY18 to undertake a biannual benchmarking review of the fixed annual remuneration bands for executive KMP. The Company also retained PwC to provide advice in relation to its LTI plan. No remuneration recommendations by a remuneration consultant as defined under the Corporations Act were made during FY18.

## 3. Executive KMP remuneration arrangements

***Remuneration principles and link to Company strategy***

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

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

| Business objectives | | Remuneration strategy objectives | | Remuneration structure |
|---|---|---|---|---|
| ▪ Enhance and expand operational platform for the creation of a sustainable business model for future growth.<br>▪ Focus on creation of shareholder value. | ⟷ | ▪ Attract and retain key talent through balanced remuneration, market competitive pay and performance focused STI and LTI.<br>▪ Focus the executive team on the key strategic business imperatives.<br>▪ Align interests of executive KMP and shareholders.<br>▪ Invite executive KMP to participate in the STI and LTI plans. | ⟷ | **Fixed annual remuneration (FAR)**<br>Set with reference to job size and organisations of similar complexity and industry dynamics.<br>**Short-term incentive (STI)**<br>Cash incentive comprising a group financial performance target (60%) and individual targets focused on strategic priorities (40%).<br>**Long-term incentive (LTI)**<br>Equity incentive comprising of performance rights vesting over four years, subject to achievement of an absolute total shareholder return performance target.<br>**Executive arrangements**<br>Executive services agreement formalise incentive arrangements, and include termination and post-termination provisions. |

***Remuneration structure***

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

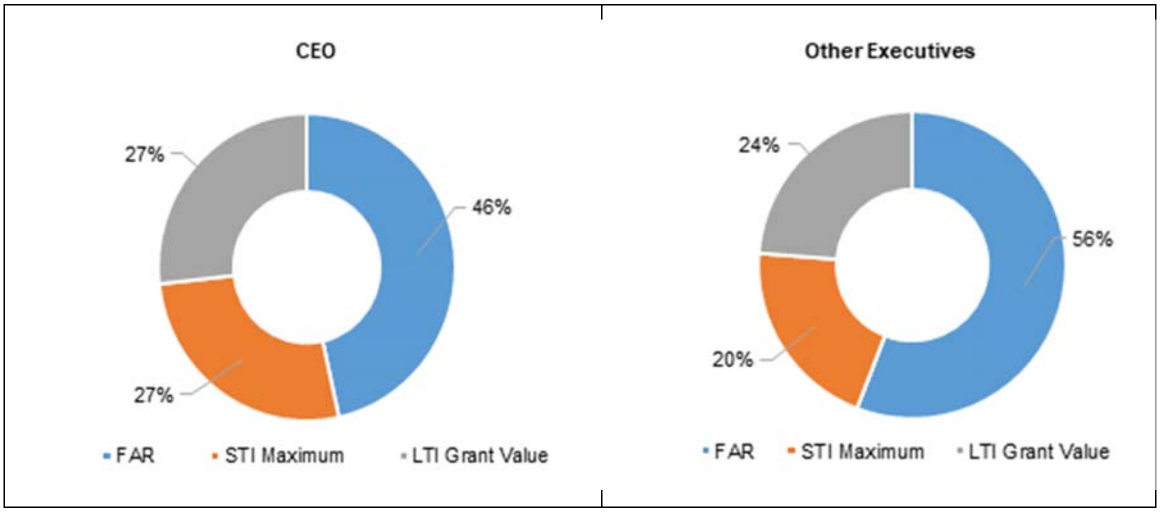
The Board and the Committee regularly review the remuneration level and structure for the Company's executives and make adjustments where appropriate to support the strategic initiatives of the business whilst ensuring that it remains market competitive for recruiting and retaining skilled individuals.

In FY18, the executive KMP remuneration structure consisted of FAR and performance based "at risk" short term and long term incentives awarded pursuant to STI and LTI plan rules. Adjustments or changes to our remuneration arrangements made in FY18 are detailed under each remuneration element below.

Mr van Hoof was appointed as Chief Financial Officer on 15 May 2018 and therefore did not participate in the Company's FY18 executive STI and LTI programs.

The following graphs summarise the CEO and other executives' remuneration mix for FY18. In line with the Company's stated commitment to align executive KMP remuneration with market practice and the

Company's strategic direction, this year there has been no change in the "at risk" remuneration for the CEO (FY17 54%; FY18 54%). There was an increase in the "at risk" remuneration of other executive KMP (FY17 42%; FY18 44%). The percentages in the diagram below represents the maximum "at risk" opportunity and not outcomes for FY18.




***Detail of remuneration elements and incentive plans***

<u>FAR</u>

Details of executive FAR are disclosed below.

| | |
|---|---|
| What is FAR? | FAR is comprised of salary and other benefits provided to an executive on an ongoing basis, such as superannuation contributions. |
| How is FAR determined? | FAR is reviewed annually and our standard executive services agreements do not include any guaranteed FAR increases.<br>When reviewing FAR for executives a number of factors are considered, including the individual's skills and experience relevant to their role, and internal and external factors.<br>The Company's policy is to position FAR competitively with reference to companies of a similar complexity and industry dynamic to that of Cabcharge. |
| Were any changes made in FY18? | The Board reviewed the FAR for each executive for FY18. Changes to FAR are typically implemented and take effect on 1 July of each year.<br>Biannual benchmarking of executive FAR bands was completed by two independent consultants. |

<u>STI</u>

Details of the STI are disclosed below.

| | |
|---|---|
| What is the STI plan? | The STI plan provides participating executives with an opportunity to be rewarded for their individual achievements, as well as the achievements of their business unit and the Company. This further aligns their interests with the strategic priorities of the Company. All executive KMP are eligible and participated (except for Mr van Hoof and Ms Lines) in the STI plan in FY18. |
| What is the format for STI awards? | The STI award is delivered annually in the form of a cash payment that is subject to the satisfaction of performance measures that are set at the beginning of each |

| | |
|---|---|
| | financial year. For the CEO, 25% of any STI award is deferred and paid in two equal instalments over the next 24 months. |
| What is the performance period? | The performance period for the FY18 STI award is from 1 July 2017 to 30 June 2018. |
| What is the maximum opportunity? | The STI maximum opportunity is set individually and based upon market benchmarks for the remuneration mix. This figure when referenced to FAR is: CEO: 57% of FAR and other executives: on average 36.6% of FAR. |
| What are the STI performance measures? | The FY18 STI award vests subject to the achievement of a Group-wide financial performance measure and individual performance measures. The financial performance measure continues to apply to all executive KMP to ensure their common focus on the achievement of the Company's financial objectives. The individual performance measures for each executive are directly linked to the strategic imperatives of the Company and the contributions of the relevant executive towards achieving them. |

A summary of the FY18 performance measures is set out below.

*Group-wide financial performance measure (60% of STI)*

Earnings before interest, tax, depreciation and amortisation including Yellow Cabs Queensland, less acquisitions, divestments and impairments (**Gateway Hurdle**).

100% of the Gateway Hurdle is $32.8m. The minimum threshold for the Gateway Hurdle is 90% being $29.5m, triggering a 35% payment of the financial performance measure. Straight line vesting of 65% will occur between the minimum threshold of $29.5m and the maximum amount of $32.8m.

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

*Individual performance measures (40% of STI)*

| **Role** | **Performance measure** |
|---|---|
| CEO | ▪ Customer engagement and corporate culture (10%)<br>▪ Grow the personal transport business – fleet growth (10%)<br>▪ Effectively promote the 13CABS app (10%)<br>▪ Grow the payments business (10%) |
| Other executive KMP | Position-specific performance measures tailored for each executive having regard to their role, responsibility and specific strategic goals over which they have influence. Examples include:<br>▪ ACCC compliance<br>▪ Capture the value of the Yellow Cabs Queensland acquisition<br>▪ Cyber security and stability of technical operations<br>▪ Grow the Payments business |

Details regarding the STI outcomes for FY18, based on achievement of the performance measures outlined above, are set out in section 4 of the Remuneration Report.

| | |
|---|---|
| How is performance tested? | The Committee considers the CEO's performance against the performance measures set for the year and provides a recommendation of the STI to be paid (if any) to the Board for approval. The CEO considers the performance of other executive KMPs against the performance measures set for the year and, in consultation with the Committee, provides a recommendation of the STI to be paid (if any) to the Board for approval. The Board may approve, amend or reject the recommendations. |
| What happens on a change of control or other significant events? | If a change of control occurs before the end of the performance period, the Board will determine how STI awards will be dealt with. If a change of control occurs before the Board makes a determination, a pro rata amount of the STI award based on the proportion of the performance period that has elapsed at the time of the change of control will be paid.<br><br>The Board has the discretion to vary the terms of STI awards so that executives are not unfairly advantaged (or disadvantaged) by factors outside their control. Any variations will be disclosed and explained in the Remuneration Report. |
| Does the plan provide for clawback? | Cabcharge has a clawback mechanism in place, which allows for the repayment of STI awards in cases involving fraud, dishonesty, breach of obligations (including a material misstatement of financial information), or any other omissions that result in an STI outcome. The Board may use its discretion to ensure that no unfair benefit is obtained, subject to applicable laws. |
| What happens on termination of employment? | Where employment ends prior to the end of the performance period by reason of resignation, fraudulent or dishonest conduct, or termination for cause (including gross misconduct), any entitlement to the STI award will be forfeited at termination of employment.<br><br>Where employment ends for any other reason, a pro-rata portion of the STI award will remain on foot and will be tested at the end of the original performance period.<br><br>The Board retains the discretion to vary the treatment set out above based on the specific circumstances surrounding the termination of employment.<br><br>In respect of the deferred STI, when employment ends after payment of the initial STI instalment but prior to payment of the deferred portion of an STI award:<br>▪ By reason of fraudulent or dishonest conduct, or termination for gross misconduct, the entitlement to the deferred portion of the STI award will be forfeited at termination of employment.<br>▪ For any other reason, the deferred portion of the STI award will remain on foot and be paid in the ordinary course. |
| Were any changes made in FY18? | The following changes were made:<br>▪ The STI performance measures were reviewed to ensure that they continue to align with strategic goals.<br>▪ The STI plan was independently reviewed resulting in amendments to the plan to provide the Board with a discretion to reduce STI outcomes in situations where the targets have been met but the Board does not consider it would be appropriate to provide the full STI outcome.<br>▪ To standardise the STI across all executive KMP, both Mr Ludick's and Mr Lukabyo's maximum STI opportunity increased from $100,000 to $150,000. |

<u>LTI</u>

Details of the LTI are disclosed below.

| | |
|---|---|
| What is the LTI plan? | The LTI plan provides participating senior executives with an opportunity to share in the long-term growth of Cabcharge and aligns their interests with those of the Company's shareholders. All executive KMP are eligible and participated (except for Mr van Hoof and Ms Lines) in the LTI plan in FY18. |
| What is the format for LTI awards? | LTI awards are delivered in the form of rights which are granted to participants for nil consideration. LTI awards are granted annually and are subject to a four-year performance period.<br><br>Rights will vest at the end of the performance period, subject to the satisfaction of the performance measure set out below. There is no retesting of performance. On vesting, each right converts into one ordinary share (or if determined by the Board into the equivalent cash value). Any rights which do not vest immediately lapse. |
| What is the performance period? | The performance period for the FY18 LTI award commenced on 1 July 2017 and will end on 30 June 2021. Subject to the satisfaction of the relevant performance measure, the FY18 award will vest following testing of the performance measure, which is anticipated to occur after the FY21 full year results announcement. |
| What is the maximum opportunity? | The maximum LTI opportunity is set individually and based upon market benchmarks for the remuneration mix. This figure when compared to FAR is: CEO: 57% of FAR and other executives: on average 42.5% of FAR.<br><br>The number of rights granted to individuals was calculated by dividing their maximum LTI opportunity by the volume weighted average market price (**VWAP**) of the Company's shares over the 5 trading day period commencing 30 days after the date of the release of the Company's audited financial results for the year ended 30 June 2017. No discount is made for dividends foregone nor for performance or other considerations. |
| What are the LTI performance measures? | The FY18 LTI award is subject to the achievement of an absolute total shareholder return target by the Company (**TSR Hurdle**). The TSR Hurdle measures the change in the Company's share price, including dividends paid, over the performance period. It is set at a level above average historical long-term market returns to ensure vesting will occur only if the Company's shareholders experience superior returns.<br><br>The TSR Hurdle requires a minimum threshold performance of at least 8% annual effective TSR per ordinary share before any vesting will occur.<br><br>The percentage of rights subject to the TSR Hurdle that vest, if any, will be determined by the Board in accordance with the following vesting schedule. |

| TSR performance | Rights that vest (%) |
|---|---|
| Less than 8% return p.a. | 0% |
| At 8% return p.a. | 30% |
| Above 8% return p.a. but less than 12% return p.a. | Straight-line vesting between 30% and 100% of the award |
| 12% return p.a. or more | 100% |

| | |
|---|---|
| | For the purpose of calculating the growth in the Company's share price as part of the TSR calculation, the following opening and closing share prices will be used:<br>▪ the VWAP of the Company's shares over the 5 trading day period commencing 30 days after date of the release of the Company's audited financial results for the year ended 30 June 2017, being \$1.80; and<br>▪ the VWAP of the Company's shares over the corresponding 5 trading day period following the release of the Company's audited financial results for the year ended 30 June 2021.<br>Decisions regarding the level of performance achieved and relevant remuneration outcomes will be made by the Board according to the above vesting schedule at the end of the performance period, with the outcomes communicated to shareholders in the Remuneration Report. |
| What happens on a change of control or other significant events? | Where a change of control event occurs, the Board has discretion to determine the proportion of LTI awards to vest and may have regard to the executive's tenure, the proportion of the performance period that has elapsed, the extent to which the performance conditions have been satisfied at the time of the change of control and the interests of the Company's shareholders.<br>If a change of control occurs before the Board exercises its discretion, a pro-rata number of unvested LTI awards will vest based on the extent which the performance conditions are satisfied (or are estimated to have been satisfied) and the proportion of the performance period that has elapsed at the time of the change of control.<br>The Board may adjust the terms of LTI awards in exceptional situations where participants may be unfairly advantaged (or disadvantaged) by external factors outside of their control. The Board in all circumstances will ensure any variation takes into account the purpose of the LTI plan and achievement against the relevant performance conditions up until the relevant time. Any variations will be disclosed and explained in the Remuneration Report. |
| Does the plan provide for clawback? | Cabcharge has a clawback mechanism in place, which allows for the lapsing and/or clawback of LTI awards. In cases involving fraud, dishonesty, breach of obligations (including a material misstatement of financial information), or any other act or omission that result in an inappropriate LTI outcome. The Board may use its discretion to ensure that no unfair benefit is obtained by a participant, subject to applicable laws. |
| What happens on termination of employment? | Where employment ends prior to the end of the performance period due to resignation, termination for cause or poor performance, unvested LTI awards will lapse. Where the employment ends for any other reason, unvested LTI awards will continue on-foot and be tested at the end of the original performance period against the relevant performance conditions. However, the Board has an overriding discretion to apply another treatment if it deems it appropriate. |
| Were any changes made in FY18? | *Change to performance measures*<br>During a period of regulatory change, disruption and growth cycles, including the disposal and acquisition of assets, an absolute TSR is the most appropriate method to align the efforts of executives with superior returns to shareholders. Accordingly, the Board recommended, and |

shareholders approved (at the 2017 annual general meeting), the adoption of the TSR Hurdle as the sole LTI performance measure with an extended range for the threshold and stretch targets (8% to 12%, previously 9% to 11%).

The calculation of the VWAP used to determine the number of rights to be granted and for calculating the growth in the Company's shares as part of the TSR calculation has been moved from 5 days after the 30 June to 5 days following the release of the Company's audited results. The change in timing ensures that the TSR Hurdle in the LTI program aligns with the release of the Company's financial results to the market.

*Change to Chief Technology Officer's maximum opportunity*

Mr Ludick's maximum LTI opportunity increased from $100,000 to $150,000. The Board believes that the change was appropriate given the emphasis on technology in the Company's strategic plan.

***Executive KMP contracts***

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

Table 3: Executive KMP contract terms

| Executive | Contract term | Notice period[1] |
|---|---|---|
| Andrew Skelton | Ongoing | 12 months |
| Adrian Lucchese | Ongoing | 6 months |
| Deon Ludick | Ongoing | 6 months |
| Fred Lukabyo[2] | Ongoing | 6 months |
| Stuart Overell | Ongoing | 6 months |
| Ton van Hoof | Ongoing | 6 months |
| **Former executive** | | |
| Sheila Lines | Ongoing | 6 months |

1. The length of the notice period is the same for the executive KMP and the Company. The Board has the discretion to make payments to executive KMP in lieu of notice.
2. In relation to Mr Lukabyo's notice period, up until 30 June 2020 both he and the Company are required to give nine months notice. From 1 July 2020 both Mr Lukabyo and the Company are required to give six months notice.

## 4. Executive KMP remuneration outcomes for FY18

FY18 was a year of consolidation and growth for Cabcharge with efforts to improve the value proposition of the Company's services delivering increases in fleet size and payment turnover. We also commenced the integration of the Yellow Cabs Queensland business and enhanced our product offering through improved technology and marketing initiatives. The Company also entered into an agreement to acquire Mobile Technologies International Pty Ltd (formerly MTData). This strategic transaction will significantly improve the Company's dispatch solutions and increase our technological capabilities and innovation opportunities. It will also enable the Company to expand its product offerings internationally.

***FAR***

There were no changes to the fixed remuneration of executive KMP for FY18.

***STI performance and outcomes***

The CEO assessed the performance of each executive KMP against their individual FY18 STI performance measures with recommendations presented to the Committee. The Committee also assessed the performance of the CEO with reference to his STI performance measures and made recommendations to the Board.

The Board considered the material provided to the Committee, its recommendations, and the annual financial results. The Board determined that $33.2m was achieved for the financial performance measure which exceeded the minimum threshold for the Gateway Hurdle of $29.5m. The Board also agreed with the recommendations in relation to the individual performance of each executive KMP and the applicable value payable.

In respect of the CEO's STI, the Board approved the following:

| | | |
|---|---|---|
| Financial performance measure - Gateway Hurdle | 60% | Target 60% |
| Customer engagement and corporate culture | 5% | Target 10% |
| Grow the personal transport business – fleet growth | 10% | Target 10% |
| Effectively promote the 13CABS app | 10% | Target 10% |
| Grow the payments business | 3.7% | Target 10% |

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

### Table 4: FY18 STI award outcomes

| Executive | Maximum FY18 STI opportunity $ | STI earned in FY18 $ | % of maximum opportunity achieved | % of maximum STI opportunity forfeited |
|---|---|---|---|---|
| Andrew Skelton | 400,000 | 354,800[1] | 89% | 11% |
| Adrian Lucchese | 150,000 | 135,000 | 90% | 10% |
| Deon Ludick | 150,000 | 135,000 | 90% | 10% |
| Fred Lukabyo | 150,000 | 131,325 | 88% | 12% |
| Stuart Overell | 150,000 | 113,775 | 76% | 24% |
| Ton van Hoof[2] | - | - | - | - |
| **Former executive** | | | | |
| Sheila Lines[3] | - | - | - | - |

1. 25% of the STI earned in FY18 being $88,700 is deferred and paid in two equal instalments of $44,350 in July 2019 and $44,350 in July 2020.
2. Mr van Hoof commenced as a KMP on 15 May 2018. He did not participate in the FY18 STI.
3. Ms Lines resigned on 31 December 2017 following completion of her notice period. She did not participate in the FY18 STI.

### *LTI performance and outcomes*

The Company's shareholders approved the LTI plan in November 2014. There are no LTI vesting outcomes for the FY18 LTI award as the performance period is four years.

The first tranche of performance rights granted under the LTI plan for the financial year ended 30 June 2015 (**FY15**) vest in or around September 2018 after the publication of this report. The outcomes for the FY15 LTI award will be included in the 2019 Remuneration Report.

### *Snapshot of Group performance*

## Table 5: Performance outcomes for the last five years

| | FY18 | FY17 | FY16 | FY15 | FY14 |
|---|---|---|---|---|---|
| Profit after tax from continuing operations ($m) | (1.9) | 13.8 | 10.3 | 46.5 | 56.1 |
| (Loss) Profit attributable to the owners of the Company ($m) | (2.2) | (90.5) | 25.6 | 46.5 | 56.1 |
| Dividend paid ($m) | 16.9 | 120.4 | 24.1 | 24.1 | 32.5 |
| Dividend paid per share fully franked (cents) | 14 | 100 | 20 | 20 | 27 |
| Closing share price at 30 June[1] ($) | 2.40 | 2.53 | 3.19 | 3.66 | 4.04 |

1.The opening share price in FY14 was $4.03.

### *Executive remuneration in FY18*

The statutory remuneration of each executive KMP in FY18 is set out in the table below.

## Table 6: FY18 executive KMP remuneration (statutory)

| | | Short-term benefits | | | Post-employment benefits | | | Share based payments | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Executive | | Salary and fees $ | STI $ | Non-cash benefits[1] $ | Superann-uation contri-butions $ | Termin-ation benefits $ | Other long-term employee benefits[1] $ | LTI $ | Total $ | Performance related rem % of total rem[2] |
| Andrew Skelton | **2018** | **679,951** | **354,800[3]** | **-** | **20,049** | **-** | **12,287** | **37,339** | **1,104,426** | **35.51%** |
| | 2017 | 680,385 | 372,280[4] | 25,065 | 24,925 | - | 23,255 | 26,314 | 1,152,224 | 34.59% |
| Adrian Lucchese | **2018** | **369,951** | **135,000** | **-** | **20,049** | **-** | **2,340** | **9,594** | **536,934** | **26.93%** |
| | 2017 | 376,409 | 136,335 | 9,096 | 19,647 | - | 1,011 | 6,161 | 548,659 | 25.97% |
| Deon Ludick | **2018** | **363,201** | **135,000** | **6,417** | **20,049** | **-** | **1,045** | **20,500** | **546,212** | **28.47%** |
| | 2017 | 349,186 | 90,820 | 11,380 | 21,678 | - | - | 6,542 | 479,606 | 20.30% |
| Fred Lukabyo | **2018** | **419,950** | **131,325** | **14,795** | **23,373** | **-** | **7,620** | **23,771** | **620,834** | **24.98%** |
| | 2017 | 407,804 | 91,720 | 64,988 | 19,736 | - | 16,826 | 9,813 | 610,887 | 16.62% |
| Stuart Overell | **2018** | **394,951** | **113,775** | **-** | **20,049** | **-** | **10,099** | **9,594** | **548,468** | **22.49%** |
| | 2017 | 385,222 | 132,980 | 23,398 | 19,647 | - | 33,538 | 6,161 | 600,946 | 23.15% |
| Ton van Hoof[5] | **2018** | **109,191** | **-** | **10,933** | **3,092** | **-** | **539** | **-** | **123,755** | **0.00%** |
| | 2017 | - | - | - | - | - | - | - | - | - |
| **Former executive** Sheila Lines[6] | **2018** | **236,212** | **-** | **321** | **12,499** | **-** | **-** | **-** | **249,032** | **0.00%** |
| | 2017 | 466,894 | 170,140 | - | 20,060 | | 1,349 | 16,584 | 675,027 | 27.66% |
| **Total** | **2018** | **2,573,407** | **869,900** | **32,466** | **119,160** | **-** | **33,930** | **100,798** | **3,729,661** | **26.35%** |
| | 2017 | 2,665,900 | 994,275 | 133,927 | 125,693 | - | 75,979 | 71,575 | 4,067,349 | **26.21%** |

1. Movements in accruals for annual leave and reportable fringe benefits are disclosed as non-cash benefits. Other long-term employee benefits represent provisions for long service leave.
2. This represents the percentage of the total remuneration that relates to performance.
3. $88,700 is deferred and will be paid in two equal instalments of $44,350 the first in July 2019 and the second in July 2020.
4. $85,570 is deferred and will be paid in two equal instalments of $42,785 the first in July 2018 and the second in July 2019. $30,000 of Mr Skelton's FY17 STI amount is deferred from his FY16 STI program.
5. Mr van Hoof was appointed as CFO on 15 May 2018. He did not participate in the FY18 STI or LTI. His salary and fees of $109,191 includes a discretionary bonus of $67,500 in recognition for his contribution towards the underlying financial performance of the Company whilst acting as CFO during the months prior to his formal appointment.
6. Ms Lines resigned on 31 December 2017 following completion of her notice period. She did not participate in the FY18 STI or LTI.

### *LTI awards held by executive KMP*

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

Table 7: LTI rights held by executive KMP

| Executive[1] | Grant Date | Performance period | Number of rights granted | Performance conditions | Vesting date |
|---|---|---|---|---|---|
| Andrew Skelton | 22 February 2018 | 1 July 2017 – 30 June 2021 | 222,222 | Absolute TSR hurdle | 14 September 2021 |
| | 30 January 2017 | 1 July 2016 – 30 June 2020 | 124,611 | Absolute TSR hurdle and ROE hurdle | 14 September 2020 |
| | 6 June 2016 | 1 July 2015 – 30 June 2019 | 78,624 | Absolute TSR hurdle and ROE hurdle | 16 September 2019 |
| | 17 December 2014 | 1 July 2014 – 30 June 2018 | 43,063 | Absolute TSR hurdle and turnover compound annual growth hurdle | 14 September 2018 |
| Adrian Lucchese | 15 February 2018 | 1 July 2017 – 30 June 2021 | 111,111 | Absolute TSR hurdle | 14 September 2021 |
| | 30 January 2017 | 1 July 2016 – 30 June 2020 | 62,305 | Absolute TSR hurdle and ROE hurdle | 14 September 2020 |
| | 6 June 2016 | 1 July 2015 – 30 June 2019 | 26,247 | Absolute TSR hurdle and ROE hurdle | 16 September 2019 |
| | 20 May 2015 | 1 July 2014 – 30 June 2018 | 24,570 | Absolute TSR hurdle and turnover compound annual growth hurdle | 14 September 2018 |
| Deon Ludick | 15 February 2018 | 1 July 2017 – 30 June 2021 | 83,333 | Absolute TSR hurdle | 14 September 2021 |
| | 30 January 2017 | 1 July 2016 – 30 June 2020 | 31,153 | olute TSR hurdle and ROE hurdle | 14 September 2020 |
| Fred Lukabyo | 15 February 2018 | 1 July 2017 – 30 June 2021 | 83,333 | Absolute TSR hurdle | 14 September 2021 |
| | 19 June 2017 | 1 July 2016 – 30 June 2020 | 46,729 | Absolute TSR hurdle and ROE hurdle | 14 September 2020 |
| Stuart Overell | 15 February 2018 | 1 July 2017 – 30 June 2021 | 111,111 | Absolute TSR hurdle | 14 September 2021 |
| | 30 January 2017 | 1 July 2016 – 30 June 2020 | 62,305 | Absolute TSR hurdle and ROE hurdle | 14 September 2020 |
| | 6 June 2016 | 1 July 2015 – 30 June 2019 | 26,247 | olute TSR hurdle and ROE hurdle | 16 September 2019 |
| | 20 May 2015 | 1 July 2014 – 30 June 2018 | 24,570 | Absolute TSR hurdle and turnover compound annual growth hurdle | 14 September 2018 |

1. Mr van Hoof became a member of the Company's KMP on 15 May 2018. He did not participate in the FY18 LTI and does not hold any performance rights.

## 5. Non-executive Director fee arrangements

### *Board and Committee fees*

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

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

### *Fees in FY18*

The Committee reviewed the NED fees and having taken into account the Committee's recommendation, the Board determined that there were to be no NED fee increases in FY18.

The table below summarises NED fees payable in respect of FY18.

Table 8: Board and committee fees

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

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

### *NED remuneration in FY18*

The statutory remuneration of each NED in FY18 is set out in the table below.

Table 9: FY18 NED remuneration (statutory)

| | | Short-term benefits<br>Salary and fees $ | Post-employment benefits<br>Superannuation contributions $ | Total $ |
|---|---|---|---|---|
| **Paul Oneile** | **2018** | **200,913** | **19,087** | **220,000** |
| Chairman | 2017 | 66,971 | 6,362 | 73,333 |
| **Louise McCann[1]** | **2018** | **92,225** | **8,761** | **100,986** |
| Non-executive Director | 2017 | - | - | - |
| **Donnald McMichael** | **2018** | **111,412** | **10,584** | **121,996** |
| Non-executive Director | 2017 | 107,419 | 10,205 | 117,624 |
| **Richard Millen[2]** | **2018** | **95,552** | **35,358** | **130,910** |
| Non-executive Director | 2017 | 112,657 | 36,983 | 149,640 |
| **Clifford Rosenberg[3]** | **2018** | **99,833** | **-** | **99,833** |
| Non-executive Director | 2017 | - | - | - |
| **Trudy Vonhoff** | **2018** | **115,525** | **10,975** | **126,500** |
| Non-executive Director | 2017 | 111,094 | 10,554 | 121,648 |
| **Total fees** | **2018** | **715,460** | **84,765** | **800,225** |
| | 2017 | 398,141 | 64,104 | 462,245 |

1. Ms McCann commenced as a NED on 29 August 2017.
2. Mr Millen's 2017 fees were higher due to his position of Independent Chairman from 24 November 2016 to 27 February 2017.
3. Mr Rosenberg commenced as a NED on 29 August 2017. Mr Rosenberg's fees were invoiced and paid monthly to Rosenberg Trading Pty Ltd, a personal services company nominated by him.

## 6. Additional disclosures relating to securities

### *Shares*

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

Executive KMP are granted rights under the LTI plan which convert into shares on the achievement of performance measures. The first tranche of rights granted under the LTI plan in FY15 are due to vest during FY19.

The relevant interests of each KMP (and their related parties) in the share capital of the Company for FY18 are detailed in the table below.

Table 10: Shareholdings of KMP and their related parties

| | Balance 1 July 2017 | | Received as remuneration | | Net other change | | Balance 30 June 2018 | |
|---|---|---|---|---|---|---|---|---|
| | Direct interest | Indirect interest | Direct interest | Indirect interest | Direct interest | Indirect interest | Direct interest | Indirect interest |
| **Non-executive Director** | | | | | | | | |
| Paul Oneile[1] | | 10,000 | - | - | - | 46,968 | - | 56,968 |
| Louise McCann[2] | - | - | - | - | - | 23,800 | - | 23,800 |
| Donnald McMichael[3] | 500 | 35,530 | - | - | - | 10,770 | 500 | 46,300 |
| Richard Millen[4] | - | 35,000 | - | - | - | 25,000 | - | 60,000 |
| Clifford Rosenberg[5] | - | - | - | - | - | 111,307 | - | 111,307 |
| Trudy Vonhoff | 22,000 | - | - | - | - | - | 22,000 | - |
| **Executive** | | | | | | | | |
| Andrew Skelton | 6,861 | - | - | - | - | - | 6,861 | - |
| Adrian Lucchese | - | - | - | - | 3,856 | - | 3,856 | - |
| Deon Ludick | - | - | - | - | - | - | - | - |
| Fred Lukabyo | 2,450 | - | - | - | - | - | 2,450 | - |
| Stuart Overell | - | - | - | - | - | - | - | - |
| Ton van Hoof | - | - | - | - | - | - | - | - |
| **Former executive** | | | | | | | | |
| Sheila Lines[6] | - | 4,000 | - | - | - | - | - | 4,000 |

1. 56,968 fully paid ordinary shares held by PNM Management Pty Ltd atf the Kyambra Superannuation Fund.
2. 23,800 fully paid ordinary shares held by Tyrrell McCann Pty Ltd atf the Tyrrell McCann Superannuation Fund.
3. 46,300 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.
4. 60,000 fully paid ordinary shares held by Woor Pty Ltd atf the Millen Superannuation Fund.
5. 111,307 fully paid ordinary shares held by Cliffro Pty Ltd atf the Cliffro Trust.
6. As at 31 December 2017, 4,000 fully paid ordinary shares held by SP Advisors Superannuation Fund Pty Ltd atf the SP Advisors Superannuation Fund.

### *Rights*

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

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

| Executive | Balance 1 July 2017 | Number of rights granted in FY18 | Value of rights granted in FY18 | Net other change | Vested | Value of rights vested | Lapsed | Balance 30 June 2018 |
|---|---|---|---|---|---|---|---|---|
| Andrew Skelton | 246,271 | 222,222 | 400,000 | - | - | - | - | 468,493 |
| Adrian Lucchese | 113,122 | 111,111 | 200,000 | - | - | - | - | 224,233 |
| Deon Ludick | 31,153 | 83,333 | 150,000 | - | - | - | - | 114,486 |
| Fred Lukabyo | 46,729 | 83,333 | 150,000 | - | - | - | - | 130,062 |
| Stuart Overell | 113,122 | 111,111 | 200,000 | - | - | - | - | 224,233 |
| Ton van Hoof[1] | - | - | - | - | - | - | - | - |
| **Former executive** | | | | | | | | |
| Sheila Lines[2] | 88,552 | - | - | - | - | - | (88,552) | - |

1. Mr van Hoof commenced as a KMP on 15 May 2018. He did not participate in the FY18 LTI and does not hold any performance rights.
2. Ms Lines resigned on 31 December 2017 following completion of her notice period. She did not participate in the FY18 LTI and the 88,552 rights that she held lapsed.

## 7. Transactions with KMP and their related parties

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

There were no transactions between the Company (or any of its controlled entities) and any KMP (or their related parties) other than those within the normal employee, customer or supplier relationship on terms no more favourable than arms' length. Information about these transactions would not adversely affect investment decisions by shareholders, or the discharge of accountability by KMP.

## 8. Shareholder voting for the 2017 Remuneration Report

The Company received a 'yes' vote on more than 87% of votes cast on its Remuneration Report for the 2017 financial year. Being mindful of the focus on executive KMP remuneration, the Company has continued to review its remuneration practices.

# 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 of Cabcharge Australia Limited for the financial year ended 30 June 2018 there have been:

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

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

KPMG

KPMG

Julie Cleary

*Partner*

Sydney

28 August 2018

# Consolidated Financial Statements

For the year ended 30 June 2018

**Table of Contents**

Consolidated Statement of Comprehensive Income ........ 38

Consolidated Statement of Financial Position ........ 39

Consolidated Statement of Cash Flows ........ 40

Consolidated Statement of Changes in Equity ........ 41

Notes to the Consolidated Financial Statements ........ 42

1. Reporting entity ........ 42
2. Basis of preparation ........ 42
3. Revenue & Turnover ........ 44
4. Finance income ........ 45
5. Income tax expense ........ 46
6. Trade and other receivables ........ 46
7. Inventories ........ 48
8. Financial assets ........ 48
9. Business combination ........ 49
10. Discontinued operations ........ 49
11. Property, plant and equipment ........ 50
12. Deferred tax assets and liabilities ........ 52
13. Taxi plate licences ........ 53
14. Goodwill ........ 55
15. Intellectual property ........ 56
16. Trade and other payables ........ 57
17. Loans and borrowings ........ 58
18. Employee benefits ........ 58
19. Share capital and Reserves ........ 59
20. Dividends ........ 60
21. Earnings per share (EPS) ........ 61
22. Dividend franking balance ........ 62
23. Parent entity disclosures ........ 63
24. Deed of Cross Guarantee ........ 63
25. Related Party and Key Management Personnel (KMP) disclosures ........ 65
26. Remuneration of auditors ........ 65
27. Particulars relating to controlled entities ........ 66
28. Capital expenditure commitments ........ 66

29. Operating lease commitments ..... 67
30. Notes to the Consolidated Statement of Cash Flows ..... 67
31. Financial instruments and financial risk management ..... 68
32. Operating segment ..... 72
33. Share-based payment ..... 72
34. Subsequent event ..... 73
Directors’ declaration ..... 74
Independent Auditor’s Report ..... 75

# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

| | Notes | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 3 | 185,543 | 151,949 |
| Other income | 3 | 2,572 | 1,689 |
| Processing fees to taxi networks | | (7,436) | (8,821) |
| Brokered taxi plate licence costs | | (24,538) | (19,935) |
| Other taxi related costs | | (7,413) | (2,760) |
| Taxi operating expenses | | (5,056) | - |
| Courier service expenses | | (2,544) | - |
| Employee benefits expenses | | (54,136) | (42,760) |
| Cost of good sold - Car | | (2,731) | - |
| General and administrative expenses | | (37,814) | (22,856) |
| Depreciation | 11 | (11,379) | (11,963) |
| Amortisation | 13 &15 | (3,821) | (1,745) |
| Impairment charges | 13 &15 | (15,681) | (8,277) |
| Capitalised development costs written-off | | - | (1,577) |
| Other expenses | | (11,169) | (6,974) |
| **Results from operating activities** | | **4,397** | **25,970** |
| Finance income | 4 | 416 | 1,885 |
| Finance costs | | (1,092) | (3,573) |
| **Net finance costs** | | (676) | (1,688) |
| **Profit before income tax from continuing operations** | | **3,721** | **24,282** |
| Income tax expense | 5 | (5,578) | (10,581) |
| **(Loss) / Profit after tax from continuing operations** | | **(1,857)** | **13,701** |
| **Discontinued operations** | | | |
| (Loss) from discontinued operations (net of income tax) | 10 | (362) | (104,251) |
| **(Loss) for the year attributable to owners of the Company** | | **(2,219)** | **(90,550)** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Share of other comprehensive income / (loss) of associates, net of tax | | - | 4,959 |
| Effective portion of change in fair value of cash flow hedge | | - | 123 |
| Net change in fair value of available-for-sale financial assets transferred to profit or loss | | - | 12 |
| Income tax on other comprehensive income | | - | (40) |
| **Other comprehensive income for the year, net of income tax** | | **-** | **5,054** |
| **Total comprehensive (loss) for the year attributable to owners of the Company** | | **(2,219)** | **(85,496)** |
| **Earnings per share** | | | |
| **From continuing operations:** | | | |
| Basic earnings per share (AUD) | 21 | (1.5 cents) | 11.4 cents |
| Diluted earnings per share (AUD) | 21 | (1.5 cents) | 11.4 cents |
| **Total attributable to owners of the Company:** | | | |
| Basic earnings per share (AUD) | 21 | (1.8 cents) | (75.2 cents) |
| Diluted earnings per share (AUD) | 21 | (1.8 cents) | (75.2 cents) |

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

# Consolidated Statement of Financial Position

As at 30 June 2018

| | Notes | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 30 | 22,253 | 29,456 |
| Trade and other receivables | 6 | 64,880 | 78,755 |
| Current tax assets | | 1,137 | - |
| Inventories | 7 | 4,232 | 1,011 |
| Prepayments | | 5,861 | 3,480 |
| **Total current assets** | | **98,363** | **112,702** |
| **Non-current assets** | | | |
| Trade and other receivables | 6 | 3,768 | 3,298 |
| Financial assets | 8 | 3,007 | 1,949 |
| Property, plant and equipment | 11 | 38,300 | 35,392 |
| Net deferred tax assets | 12 | 2,901 | 3,013 |
| Taxi plate licences | 13 | 17,553 | 33,247 |
| Goodwill | 14 | 25,098 | 15,249 |
| Intellectual property | 15 | 15,703 | 11,747 |
| **Total non-current assets** | | **106,330** | **103,895** |
| **Total assets** | | **204,693** | **216,597** |
| **Current liabilities** | | | |
| Trade and other payables | 16 | 32,490 | 25,775 |
| Loans and borrowings | 17 | 3,052 | 3,676 |
| Current tax liabilities | | - | 967 |
| Employee benefits | 18 | 6,170 | 4,294 |
| **Total current liabilities** | | **41,712** | **34,712** |
| **Non-current liabilities** | | | |
| Employee benefits | 18 | 786 | 731 |
| **Total non-current liabilities** | | **786** | **731** |
| **Total liabilities** | | **42,498** | **35,443** |
| **Net assets** | | **162,195** | **181,154** |
| **Equity** | | | |
| Share capital | 19 | 138,325 | 138,325 |
| Reserves | 19 | 348 | 228 |
| Retained earnings | | 23,522 | 42,601 |
| **Total equity attributable to equity holders of Cabcharge Australia Limited** | | **162,195** | **181,154** |

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

# Consolidated Statement of Cash Flows

For the year ended 30 June 2018

| | Notes | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers and others | | 1,213,196 | 1,122,959 |
| Payments to suppliers, licensees and employees | | (1,175,107) | (1,073,829) |
| Dividends received | | 361 | 263 |
| Interest received | | 416 | 1,885 |
| Finance costs paid | | (753) | (3,698) |
| Income tax paid | | (8,261) | (9,735) |
| **Net cash provided by operating activities** | 30 | **29,852** | **37,845** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (11,709) | (8,630) |
| Payments for development of intellectual property | | (3,957) | (3,371) |
| Government's compensation for cancelling the tradeable value of taxi plate licences | | 750 | - |
| Payments for other investments | | - | (110) |
| Repayment from associates | | - | 18,812 |
| Acquisition of business assets, net of cash acquired | | (20,886) | - |
| Net capital gain tax paid | | (252) | - |
| Proceeds from sale of associate | 10 | 12,906 | 184,034 |
| Proceeds from sale of property, plant and equipment | | 3,577 | 14,255 |
| **Net cash (used in) / provided by investing activities** | | **(19,571)** | **204,990** |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | 662 | 10,098 |
| Repayment of borrowings | | (1,286) | (116,085) |
| Dividends paid | 20 | (16,860) | (120,431) |
| **Net cash (used in) financing activities** | | **(17,484)** | **(226,418)** |
| **Net (decrease) / increase in cash and cash equivalents** | | (7,203) | 16,417 |
| Cash and cash equivalents at 1 July | | 29,456 | 13,039 |
| **Cash and cash equivalents at 30 June** | 30 | **22,253** | **29,456** |

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

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

| | Notes | Share capital $'000 | Reserves $'000 | Retained earnings $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2017** | | **138,325** | **228** | **42,601** | **181,154** |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | | - | - | (2,219) | (2,219) |
| *Other comprehensive income* | | | | | |
| Share of other comprehensive income of associates, net of tax | | | | | - |
| Effective portion of change in fair value of cash flow hedge, net of tax | | | | | - |
| Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax | | | | | - |
| **Total other comprehensive income** | | **-** | **-** | **-** | **-** |
| **Total comprehensive income for the year** | | **-** | **-** | **(2,219)** | **(2,219)** |
| **Transactions with owners, recorded directly in equity** | | | | | |
| *Contributions by and distributions to owners* | | | | | |
| Share-based payments | | - | 120 | - | 120 |
| Dividends to equity holders | 20 | - | - | (16,860) | (16,860) |
| **Total contributions by and distributions to owners** | | **-** | **120** | **(16,860)** | **(16,740)** |
| **Total transactions with owners** | | **-** | **120** | **(16,860)** | **(16,740)** |
| **Balance at 30 June 2018** | | **138,325** | **348** | **23,522** | **162,195** |
| | | | | | |
| **Balance at 1 July 2016** | | **138,325** | **(4,885)** | **253,582** | **387,022** |
| **Total comprehensive income for the year** | | | | | |
| (Loss) for the year | | - | - | (90,550) | (90,550) |
| *Other comprehensive income* | | | | | |
| Share of other comprehensive income of associates, net of tax | | - | 4,959 | - | 4,959 |
| Effective portion of change in fair value of cash flow hedge, net of tax | | - | 86 | - | 86 |
| Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax | | - | 9 | - | 9 |
| **Total other comprehensive income** | | **-** | **5,054** | **-** | **5,054** |
| **Total comprehensive income for the year** | | **-** | **5,054** | **(90,550)** | **(85,496)** |
| **Transactions with owners, recorded directly in equity** | | | | | |
| *Contributions by and distributions to owners* | | | | | |
| Share-based payments | | - | 59 | | 59 |
| Dividends to equity holders | 20 | - | | (120,431) | (120,431) |
| **Total contributions by and distributions to owners** | | **-** | **59** | **(120,431)** | **(120,372)** |
| **Total transactions with owners** | | **-** | **59** | **(120,431)** | **(120,372)** |
| **Balance at 30 June 2017** | | **138,325** | **228** | **42,601** | **181,154** |

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 2018

## 1. Reporting entity

Cabcharge Australia Limited (**Company**) is a company domiciled in Australia. The address of the Company's registered office is 152-162 Riley Street, East Sydney. The Consolidated Financial Statements as at and for the year ended 30 June 2018 comprise the Company, its subsidiaries (together referred to as the **Group**) and the Group's interests in associates. The Group is a for-profit entity and during the year ended 30 June 2018 was involved in Taxi related services.

## 2. Basis of preparation

### Statement of compliance

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

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 28 August 2018.

### 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.

### Functional and presentation currency

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

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

### Foreign currency transactions

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

### Use of estimates and judgements

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

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

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

Note 13 Taxi plate licences
Note 14 Goodwill
Note 15 Intellectual property
Note 18 Employee benefits

## 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.

## New standards and interpretations not yet adopted

A number of new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting period and have not been early adopted by the Group. The Group’s assessment of the impact of these new standards and interpretations is set out below:

| Accounting Standard | Details of Accounting Standard | Impact on Consolidated Financial Statements |
|---|---|---|
| AASB 9<br>Financial Instruments | AASB 9, published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.<br>AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. | The Group is in the process of completing the assessment of the classification and measurement impacts of this standard. Based on its preliminary assessment the Group does not expect any material impacts on the Consolidated Financial Statements for the year ending 30 June 2019. |
| AASB 15<br>Revenue from Contracts with Customers | AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. | The Group has completed the detailed assessment of this standard and does not expect any material impacts on the Consolidated Financial Statements for the year ending 30 June 2019. |
| AASB 16<br>Leases | AASB 16 removes the classification of leases as either operational leases or finance leases. It will result in almost all leases being recognised on the balance sheet. Under the new standard an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.<br>AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. | The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of AASB 16 based on its position as at 30 June 2018 and subsequent events. Based on its preliminary assessment the Group expects that the impact on its consolidated statement of financial position will be an increase of at least $8m in assets and liabilities. The Group’s assessment of the potential impact on its Consolidated Financial Statements will continue to be updated until the date of application. |

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

## 3. Revenue & Turnover

### Accounting policies

*Taxi service fee income*

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

*Network subscription fee and Taxi plate licence incomes*

Network subscription fee and Taxi plate licence incomes were billed every month in advance. Revenue is recognised on a straight-line basis over the period the services are provided. Operating revenue receipts relating to the period beyond the current financial year are shown in the Consolidated Statement of Financial Position as unearned revenue under the heading of Current liabilities - Trade and other payables, refer to Note 16.

*Other Taxi related services income*

Other Taxi related services income is generated from fit-out of vehicles as Taxis, repair and rental of in-vehicle Taxi equipment. It is billed every month in arrears. It is recognised when services are rendered.

*Taxi operating income*

Taxi operating income is derived from the rental of vehicles to Independent Drivers. This revenue is recognised when services are rendered.

*Courier service income*

Courier service income is generated from providing courier dispatch services (subscription) and is billed on a monthly basis in advance. . It is recognised when services are rendered.

*Car sales income*

Car sales income is generated through the sale of cars to Taxi Operators. This revenue is recognised when the ownership of the car is transferred to customers.

*Vehicle financing lease and insurance loan income*

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

*School bus route services revenue*

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

*Taxi subsidy scheme revenue*

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

*Other revenue*

Other revenue is generated from other taxi operation's ancillary activities and software development. It is recognised when services are rendered.

## Revenues

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Taxi service fee income | 44,665 | 51,091 |
| Network subscription fee income | 70,030 | 56,912 |
| Brokered taxi plate licence income | 26,074 | 21,015 |
| Owned taxi plate licence income | 3,395 | 4,959 |
| Other taxi related services income | 7,910 | 4,156 |
| Taxi operating income | 7,746 | - |
| Courier service income | 3,705 | - |
| Car sales income | 4,579 | - |
| Vehicle financing lease and insurance loan income | 4,688 | 5,382 |
| School bus route services income | 4,446 | 2,177 |
| Taxi Subsidy Scheme Revenue | 2,009 | 1,863 |
| Other revenue | 6,296 | 4,394 |
| **Total operating revenue** | **185,543** | **151,949** |

## Other income

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Non-operating activities** | | |
| Taxi industry assistance from Government | 2,210 | - |
| Gain on disposal of property, plant and equipment | 362 | 1,689 |
| **Total other income** | **2,572** | **1,689** |

*Total turnover*

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

# 4. Finance income

### Accounting policies

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

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Finance income** | | |
| Gain on hedging instruments | - | 419 |
| Interest income | 416 | 1,466 |
| **Total finance income** | **416** | **1,885** |

## 5. Income tax expense

### Accounting policies

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

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

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| Cabcharge Australia Limited and its wholly owned Australian resident subsidiaries form a tax consolidated group. The current tax rate applicable to the group is 30%. | | |
| **Current income tax expense** | | |
| Current year | 6,412 | 9,865 |
| Adjustment for prior years | (221) | 593 |
| | 6,191 | 10,458 |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | (703) | 123 |
| Adjustment for prior years - deferred tax | 90 | - |
| **Total income tax expense in the Consolidated Statement of Comprehensive Income** | **5,578** | **10,581** |

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| **Numerical reconciliation between tax expense and pre-tax profit** | | |
| Profit before tax from continuing operations | 3,721 | 24,282 |
| Prima-facie income tax using the corporate tax rate of 30% (2017: 30%) | 1,116 | 7,285 |
| *Add* tax effect of: | | |
| Non-deductible depreciation | 185 | 151 |
| Non-allowable impairment charges | 4,704 | 2,483 |
| Other non-allowable items | 39 | 142 |
| *Less* tax effect of: | | |
| Rebateable fully franked dividends | (35) | - |
| Tax exempt dividends | (75) | (73) |
| Capital (profit) not subject to income tax | (225) | - |
| Adjustment for prior years - tax payable | (221) | 593 |
| Adjustment for prior years - deferred tax | 90 | - |
| **Income tax expense** | **5,578** | **10,581** |
| Effective tax rate on pre-tax profit from continuing operations | 149.9% | 43.6% |

## 6. Trade and other receivables

### Accounting policies

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

*Finance lease receivables*

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

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Current** | | |
| Trade receivables | 56,690 | 55,090 |
| Accumulated impairment losses | (1,152) | (2,781) |
| Finance lease receivables | 3,428 | 3,339 |
| Receivables from sales of property | - | 3,000 |
| Receivables from sales of investment in associates | - | 13,268 |
| Other receivables | 6,127 | 6,839 |
| Accumulated impairment losses | (213) | - |
| | **64,880** | **78,755** |
| **Non-current** | | |
| Finance lease receivables | 3,768 | 3,298 |
| | **3,768** | **3,298** |
| **Movement in allowance for impairment** | | |
| Balance at the beginning of the year | (2,781) | (2,387) |
| Doubtful debts (recognised) | (466) | (849) |
| Amount written off as uncollectable | 1,882 | 455 |
| **Balance at the end of the year** | **(1,365)** | **(2,781)** |

The allowance for impairment reflects both specific doubtful debt provision and collective loss impairment (refer to Note 31). Receivables that are past due but not impaired are those receivables the Directors believe to be fully recoverable and as a result, have not recognised any amount in the allowance for impairment for them.

## Ageing of trade receivables

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Gross $'000 | Impairment $'000 | Net $'000 | Gross $'000 | Impairment $'000 | Net $'000 |
| Not past due | 49,531 | (30) | 49,501 | 36,413 | (50) | 36,363 |
| Past due 1 - 30 days | 3,687 | (39) | 3,648 | 11,839 | (12) | 11,827 |
| Past due 31 - 60 days | 2,122 | (749) | 1,373 | 4,020 | (1,027) | 2,993 |
| Past due 61 - 90 days | 382 | (119) | 263 | 1,122 | (706) | 416 |
| Past due over 90 days | 968 | (215) | 753 | 1,696 | (986) | 710 |
| | **56,690** | **(1,152)** | **55,538** | **55,090** | **(2,781)** | **52,309** |

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

**Finance leases of the Group are receivable as follows:**

| | 2018 Future minimum lease payments $'000 | 2018 Interest $'000 | 2018 Present value of minimum lease payments $'000 | 2017 Future minimum lease payments $'000 | 2017 Interest $'000 | 2017 Present value of minimum lease payments $'000 |
|---|---|---|---|---|---|---|
| Less than one year | 3,428 | 603 | 2,825 | 3,978 | 639 | 3,339 |
| Between one and five years | 3,768 | 543 | 3,225 | 3,781 | 483 | 3,298 |
| | **7,196** | **1,146** | **6,050** | **7,759** | **1,122** | **6,637** |

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

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

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

## 7. Inventories

### Accounting policies

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

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Motor vehicles - at cost | 1,068 | - |
| Parts, safety cameras and sundries - at cost | 3,164 | 1,011 |
| | **4,232** | **1,011** |

## 8. Financial assets

### Accounting policies

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

Available-for-sale unlisted investments are recognised initially and subsequently at cost which approximate fair value. These unlisted investments are primarily investments in unrelated Taxi Network operations where the shareholding held by the Group is not sufficient to demonstrate significant influence. The Group has no intention to dispose of these unlisted investments in the foreseeable future.

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Unlisted investments - available-for-sale | | |
| Shares in other corporations - at cost | 3,007 | 1,949 |
| | **3,007** | **1,949** |

## 9. Business combination

### Accounting policies

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

The Group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

On 31 July 2017 the Group acquired the business and assets of Yellow Cabs Queensland for cash consideration of $19.5m. Yellow Cabs Queensland operates a fleet of Taxis and provides Taxi Network services to Taxi operators and Drivers.

The Group incurred acquisition-related cost of $1.4m primarily relating to external legal fees and stamp duty. These amounts have been included in general administrative expenses in the Consolidated Statement of Comprehensive Income.

The fair value of the identifiable assets and liabilities acquired are as follows:

| | **2018**<br>**$'000** |
|---|---:|
| Cash and cash equivalents | 63 |
| Trade and other receivables | 3,435 |
| Inventory | 977 |
| Other current assets | 622 |
| Shares in unlisted companies | 1,058 |
| Net deferred tax liabilities | (725) |
| Property, plant and equipment | 3,022 |
| Intellectual property | 3,534 |
| Trade and other payables | (1,227) |
| Employee entitlements | (1,108) |
| **Fair value of identifiable net assets acquired** | **9,651** |
| **Consideration paid, satisfied in cash** | **(19,500)** |
| **Goodwill (refer to Note 14)** | **(9,849)** |

## 10. Discontinued operations

On 21 December 2016 the Group entered into an agreement to sell its investment in Comfort DelGro Cabcharge Pty Ltd (**CDC**). The disposal of CDC was completed on 15 February 2017.

On 28 June 2017 the Group entered into an agreement to sell its investment in CityFleet Networks Ltd in the UK (**CFN**).

The equity accounting profit ceases from the date of the agreement to sell.

The investments in CDC and CFN were not previously classified as discontinued operations. The comparative consolidated statement of comprehensive income has been restated to show the discontinued operations separately from continuing operations.

### Results of discontinued operations

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Share of profit of discontinued operation | | |
| - ComfortDelGro Cabcharge Pty Ltd | - | 8,218 |
| - CityFleet Networks Ltd | - | (582) |
| Impairment charge on CityFleet Networks Ltd | - | (20,200) |
| Foreign exchange loss on sale of CityFleet Networks Ltd | (362) | - |
| Impairment loss on write-down to fair value less costs to sell | | |
| - ComfortDelGro Cabcharge Pty Ltd | - | (77,904) |
| Loss on sale of: | | |
| - CityFleet Networks Ltd | - | (13,783) |
| **(Loss) from discontinued operation, net of tax** | **(362)** | **(104,251)** |

### Reconciliation of Impairment loss on write-down to fair value less costs to sell and loss on sale of associates

| | 2018 $'000 | | | 2017 $'000 | | |
|---|---|---|---|---|---|---|
| | CDC | CFN | Total | CDC | CFN | Total |
| Sale price | - | - | - | 186,000 | 13,268 | 199,268 |
| Less: costs to sell | - | - | - | (1,966) | - | (1,966) |
| Net consideration | - | - | - | 184,034 | 13,268 | 197,302 |
| Carrying amount of the investment | - | - | - | 260,003 | 21,850 | 281,853 |
| Transfer from reserves | - | - | - | 1,935 | 5,201 | 7,136 |
| **Total** | **-** | **-** | **-** | **(77,904)** | **(13,783)** | **(91,687)** |

### Cash flows of discontinued operation

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Cash flows from operating activities | - | - |
| Cash flows from investing activities | 12,906 | 184,034 |
| Cash flows from financing activities | - | - |
| **Net increase in cash and cash equivalents** | **12,906** | **184,034** |

## 11. Property, plant and equipment

### Accounting policies

*Depreciation*

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

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

| | |
|---|---|
| Buildings | 40 to 50 years |
| Leasehold improvements | 10 years |
| Furniture, fittings, plant and equipment | 3 to 8 years |
| EFTPOS Equipment | 4 to 8 years |

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

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

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

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

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

| | Land & buildings | Furniture, fittings, plant and equipment | Eftpos equipment | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **2017 year:** | | | | |
| **Cost** | | | | |
| Opening balance | 13,617 | 49,226 | 34,064 | 96,907 |
| Additions | 658 | 1,755 | 6,217 | 8,630 |
| Reclassification | 15 | (15) | - | - |
| Disposals | (1,659) | (339) | - | (1,998) |
| Closing balance | 12,631 | 50,627 | 40,281 | 103,539 |
| **Accumulated depreciation** | | | | |
| Opening balance | (3,416) | (36,551) | (16,707) | (56,674) |
| Depreciation expense | (262) | (6,105) | (5,596) | (11,963) |
| Disposals | 343 | 147 | - | 490 |
| Closing balance | (3,335) | (42,509) | (22,303) | (68,147) |
| **Net Book Value** | | | | |
| Opening balance | 10,201 | 12,675 | 17,357 | 40,233 |
| Closing balance | 9,296 | 8,118 | 17,978 | 35,392 |

## 12. Deferred tax assets and liabilities

### Accounting policies

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

Deferred tax is not recognised for:

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

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

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

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

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

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

| | Opening balance $'000 | Charged to income $'000 | Charged to equity $'000 | Acquisitions $'000 | Closing balance $'000 |
|---|---|---|---|---|---|
| **2018 year:** | | | | | |
| Accumulated impairment losses - receivables | 432 | (23) | - | - | 409 |
| Provision for employee entitlements | 1,536 | 669 | - | 333 | 2,538 |
| Accruals | 132 | (33) | - | - | 99 |
| Tax losses | 1,570 | (103) | - | - | 1,467 |
| Prepayments | (341) | (117) | - | - | (458) |
| Intellectual property | - | 183 | - | (1,058) | (875) |
| Other taxable temporary differences | (316) | 37 | - | - | (279) |
| | **3,013** | **613** | **-** | **(725)** | **2,901** |
| **2017 year:** | | | | | |
| Accumulated impairment losses - receivables | 314 | 118 | - | - | 432 |
| Provision for employee entitlements | 1,449 | 87 | - | - | 1,536 |
| Accruals | 221 | (89) | - | - | 132 |
| Tax losses | 1,570 | - | - | - | 1,570 |
| Interest rate derivatives | 36 | - | (36) | - | - |
| Prepayments | (348) | 7 | - | - | (341) |
| Revaluations of available-for-sale financial assets | 8 | - | (8) | - | - |
| Other taxable temporary differences | (321) | - | 5 | - | (316) |
| | **2,929** | **123** | **(39)** | **-** | **3,013** |

## 13. Taxi plate licences

### Accounting policies

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

*Impairment testing*

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

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

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

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

## a) Composition and movement

| | Indefinite life | Finite life | | |
|---|---|---|---|---|
| | | 50 year renewable | 10 year | Total |
| | $'000 | $'000 | $'000 | $'000 |
| **2018 year:** | | | | |
| **Cost** | | | | |
| Opening balance | **29,465** | **5,600** | **3,319** | **38,384** |
| Additions | - | - | - | - |
| Impairment | (13,709) | (1,891) | - | (15,600) |
| Closing balance | **15,756** | **3,709** | **3,319** | **22,784** |
| **Accumulated amortisation** | | | | |
| Opening balance | **-** | **(1,818)** | **(3,319)** | **(5,137)** |
| Amortisation expense | - | (94) | - | (94) |
| Disposals | - | - | - | - |
| Closing balance | **-** | **(1,912)** | **(3,319)** | **(5,231)** |
| **Net book value** | | | | |
| Opening balance | **29,465** | **3,782** | **-** | **33,247** |
| Closing balance | **15,756** | **1,797** | **-** | **17,553** |
| **2017 year:** | | | | |
| **Cost** | | | | |
| Opening balance | **37,365** | **5,600** | **3,319** | **46,284** |
| Additions | - | - | - | - |
| Impairment | (7,900) | - | - | (7,900) |
| Closing balance | **29,465** | **5,600** | **3,319** | **38,384** |
| **Accumulated amortisation** | | | | |
| Opening balance | **-** | **(1,724)** | **(3,319)** | **(5,043)** |
| Amortisation expense | - | (94) | - | (94) |
| Closing balance | - | (1,818) | (3,319) | (5,137) |
| **Net book value** | | | | |
| Opening balance | **37,365** | **3,876** | **-** | **41,241** |
| Closing balance | **29,465** | **3,782** | **-** | **33,247** |

## b) Impairment considerations

After assessing the recoverable amount of Taxi plate licences based on value-in-use, using a discounted projected cash flow model, the Group determined that an impairment charge of $15,600,000 was required (FY17 $7,900,000). To determine value-in-use, free cash flows have been projected for five years based on estimated Taxi plate licence income for the forthcoming year plus 0% annual growth (FY17 between 0% to 2%) and a long term growth rates of 2.1% after 5 years (FY17 2%). A pre-tax discount rate of 14.4% (FY17 12.9%) was applied in determining recoverable amount. This long term growth rate reflects the general estimated long term Australian economic growth and the discount rate is based on comparable industry market assumptions for the risk free rate, the market risk premium, the cost of debt, the beta and an additional risk weighting for these assets. An increase of 100 basis points in pre-tax discount rate would result in a further impairment of $1,105,000 and a decrease of 100 basis points in the long term growth rate would result in a further impairment of $1,112,000.

## 14. Goodwill

### Accounting policies

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

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

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

### Impairment considerations

Goodwill is allocated to the Group's Cash Generating Units (**CGU**) as set out below and assessment of the recoverable amount for each CGU has been performed on a value-in-use basis using discounted cash flow projections. To determine value-in-use, free cash flows have been projected for five years based on budgeted EBITDA for the forthcoming year plus 2.1% (FY17 2.1%) annual growth and a long term growth rate of 2.1% after 5 years (FY17 2.1%). A pre-tax discount rate of 11.2% (FY17 11.6%) was applied in determining recoverable amount. The annual growth rate is based on the Australian Consumer Price Index. The long term growth rate reflects the general estimated long term Australian economic growth and the discount rate is based on comparable industry market assumptions for the risk free rate, the market risk premium, the cost of debt and the beta. For the purpose of impairment testing, goodwill is allocated to groups of 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. An increase of 100 basis points in pre-tax discount rate would not result in any impairments and a decrease of 100 basis points in the long term growth rate also would not result in any impairments.

| | | Goodwill Allocated | | Impairment loss | |
|---|---|---|---|---|---|
| | **CGU** | **2018 $'000** | **2017 $'000** | **2018 $'000** | **2017 $'000** |
| Cabcharge Australia Limited | CAB | 3,923 | 3,923 | - | - |
| Yellow Cabs South Australia | YSA | 1,482 | 1,482 | - | - |
| Yellow Cabs Australia | YCA | 9,849 | - | - | - |
| Combined Communications Network | CCN | 3,572 | 3,572 | - | - |
| Black Cabs Combined | BCC | 6,272 | 6,272 | - | - |
| | | **25,098** | **15,249** | **-** | **-** |

| | CAB $'000 | YSA $'000 | YCA $'000 | CCN $'000 | BCC $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2018 year:** | | | | | | |
| **Cost** | | | | | | |
| Opening balance | **3,923** | **1,482** | **-** | **3,572** | **6,272** | **15,249** |
| Additions through acquisition | - | - | 9,849 | - | - | **9,849** |
| Closing balance | **3,923** | **1,482** | **9,849** | **3,572** | **6,272** | **25,098** |
| **2017 year:** | | | | | | |
| **Cost** | | | | | | |
| Opening balance | **3,923** | **1,482** | **-** | **3,572** | **6,272** | **15,249** |
| Additions through acquisition | - | - | - | - | - | **-** |
| Closing balance | **3,923** | **1,482** | **-** | **3,572** | **6,272** | **15,249** |

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

## 15. Intellectual property

### Accounting policies

*Intangible assets acquired in a business combination*

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

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

*Capitalised development costs*

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

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

*Amortisation*

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

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

| | |
|---|---|
| Customer contracts | 5 to 8 years |
| Capitalised development costs | 4 to 8 years |

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

*Impairment testing*

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

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

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

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

### Impairment considerations

After assessing the recoverable amount of trademarks and brand names based on value-in-use, using a discounted projected cash flow model, the Group determined that an impairment charge of $81,000(FY17 $377,000) was required. In assessing the recoverable amount of trademarks and brand names, the Group has applied pre-tax discount rate of 13.2% (FY17 13.3%), an annual growth rate of 2.1% (FY17 -0.4% to 1.1%) over the next five years and long term growth rate of 2.1% (FY17 1.1%). An increase of 100 basis points in pre-tax discount rate would result in a further impairment of $15,000 and a decrease of 100 basis points in the long term growth rate would result in a further impairment of $17,000

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

| | | | | | |
|---|---|---|---|---|---|
| **2017 year:** | | | | | |
| **Cost** | | | | | |
| Opening balance | 1,850 | - | 2,835 | 26,646 | 31,331 |
| Additions - internally developed | - | - | - | 3,371 | 3,371 |
| Additions - through acquisition | - | - | - | - | - |
| Impairment | (377) | - | - | - | (377) |
| Written-off | - | - | - | (1,577) | (1,577) |
| Closing balance | 1,473 | - | 2,835 | 28,440 | 32,748 |
| **Accumulated amortisation** | | | | | |
| Opening balance | - | - | (895) | (18,455) | (19,350) |
| Amortisation expense | - | - | (335) | (1,316) | (1,651) |
| Disposals | - | - | - | - | - |
| Closing balance | - | - | (1,230) | (19,771) | (21,001) |
| **Net book value** | | | | | |
| Opening balance | 1,850 | - | 1,940 | 8,191 | 11,981 |
| Closing balance | 1,473 | - | 1,605 | 8,669 | 11,747 |

## 16. Trade and other payables

### Accounting policies

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

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| **Current** | | |
| Trade payables | 8,900 | 9,243 |
| Security deposit | 4,706 | 5,119 |
| Other payables and accruals | 9,730 | 4,940 |
| Unearned revenue | 9,154 | 6,473 |
| | **32,490** | **25,775** |

## 17. Loans and borrowings

### Accounting policies

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

### a) Composition

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| **Unsecured loans** | **3,052** | **3,676** |

### b) Disclosure in the Consolidated Statement of Financial Position

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| **Current liability** | **3,052** | **3,676** |

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

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

## 18. Employee benefits

### Accounting policies

*Wages, salaries and annual leave*

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

*Long service leave*

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

*Superannuation plans*

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

## a) Composition

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Annual leave provision | 3,329 | 2,253 |
| Long service leave provision | 3,627 | 2,772 |
| | **6,956** | **5,025** |

## Disclosure in the Consolidated Statement of Financial Position

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Current provision | 6,170 | 4,294 |
| Non-current provision | 786 | 731 |
| | **6,956** | **5,025** |

## Defined contribution superannuation funds

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Contributions to defined contribution superannuation funds | **4,161** | **3,033** |

# 19. Share capital and Reserves

### Accounting policies

*Ordinary shares*

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

*Foreign Currency translation reserve*

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

*Hedging reserve*

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

*Fair value reserve*

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

*Employee Compensation Reserve*

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

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

| | 2018 (number) | 2017 (number) |
|---|---|---|
| **Composition of issued capital** | | |
| **Fully paid ordinary shares** | **120,430,683** | **120,430,683** |

## b) Composition and movement in share capital (dollars)

| | 2018<br>$'000 | 2017<br>$'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. Performance rights were awarded during the year and they may be converted into ordinary shares, subject to Board's discretion.

## d) Terms and conditions applicable to ordinary shares

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

## e) Composition and movement in reserves

| | Foreign currency translation reserve<br>$'000 | Hedging reserve<br>$'000 | Capital reserve<br>$'000 | Fair value reserve<br>$'000 | Employee compensation reserve<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|
| **2018 year:** | | | | | | |
| Opening balance | - | - | - | - | 228 | 228 |
| Share-based payments | - | - | - | - | 120 | 120 |
| Closing balance | **-** | **-** | **-** | **-** | **348** | **348** |
| **2017 year:** | | | | | | |
| Opening balance | (4,045) | (86) | (914) | (9) | 169 | (4,885) |
| Net change in fair value of available-for-sale financial assets transfered to profit or loss, net of tax | - | - | - | 9 | - | 9 |
| Effective portion of change in fair value of cash flow hedge | | 86 | - | - | - | 86 |
| Share of associates' change in reserve, net of tax | 4,045 | | 914 | - | - | 4,959 |
| Share-based payments | - | - | - | - | 59 | 59 |
| **Closing balance** | **-** | **-** | **-** | **-** | **228** | **228** |

# 20. Dividends

### Accounting policies

*Dividends*

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

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

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| 2018 year interim - 4.0 cents per share | 4,817 | - |
| 2017 year final - 10.0 cents per share | 12,043 | - |
| 2017 year interim - 10.0 cents per share | - | 12,043 |
| 2017 year special - 80.0 cents per share | - | 96,345 |
| 2016 year final - 10.0 cents per share | - | 12,043 |
| **Total dividends paid** | **16,860** | **120,431** |

**Dividends cents per share - paid**

| | 2018 | 2017 |
|---|---|---|
| Interim | 4.00 | 10.00 |
| Special | - | 80.00 |
| Final | 10.00 | 10.00 |
| **Total** | **14.00** | **100.00** |

The final 4 cents per share fully franked dividend was declared after balance date and has not been provided for. It is scheduled for payment on 31 October 2018. 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 2018 and will be recognised in subsequent financial statements.

## 21. Earnings per share

### Accounting policies

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

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

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| **Consolidated (loss) / profit** | | |
| Continuing operations | (1,857) | 13,701 |
| Discontinued operations | (362) | (104,251) |
| **Attributable to ordinary shareholders of the Company** | **(2,219)** | **(90,550)** |

| | 2018 | 2017 |
|---|---|---|
| **Weighted average number of fully paid ordinary shares outstanding during the year used in calculation of basic EPS (in thousands of shares)** | **120,431** | **120,431** |

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

| | 2018 | 2017 |
|---|---|---|
| **Basic EPS** | | |
| Continuing operations | (1.5 cents) | 11.4 cents |
| Discontinued operations | (0.3 cents) | (86.6 cents) |
| **Attributable to ordinary shareholders of the Company** | **(1.8 cents)** | **(75.2 cents)** |
| **Diluted EPS** | | |
| Continuing operations | (1.5 cents) | 11.4 cents |
| Discontinued operations | (0.3 cents) | (86.6 cents) |
| **Attributable to ordinary shareholders of the Company** | **(1.8 cents)** | **(75.2 cents)** |

## 22. Dividend franking balance

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| **Balance at the end of the financial year including franking credits arising from income tax payable in respect of the financial year.** | **36,750** | **35,799** |

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

a. franking credits that will arise from the payment/receipt of the current tax liabilities/receivables;

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

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

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

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $2,064,000 (2017 $5,161,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax consolidated group has also assumed the benefit of $36,750,000 (2017 $35,799,000) franking credits.

## 23. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2018 the parent entity of the Group was Cabcharge Australia Limited.

| | Parent Entity | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| **Result of the parent entity** | | |
| Profit for the year | 14,288 | 21,251 |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year** | **14,288** | **21,251** |
| **Financial position of parent entity at year end** | | |
| Current assets | 77,530 | 73,744 |
| Non-current assets | 259,730 | 249,829 |
| **Total assets** | **337,260** | **323,573** |
| Current liabilities | 26,780 | 4,871 |
| Non-current liabilities | 136,118 | 141,888 |
| **Total liabilities** | **162,898** | **146,759** |
| **Total equity of the parent entity comprising of:** | | |
| Share capital | 138,325 | 138,325 |
| Reserves | 348 | 228 |
| Retained earnings | 35,689 | 38,261 |
| **Total equity** | **174,362** | **176,814** |

### 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 2018 (2017 nil).

### Parent entity guarantees in respect of the debts of its subsidiaries

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

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 24.

## 24. Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

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

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

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

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Revenue | 188,458 | 151,522 |
| Expenses | (163,609) | (109,799) |
| **Results from operating activities** | **24,849** | **41,723** |
| Finance income | 393 | 1,853 |
| Finance costs | (1,022) | (3,502) |
| **Profit before income tax** | **24,220** | **40,074** |
| Income tax expense | (9,887) | (7,783) |
| **Profit for the year** | **14,333** | **32,291** |
| Retained earnings at beginning of year | 47,809 | 135,949 |
| Dividends provided for or paid | (29,860) | (120,431) |
| **Retained earnings at end of year** | **32,282** | **47,809** |

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

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 20,043 | 24,353 |
| Trade and other receivables | 54,721 | 59,767 |
| Current tax assets | | - |
| Inventories | 3,804 | 974 |
| Other current assets | 2,847 | 1,266 |
| **Total current assets** | **81,415** | **86,360** |
| | | |
| **Non-current assets** | | |
| Trade and other receivables | 636 | 827 |
| Investments | 75,008 | 73,817 |
| Property, plant and equipment | 27,395 | 26,861 |
| Net deferred tax assets | 1,803 | 1,771 |
| Taxi plate licences | 4,906 | 13,332 |
| Goodwill | 24,240 | 14,392 |
| Intellectual property | 15,514 | 11,316 |
| **Total non-current assets** | **149,502** | **142,316** |
| **Total assets** | **230,917** | **228,676** |
| | | |
| **Current liabilities** | | |
| Trade and other payables | 23,839 | 10,810 |
| Interest rate swaps | - | - |
| Current tax liabilities | 3,392 | 1,019 |
| Employee benefits | 5,897 | 3,733 |
| **Total current liabilities** | **33,128** | **15,562** |
| | | |
| **Non-current liabilities** | | |
| Trade and other payables | | - |
| Non-interest bearing liabilities | 25,582 | 25,582 |
| Loans and borrowings | - | - |
| Employee benefits | 765 | 683 |
| **Total non-current liabilities** | **26,347** | **26,265** |
| **Total liabilities** | **59,475** | **41,827** |
| **Net assets** | **171,442** | **186,849** |
| | | |
| **Equity** | | |
| Share capital | 138,325 | 138,325 |
| Reserves | 835 | 715 |
| Retained earnings | 32,282 | 47,809 |
| **Total equity** | **171,442** | **186,849** |

## 25. Related Party and Key Management Personnel disclosures

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

### a) KMP compensation (including Non-executive Directors)

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| Short-term employee benefits - salary, fees, non-cash benefits and cash bonus | 4,191,233 | 4,282,052 |
| Post-employment benefits - superannuation | 203,925 | 201,654 |
| Other long-term benefits | 33,930 | 75,979 |
| Share-based payment expense | 100,798 | 71,575 |
| | **4,529,886** | **4,631,260** |

### b) Loans to Directors and other KMP

No loans are made to Directors or other KMP.

### Transactions with Directors and other KMP

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

### Other related party transactions

| Related parties | Relationship | Nature of transaction | 2018<br>$ | 2017<br>$ |
|---|---|---|---|---|
| ComfortDelGro Cabcharge Pty Ltd (CDC) | Associate | (i) | - | 419,463 |

(i) Interest on shareholder loan paid by CDC.

## 26. Remuneration of auditors

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| **Audit services** | | |
| *Auditors of the Company - KPMG Australia* | | |
| Audit and review of financial reports | 574,762 | 375,000 |
| Other regulatory services | - | 34,500 |
| *Other auditors* | | |
| Audit and review of financial reports | - | 17,000 |
| **Other services** | | |
| *Auditors of the Company - KPMG Australia* | | |
| Taxation services | 169,320 | 166,920 |
| Advisory services | 60,000 | - |
| | **804,082** | **593,420** |
| **Other auditors** | | |
| Internal Audit | 184,300 | 98,700 |
| Other services - internal auditor | 44,666 | 126,161 |
| | **228,966** | **224,861** |
| | **1,033,048** | **818,281** |

## 27. Particulars relating to controlled entities

| | Group Interest % 2018 | Group Interest % 2017 |
|---|---|---|
| 135466 Pty Ltd | 100 | 100 |
| ABC Radio Taxi Pty Ltd | 100 | 100 |
| Access Communications Net Pty Ltd | 100 | 100 |
| Arrow Taxi Services Pty Ltd | 100 | 100 |
| Austaxi Group Pty Ltd | 100 | 100 |
| Black Cabs Combined Car Sales Pty Ltd | 100 | 100 |
| Black Cabs Combined Pty Ltd | 100 | 100 |
| Cab Access Pty Ltd | 100 | 100 |
| Cabcharge (Investments) Pty Ltd | 100 | 100 |
| Cabcharge Payments Pty Ltd | 100 | 100 |
| Carbodies Australia Pty Ltd | 100 | 100 |
| Combined Communications Network Pty Ltd | 100 | 100 |
| EFT Solutions Pty Ltd | 100 | 100 |
| Enterprise Speech Recognition Pty Ltd | 100 | 100 |
| Go Taxis Pty Ltd | 100 | 100 |
| Helpline Australia Pty Ltd | 100 | 100 |
| Mact Franchise Pty Ltd | 100 | 100 |
| Mact Network Pty Ltd | 100 | 100 |
| Mact Rental Pty Ltd | 100 | 100 |
| Maxi Taxi (Australia) Pty Ltd | 100 | 100 |
| Melbourne Taxi Cab Service Pty Ltd | 100 | 100 |
| Newcastle Taxis Pty Ltd | 100 | 100 |
| North Suburban Taxis (Vic) Pty Ltd | 100 | 100 |
| Silver Service (Victoria) Pty Ltd | 100 | 100 |
| Silver Service Taxis Pty Ltd | 100 | 100 |
| South Western Cabs (Radio Room) Pty Ltd | 100 | 100 |
| Taxi Data Australia Pty Ltd | 68 | 58 |
| Taxi Services Management (Newcastle) Pty Ltd | 100 | 100 |
| TaxiProp Pty Ltd | 100 | 100 |
| Taxis Australia Pty Ltd | 68 | 58 |
| Taxis Combined Services (Victoria) Pty Ltd | 100 | 100 |
| Taxis Combined Services Pty Ltd | 100 | 100 |
| Taxitech Pty Ltd | 100 | 100 |
| Thirteen Hundred Pty Ltd | 100 | 100 |
| Tiger Taxis Pty Ltd | 100 | 100 |
| Voci Asia Pacific Pty Ltd | 100 | 100 |
| Yellow Cabs (Queensland) Holdings Pty Ltd | 100 | 100 |
| Yellow Cabs Australia Pty Ltd | 100 | 100 |
| Yellow Cabs of Sydney Pty Ltd | 100 | 100 |
| Yellow Cabs South Australia Pty Ltd | 100 | 100 |
| Yellow Cabs Victoria Pty Ltd | 100 | 100 |
| Cabcharge New Zealand Limited | 100 | 100 |
| Cabcharge North America Ltd | 93 | 93 |

## 28. Capital expenditure commitments

The Group has not entered into any contracts to purchase plant and equipment for which amounts have not been provided as at 30 June 2018 (2017 $nil).

## 29. Operating lease commitments

### Accounting policies

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

### Operating lease commitments

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| One year or less | 2,233 | 1,566 |
| From one to five years | 4,517 | 569 |
| Over five years | 4,473 | - |
| **Total operating lease commitments** | **11,223** | **2,135** |

Lease commitments are in relation to the Group's offices in various locations. Under these arrangements the Group generally pays rent on a monthly basis at rates agreed at the inception of the lease.

## 30. Notes to the Consolidated Statement of Cash Flows

### Accounting policies

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

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

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

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| (Loss) for the year attributable to owners of the Company | (2,219) | (90,550) |
| Adjustment for non-cash items: | | |
| Depreciation and amortisation | 15,200 | 13,708 |
| Capitalised development costs written-off | - | 1,577 |
| Net (profit) / loss on disposal of property, plant and equipment | (137) | (1,689) |
| Share-based payments | 120 | 59 |
| Government's compensation for cancelling the tradeable value of taxi plate licences | (750) | - |
| Acquisition related costs | 1,449 | - |
| Impairment charge | 15,681 | 8,277 |
| Loss / (Profit) from discontinued operations (net of income tax) | 362 | 104,251 |
| Changes in assets and liabilities, net of the effects of purchase of subsidiaries: | | |
| Change in trade and other debtors | (1,457) | 565 |
| Change in inventories | (2,244) | 310 |
| Change in creditors and accruals | 5,616 | 199 |
| Change in provisions | 823 | 290 |
| Change in income taxes payable | (1,978) | 969 |
| Change in deferred tax balances | (614) | (121) |
| **Net cash provided by operating activities** | **29,852** | **37,845** |

### b) Cash and cash equivalents

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| Cash on hand and at bank | 10,141 | 9,473 |
| Money market deposits | 12,112 | 19,983 |
| **Balance per Consolidated Statement of Cash Flows** | **22,253** | **29,456** |

### c) Restricted cash

There was no restricted cash at 30 June 2018 (30 June 2017 $nil).

## 31. Financial instruments and financial risk management

### a) Overview

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return exceeding its cost of equity over the medium term.

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

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

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

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

**Credit risk**

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

**Trade and other receivables**

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

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

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

- The Board has established delegated limits and authority for agreements, contracts and receivable write-off
- Each new Customer is analysed individually for creditworthiness under a credit policy before the Group's standard payment and delivery terms and conditions are offered
- Payment terms are 28 days
- A risk assessment process is used for Customers over 90 days; and
- Cash or bank guarantee is obtained where appropriate.

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

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

**Investments**

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

**Liquidity risk**

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

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

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

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

### Maturity profile of financial liabilities by remaining contractual maturities

| | Carrying amount $'000 | Contractual cashflows $'000 | 6 months or less $'000 | 6 to 12 months $'000 | 1 to 2 years $'000 | 2 to 5 years $'000 |
|---|---|---|---|---|---|---|
| **2018 year** | | | | | | |
| Trade and other payables | 32,490 | 32,490 | 32,490 | - | - | - |
| Loans and borrowings | 3,052 | 3,156 | 3,156 | - | - | - |
| Interest rate swaps used for hedging | - | - | - | - | - | - |
| | **35,542** | **35,646** | **35,646** | **-** | **-** | **-** |
| **2017 year** | | | | | | |
| Trade and other payables | 25,775 | 25,775 | 25,775 | - | - | - |
| Loans and borrowings | 3,676 | 3,801 | 3,801 | - | - | - |
| Interest rate swaps used for hedging | - | - | - | - | - | - |
| | **29,451** | **29,576** | **29,576** | **-** | **-** | **-** |

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Financial facilities** | | |
| Revolving credit facility | 50,000 | 80,000 |
| Multi option facility | 20,000 | 20,000 |
| **Total facility** | **70,000** | **100,000** |
| **Amount used** | **-** | **-** |
| **Amount unused** | **70,000** | **100,000** |

The bank borrowing facility is a revolving facility and expires on 1 July 2021. The Company reduced the finance facility limits from $100m to $70m during the year.

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

### Market risk

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

#### i) Currency risk

The Group has no significant exposure to foreign exchange risk in respect of the Company and the entities it controls.

#### 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.

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

| | Carrying amount | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| **Fixed rate instruments** | | |
| Financial assets | 6,050 | 6,637 |
| Financial liabilities | - | - |
| | **6,050** | **6,637** |
| **Variable rate instruments** | | |
| Financial assets | 22,253 | 29,456 |
| Financial liabilities | (3,052) | (3,676) |
| | **19,201** | **25,780** |

As at 30 June 2018 the carrying value of financial assets and liabilities on the above table are considered to approximate their fair value.

### 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:

| | **2018** | **2017** |
|---|---|---|
| Loans and borrowings | 2% | 3.2% to 3.6% |
| Finance lease receivables | 10% to 12% | 7.5% to 13.5% |

### Sensitivity analysis

*Fair value sensitivity analysis for fixed rate instruments*

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

*Sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

| | Profit or loss | |
|---|---|---|
| | **100 bp increase $'000** | **100 bp decrease $'000** |
| 2018 | (29) | 29 |
| 2017 | (50) | 50 |

### Investments

The Group limits its exposure to market risk by investing in unlisted companies which are related to Taxi business. The investment in unlisted companies was $3,007,000 as at 30 June 2018 (refer to Note 8).

Other financial assets and liabilities are recorded at cost which approximate fair value.

## 32. Operating segment

### Accounting policies

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

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

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

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

During financial year 2017 the Group sold the associates which were equity accounted by Cabcharge, refer to Note 10.

| | Taxi related services | | Bus & coach services | | Consolidated | |
|---|---|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| **Revenue** | | | | | | |
| External revenue | 185,543 | 151,949 | - | - | 185,543 | 151,949 |
| **Result** | | | | | | |
| Reported result | 4,397 | 25,970 | - | - | 4,397 | 25,970 |
| (Loss) from discontinued operation, net of tax | (362) | (34,565) | - | (69,686) | (362) | (104,251) |
| **Segment result** | **4,035** | **(8,595)** | **-** | **(69,686)** | **4,035** | **(78,281)** |
| Net finance (costs) | | | | | (676) | (1,688) |
| Income tax expense | | | | | (5,578) | (10,581) |
| **(Loss) for the period** | | | | | **(2,219)** | **(90,550)** |
| **Other disclosures** | | | | | | |
| Segment assets, excluding investments accounted for using the equity method | 204,693 | 216,597 | - | - | 204,693 | 216,597 |
| Segment liabilities | 42,498 | 35,443 | - | - | 42,498 | 35,443 |
| Depreciation and amortisation | 15,200 | 13,708 | - | - | 15,200 | 13,708 |
| Impairment charges | 15,681 | 8,277 | - | - | 15,681 | 8,277 |

## 33. Share-based payment

### Accounting policies

*Long Term Incentives (**LTI**)*

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

The total share-based payment expense for the year was $120,920 (FY17 $59,101).

### a) Fair value

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

| Grant date/employees entitled | Number of Rights | Vesting conditions | Valuation methodology | Fair Value | Expected vesting date | Performance Period |
|---|---|---|---|---|---|---|
| **2018 year** | | | | | | |
| **Rights granted to CEO and key management personnel On 22 February 2018** | 611,110 | Absolute Total Shareholder Return (market condition)* | Monte Carlo simulation | $0.67 | 14 September 2021 | 1 July 2017 to 30 June 2021 |
| **Total number of Rights** | **611,110** | | | | | |
| **2017 year** | | | | | | |
| **Rights granted to CEO and key management personnel On 6 June 2016** | 194,704 | Absolute Total Shareholder Return (market condition)* | Monte Carlo simulation | $1.68 | 14 September 2020 | 1 July 2016 to 30 June 2020 |
| | 194,704 | Strategic Milestone (non-market condition)* | Black Scholes | $3.16 | | |
| **Total number of Rights** | **389,408** | | | | | |

* Details of the operation of LTI awards are outlined in the Directors' Report from page 19 to 34.

### Key assumptions

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

| | 2018 | 2017 |
|---|---|---|
| | 15 February 2018 | 30 January 2017 |
| Share price at grant date | $ 1.84 | $ 3.73 |
| Expected life | 4 years | 4 years |
| Expected volatility | 35% | 35% |
| Dividend yield | 6.83% | 4.7% |
| Risk-free interest rate | 2.19% | 1.95% |

### Reconciliation

The reconciliation of outstanding rights is shown the following table:

| | Number of Rights | |
|---|---|---|
| Performance Rights reconciliation | 2018 | 2017 |
| Rights outstanding as at 1 July | 689,766 | 300,358 |
| Rights granted | 611,110 | 389,408 |
| Rights forfeited | - | - |
| Rights lapsed | (88,552) | - |
| Rights exercised | - | - |
| Rights outstanding as at 30 June | 1,212,324 | 689,766 |
| Rights exercisable as at 30 June | - | - |

## 34. Subsequent event

### Dividends

The Directors have declared a final dividend of 4 cents per share (fully franked) scheduled to be paid on 31 October 2018. The record date to determine entitlement to dividend is 28 September 2018.

Other than the matter above, there have been no events subsequent to the reporting date that would have had a material impact on the Group's financial statements as at 30 June 2018.

# Directors' Declaration

1. In the opinion of the Directors of Cabcharge Australia Limited (**Company**):
    a. the Consolidated Financial Statements and Notes set out on page 38 to 73, and the Remuneration Report in the Directors' Report, set out on page 19 to 34, are in accordance with the Corporation Act 2001, including:
        i. giving a true and fair view of the consolidated entity's financial position at 30 June 2018 and of the performance for the financial year ended on that date; and
        ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.
    b. there are reasonable grounds to believe that the Company and the controlled entities identified in Note 24 as parties to a Deed of Cross Guarantee will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.
2. The Consolidated Financial Statements and Notes comply with International Financial Reporting Standards as disclosed in Note 2.
3. The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors

| | |
|---|---|
| **Paul Oneile** | **Andrew Skelton** |
| Chairman | Managing Director |
| 28 August 2018 | 28 August 2018 |

# Independent Auditor's Report

## To the shareholders of Cabcharge Australia Limited

## Report on the audit of the Financial Report

### Opinion

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

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

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Consolidated statement of financial position as at 30 June 2018
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

### Basis for opinion

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

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

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

### Key Audit Matters

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

- Valuation of Taxi Plate licences
- Valuation of Goodwill

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

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

| Valuation of Taxi Plate licences at 30 June 2018 ($17.5m) | |
|---|---|
| Refer to Note 13 to the Financial Report | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| Valuation of taxi plate licences is a Key Audit Matter due to:<br>• The level of judgement required by us in evaluating the estimates determined by management for forecast revenues. This is a significant driver in the taxi plate license value in use model.<br>• The level of growth in revenue for taxi companies continues to be threatened by changes in consumer habits and government regulations. This is driven by the increased use of alternative platforms, including mobile application based offerings and restrictions on taxi fee incomes. These ongoing changes create uncertainty in the key assumptions used in the taxi plate licence value in use model, and were a focus of our audit work, specifically:<br>– taxi plate license growth expectations: short, medium and long term; and<br>– the discount rate.<br>These conditions increase the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. | Our procedures included:<br>• Working with our valuation specialists, we challenged the valuation assumptions used to value the taxi plate licences. This included evaluating the key inputs to the discount rate, including the risk free rate, cost of debt, market participant gearing levels and industry beta, against published rates of comparable entities.<br>• We challenged the short, medium and long term forecast for taxi plate license growth expectations by assessing the assumptions against published industry growth expectations.<br>• We assessed the historical accuracy of the Group's revenue forecasts, by comparing the forecasts used in the prior year model to the actual revenue generated in the current year. We also considered the changes in the contracted price for licences. These procedures enabled us to evaluate the accuracy of forecasting the cash flows as included in the value in use calculations.<br>• We assessed the mathematical accuracy of the Group's value in use model.<br>• We performed a sensitivity analysis on key assumptions, in particular the discount rate and growth expectations rates to assess the risk of bias or inconsistency in application.<br>• We assessed the disclosures in relation to the valuation by comparing these disclosures to our understanding of the valuation, the business and accounting standards requirements. |

KPMG

| Valuation of Goodwill at 30 June 2018 ($25.1m) | |
|---|---|
| Refer to Note 14 to the Financial Report | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| The valuation of Goodwill is considered a key audit matter due to:<br>• The industry in which the Group operates is impacted by disruptive technologies. Further, there are changes in government regulations impacting the taxi service fee that can be applied when processing payments. These conditions increase the possibility of goodwill being impaired.<br>• Discount rates which are applied to determine the Goodwill value are complicated in nature and vary according to the conditions and environment the specific CGU is subject to. We involve our valuations specialists with the assessment of this assumption.<br>In addition to the above, the Group's models are largely manually developed and the application of corporate cost and assets to each CGU requires judgment.<br>These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. | Our audit procedures included:<br>• We assessed the growth rate assumptions for each CGU based on comparable companies and industry data. We considered impact of industry and regulatory changes on the Group's key assumptions, for indicators of bias and inconsistent application, using our industry knowledge.<br>• We performed sensitivity analysis focusing on the forecast cash flows, the discount rate and terminal growth rate, within a reasonably possible range, to identify those assumptions which are at higher risk of bias or inconsistency in application and to focus our procedures.<br>• Working with our valuation specialists, we independently assessed and challenged the Group's discount rate against publicly available data of group comparable entities.<br>• We assessed the allocation of corporate costs and assets to CGUs by comparing the Group's allocation methodology to our understanding of the business and the criteria in the accounting standards.<br>• We assessed the accuracy of previous forecasting for the Group as an indicator to inform our evaluation of forecasts included in the value in use models.<br>• We assessed the Group's disclosures of the qualitative and quantitative considerations in relation to the valuation of goodwill, by comparing these disclosures to our understanding of the matter and accounting standard requirements. |

## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

• preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*

• implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

• assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

• to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

• to issue an Auditor's Report that includes our opinion.

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Cabcharge Australia Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001*.

### Directors' responsibilities

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

### Our responsibilities

We have audited the Remuneration Report included in *pages 19 to 34* of the Directors' report for the year ended 30 June 2018.

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

KPMG

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Julie Cleary

*Partner*

Sydney

28 August 2018