



Chairman's Report

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RUSSELL BALDING AO
Chairman

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

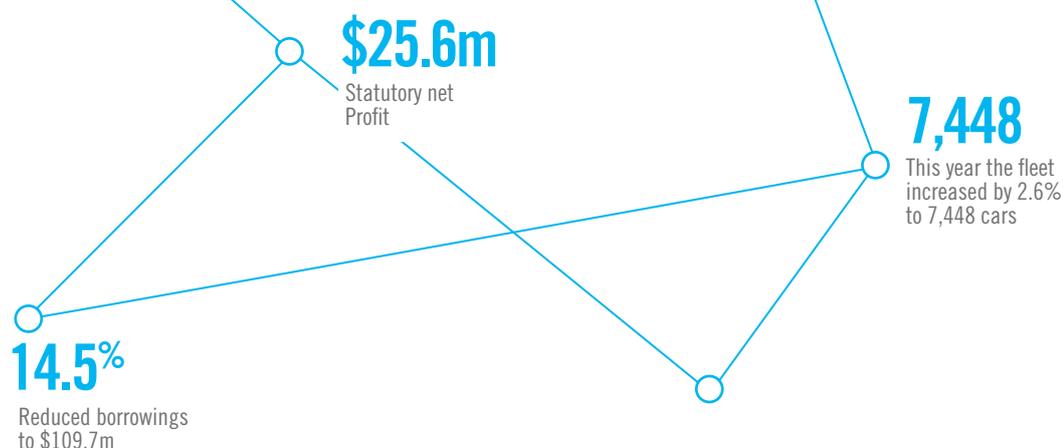
However, our underlying performance in FY16 demonstrates that in the face of aggressive regulatory change and competition, Cabcharge continues to be a highly cash-generative business able to invest in its future growth and continue to pay solid dividends to shareholders (20 cents per share for the year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

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

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

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

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



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

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

After some five and a half years on the Cabcharge Board, two and a half years as Chairman, I will be retiring as a Director after this year's Annual General Meeting on 24 November. During my period at Cabcharge it is the Company's transformation and its operational resilience that stand out. The transformation has been both real and tangible and will add

lasting value to the organisation for the benefit of all its stakeholders. Your Executive Management team has also introduced transparent and robust structural improvements from both the financial and Corporate Governance perspectives whilst maintaining a tenacious focus on our strategic goals and have not wavered despite both regulatory and digital disruption.

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

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

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

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