Operating and Financial Review

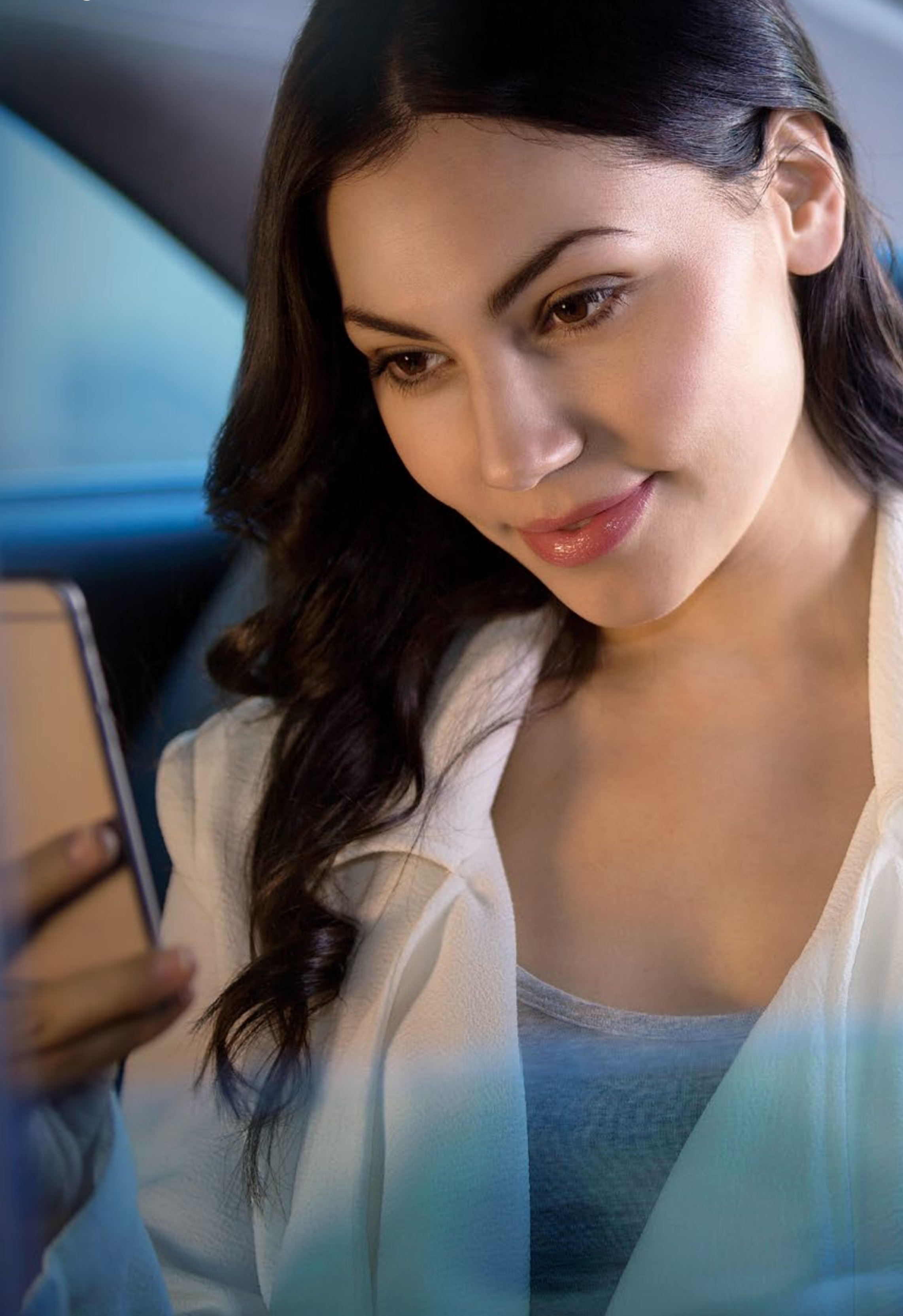
We recognise the substantial opportunity for growth in personal transport in Australia in the midst of changing industry dynamics. We start from a position of strength and experience, and are determined to leverage Cabcharge's unique capabilities to generate competitive advantage.

Business Overview

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

The Company provides Taxi Network services to Taxi Operators and Drivers in Sydney, Melbourne, Adelaide, Newcastle, regional Victoria, and the Northern Territory. Network services include taxi booking services, full taxi fit-outs and repairs, vehicle financing and insurance, as well as Driver training and education. Payment services offer taxi Passengers a convenient, fast and secure method for cashless fare payments via electronic terminals for which Cabcharge earns a service fee.

The Company also holds a 49% investment in a route, school and charter bus services Company in Australia, ComfortDelGro Cabcharge Pty Ltd, as well as a 49% investment in CityFleet Networks Ltd, a provider of account, booking and dispatch services for taxis and private hire vehicles, as well as coach services in the UK. In the Consolidated Financial Statements, equity accounting standards are applied to both investments.



2.9%
5-year compound annual growth rate in taxi fares processed

5.2%
5-year compound annual growth rate in fleet size

18,000+
FAREWAYplus installed providing better payment experience for Drivers and Passengers

Strategy

We have upheld our focus on transforming Cabcharge and throughout the last 2 years we have remained committed to 5 strategic tasks:

01
INTEGRATING NETWORKS

02
COMMITTING TO A KEY BRAND

03
LINKING BOOKINGS AND PAYMENTS

04
SUPPORTING OUR MERCHANT PARTNERS

05
LOOKING AFTER OUR CUSTOMERS

We recognise the substantial opportunity for growth in personal transport in Australia in the midst of changing industry dynamics. We start from a position of strength and experience, and are determined to leverage Cabcharge's unique capabilities to generate competitive advantage. At the same time, we continue to assess how technology and regulation – old and new – are giving participants more choices. There are more ways to book and pay for personal transport than ever before and we are executing on a program of work designed to close gaps in our offerings to Passengers and Drivers. Above all, we know that to capture the tail winds of a growing market, in terms of both trips and electronic transactions, we must evolve and invest.

During FY16 we have continued to make strong progress on our 5 strategic priorities. To integrate networks we have restructured our workforce, consolidated contact centres and further advanced our technology standardisation across dispatch and phone systems. Committing to a key brand resulted in our FY16 rebrand of Newcastle Taxis to 13CABS, with operations in Adelaide, Melbourne and Newcastle now aligned under common branding. Bookings and payments have been linked through our own apps as well as some of our Merchant Partners. With the support of our Merchant Partners we have substantially concluded a program of technology refreshment encompassing nearly every taxi in Australia involving the installation of a new *FAREWAY*plus device and updated pinpad – supporting a better payment experience for Drivers and Passengers alike.

The momentum achieved on the first 4 of our strategic tasks enables us to do more of what matters most – looking after our Customers. We are intent on delivering certainty of service for people who book taxis and we are using technology to assist our Drivers and Passengers to connect. Drivers can now call Passengers on approach to help them find each other, a feature which has greatly enhanced certainty of service for both Passengers and Drivers.

Over the last 12 months various Government announcements have cleared much of the remaining regulatory uncertainty overhanging our industry and have enabled us to set our future strategy with confidence. Within an overarching purpose of *Connecting You with People and Places*, our 5 year vision is to be Australia's leading personal transport business and to become the first choice for personal and corporate Passengers, the preferred network and payment partner for Drivers and the employer of choice in the personal transport sector.

Operating and Financial Review

Material Business Risks

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

The risks outlined on the right 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 operates in industries that are subject to State and Territory regulation and control. In addition to the price control imposed on service fees in Victoria, New South Wales and Western Australia, other Taxi Regulators may impose limits on the level of service fees able to be charged to Cabcharge Customers thereby potentially impacting revenue and earnings. Taxi Regulators may also change rules around required standards and quality control aspects of Taxi Networks. Taxi Regulators may also affect the value of taxi plate licences through setting supply of new taxi plate licences and setting rates for Government leased taxi plate licences. In addition, changes in taxi regulation, including establishing a regulatory environment for non-taxi transport can indirectly affect the value of taxi plate licences. Taxi Regulators may also restrict the supply of taxi plate licences which limits growth opportunities for the Taxi Industry.	Work with Taxi Regulators on issues affecting the Taxi Industry. 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.
Changes to competitive landscape / Changes to IT environment	Continued emergence of new competitors in personal transport who offer alternative service and payment methods, both within and outside the regulatory framework, or subject to less stringent regulation. Potential loss of business if the Company fails to keep pace with technological change with respect to network operations, bookings and payments.	Be at the forefront of Taxi Network app development and integrate bookings and payments. Continue investment in technology as reflected by the Cabcharge payments gateway and switch, *FAREWAY*plus and upgrades to the 13CABS and Silver Service taxi apps.
Asset impairments	In line with accounting standards, Cabcharge periodically tests the carrying value for certain assets recognised in the Consolidated Statement of Financial Position. This process involves considering the operational results and future outlook of each asset as well as the valuation assumptions utilised (for example discount rates and currency). Should these underlying assumptions change, there may be potential for a non-cash impairment to reflect the revised asset valuation.	Continued regular monitoring of asset growth profiles, operating environments and other valuation assumptions.

Revenue

$169m

10.2% ↓

Result Overview

Statutory Basis

	FY16 $m	FY15 $m	Change over PCP
Revenue[1]	**168.8**	**188.0**	**(10.2%)**
Other income	**14.1**	**0.1**	
Expenses[2]	(112.5)	(112.2)	0.3%
Impairment charges	(27.7)	(10.3)	
EBITDA	**42.7**	**65.6**	**(34.9%)**
Depreciation & Amortisation	(15.6)	(13.4)	
EBIT	**27.1**	**52.2**	**(48.1%)**
Net interest	(0.4)	(5.6)	
Profit before tax	**26.7**	**46.7**	
Income tax	(16.4)	(16.7)	
NPAT (excl. associates)	**10.3**	**30.0**	**(65.6%)**
Equity accounted net profit of associates	15.3	16.7	(8.1%)
NPAT	**25.6**	**46.6**	**(45.2%)**
EBITDA margin[3]	**25.3%**	34.9%	
EBIT margin[3]	**16.1%**	27.8%	
Effective tax rate (%)[4]	**61.4%**	35.8%	
Basic earnings per share (AUD)	21.3 cents	38.7 cents	

1 Excludes interest income.
2 Operating expenses excluding impairment charges.
3 Calculation excludes equity accounted net profit of associates.
4 Higher effective tax rate due mainly to non-deductibility of impairment charges.

Underlying basis excluding significant items

	FY16 $m	FY15 $m	Change over PCP
Revenue[1]	**168.8**	**188.0**	**(10.2%)**
Other income[2]	**0.0**	**0.1**	
Expenses[3]	(110.2)	(112.2)	(1.8%)
Impairment charges[4]	0.0	0.0	
EBITDA	**58.6**	**75.9**	**(22.8%)**
Depreciation & Amortisation[5]	(13.9)	(13.4)	
EBIT	**44.7**	**62.5**	**(28.5%)**
Net interest[6]	(4.9)	(5.6)	
Profit before tax	**39.8**	**56.9**	
Income tax[7]	(11.5)	(16.7)	
NPAT (excl. associates)	**28.3**	**40.2**	**(29.7%)**
Equity accounted net profit of associates	15.3	16.7	(8.1%)
NPAT	**43.6**	**56.9**	**(23.5%)**
EBITDA margin[8]	**34.7%**	40.4%	
EBIT margin[8]	**26.5%**	33.2%	
Effective tax rate (%)	**28.9%**	29.3%	
Basic earnings per share (AUD)	36.2 cents	47.2 cents	

1 Excludes interest income.
2 Excludes $14.1 million gain on sale of Riley Street.
3 Excludes $2.3 million in employee separation costs.
4 Excludes non-cash impairment charges on taxi plate licences in FY16 and on CFN in FY15.
5 Excludes $1.7 million accelerated amortisation on NSW wheel chair accessible taxi plate licences.
6 Excludes $4.5 million gain on sale of shares in ComfortDelGro Corporation Limited.
7 Excludes tax effect of gains on sale of Riley Street and shares in ComfortDelGro Corporation Limited.
8 Calculation excludes equity accounted net profit of associates.

Statutory Basis

Cabcharge is pleased to announce that it will pay a fully franked final dividend of 10 cents, resulting in a full year dividend of 20 cents per share, in line with the prior year.

Reported statutory earnings are $25.6 million (FY15 $46.6 million).

This result reflects lower revenues in taxi payments processing that have been driven by regulatory changes, and one-off charges following a review of our assets.

Specific key factors influencing the Company's result:

- Regulatory decisions that directly affect cash and non-cash revenue and expenses:
  - The state and territory reviews on the Taxi Industry, which led to an introduction of a 5% price control on non-cash taxi fare payment service fees in NSW and Western Australia during FY15 which had a full year impact on revenue in FY16;
  - Changes to taxi plate licence regulation, impacting income on brokered and owned taxi plate licences and the ability to grow fleet (particularly NSW); and
  - Asset impairments to our taxi plate licences resulting from regulatory changes of $27.7 million;
- Increased competition in taxi payment processing;
- The sale of our Riley St corporate office and shares held in ComfortDelGro Corporation Limited, which as part of our capital management review were identified as non-core to our operations and strategic goals; and
- Our continuing investment in reshaping our business model and capabilities to set a strong platform for future growth across our key activities.

Underlying basis excluding significant items

Underlying earnings have shown resilience in light of significant regulatory change and a challenging operating environment, resulting in an underlying EBITDA of $58.6 million (FY15: $75.9 million) and underlying NPAT of $43.6 million (FY15: $56.9 million).

Operating and Financial Review

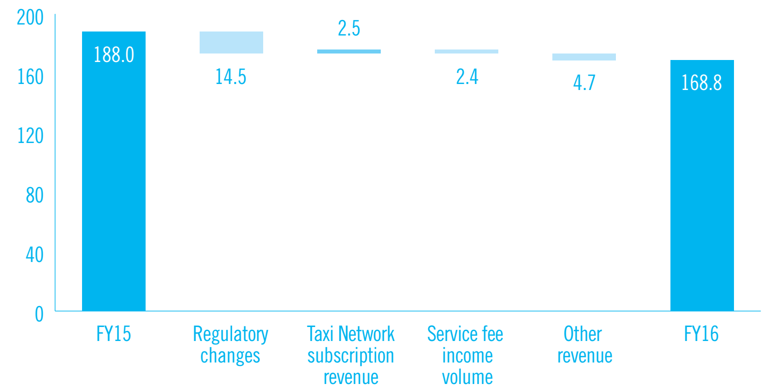
Revenue and Turnover

Revenue declined 10.2%, or $19.2 million to $168.8 million (FY15: $188.0 million), driven by the full year impact of regulatory changes.

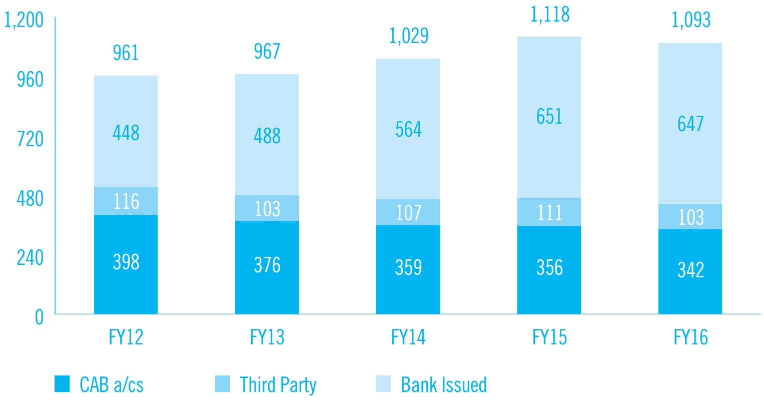
Revenue is primarily generated by the following categories:

- **Taxi Payments** – processing of non-cash taxi payments;
- **Taxi Services** – including network service fees, brokered and owned taxi plate licence income, vehicle financing and insurance lease income, and other taxi related services income; and
- **Other revenue** – includes bus operator income in South Australia and third party payments income

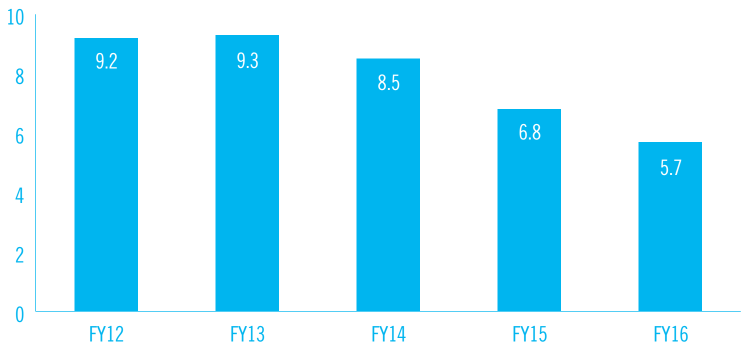
Twelve Month Movement – Revenue ($ millions)



Taxi Fares Processed ($ millions)



Effective Service Fee Rate (%)



Taxi Payments

Taxi Payment services provide taxi Passengers with fast and secure cashless fare payments via electronic terminals.

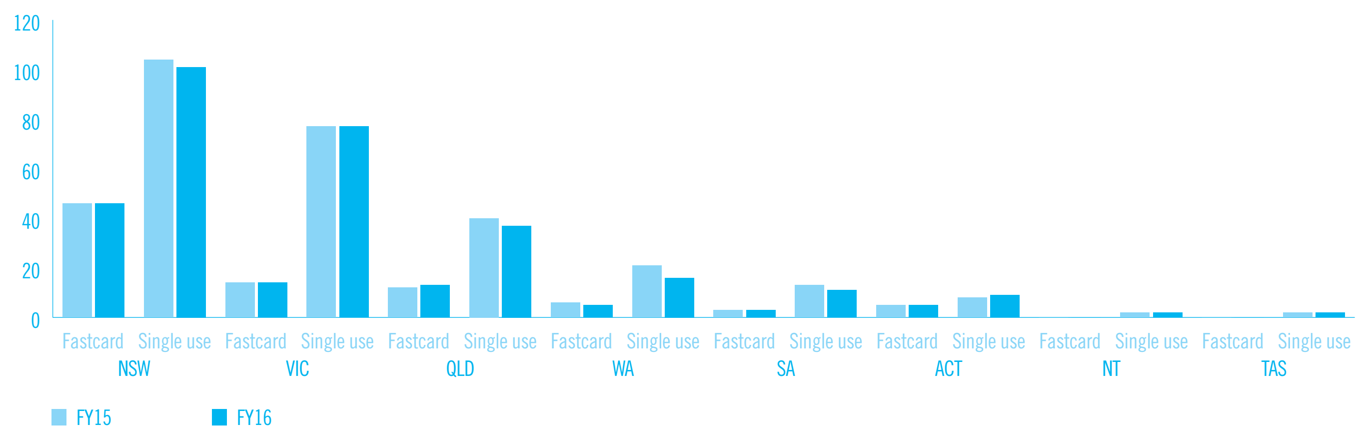
Taxi Payments revenue of $62.4 million declined 17.7% from the prior year (FY15: $75.9 million). This has largely been driven by the full year impact of regulatory changes to limit service fees on non-cash taxi payments to 5% in NSW (12 December 2014) and Western Australia (24 February 2015). As a result of the regulatory changes the effective service fee rate has decreased from 6.8% in FY15 to 5.7% in FY16.

These changes followed the regulatory imposition of a 5% price control to non-cash taxi payments in Victoria in FY14. During FY16 the Australian Capital Territory and South Australia announced their intentions to limit service fees on non-cash taxi payments to 5%. In August 2016, Queensland announced a 5% price control to non-cash taxi payments to occur in 2017. With this announcement, Cabcharge can move forward with greater certainty regarding the regulatory landscape in Australia.

Despite media focus on the industry disruption from ridesharing, the value of taxi fares processed, by Cabcharge, has grown at a compound annual growth rate (CAGR) of 2.9% over the past 5 years.

The value of taxi fares processed in FY16 fell marginally; this is partly due to a reduction in Cabcharge account usage. Almost half of the decline in taxi fares processed was driven by lower Cabcharge volumes in states that are affected by the slowdown in the resources sector, Western Australia, South Australia and Queensland. The customer account base remains consistent, with the decline primarily visible on single use product volumes. Our increased investment in account management capabilities has improved our understanding of the product feature enhancements our account Customers most value. In FY16 we issued new and improved Fastcards to 80% of our customer base with the remaining Customers to be completed in FY17. In FY17 we will also offer new single use products which allow Customers to independently configure usage rules, something our Customers have asked for.

Cabcharge Account Fares Processed ($ millions)



Non Cabcharge account volumes declined 1.5%. Cabcharge recognises that the hand held terminal segment, in which Cabcharge has not competed, took share from in-taxi fixed terminal processed payments. In Victoria in FY16 we gave back some of the market share gains achieved in FY15 and in Queensland fares processed reduced both as a result of economic conditions in the state and increased competition from hand held terminal providers. Cabcharge is currently trialling its hand held terminal offering and will roll out a competitive product in FY17 to grow market share and re-establish growth of fares processed.

Total Taxi Fares Processed by State and Territory ($ millions)

Operating and Financial Review

Taxi Network Services

Total Taxi Network Services revenue of $91.9 million declined 3.1% from the prior year (FY15: $94.8 million).

The largest contribution to Taxi Services revenue has been Network Subscription Fees which is a function of the Group's taxi network affiliated fleet size. Network Subscription Fees revenue of $57.9 million increased 4.6% from the prior year (FY15: $55.3 million) driven by the increase in the fleet size.

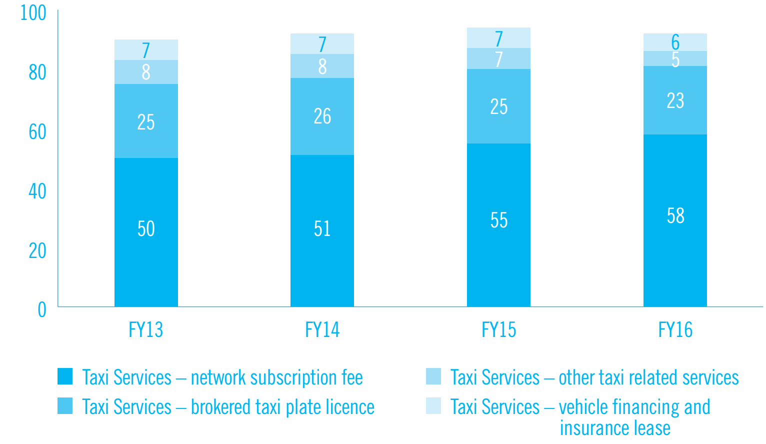
At the end of FY16 there were 7,448 cars on our networks, equivalent to fleet growth of 189 cars or 2.6%. This is a strong result, particularly in light of the fact that the NSW government shrunk the pool of available taxi plate licences by as much as 190 during FY16. Nevertheless, we have maintained ongoing momentum behind fleet growth as evidenced by the fact that in Sydney at the end of 1H16 we had 52 licences on the shelf that were not leased out to Taxi Operators. This situation has turned around. All our licences, managed and owned, are now leased out and we have a waiting list for more reflecting early signs of a change in sentiment for the industry supported by a notable increase in the number of Drivers joining our Sydney network. Fleet has grown at a CAGR of 5.2% over the past 5 years.

In addition, we have a further 176 wheelchair accessible taxis in Sydney that are members of other networks but attached to our Sydney dispatch system as the result of us contracting with the NSW Government to coordinate booking services for Wheelchair Accessible Taxis to ensure the maximum efficiency and usage of these vehicles and the best possible service for Passengers with disabilities across Sydney.

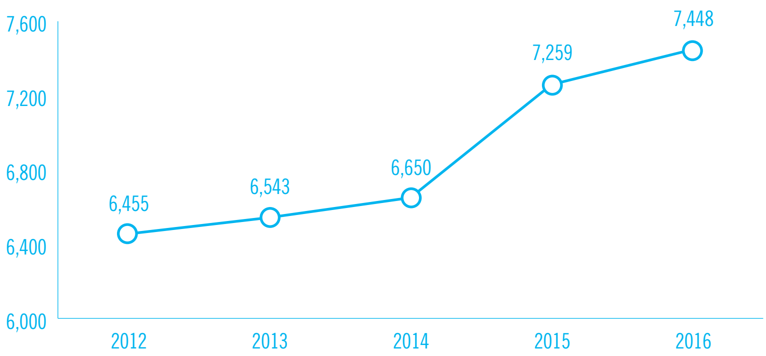
Our bureau service model where we provide 13CABS brand association and contact centre services directly to other Taxi Networks and in some cases, Operators, has been a major contributor to fleet growth and also the geographic reach of our taxi network services, particularly into regional Victoria and the Northern Territory. This model is attractive, offering smaller taxi organisations the benefits of scale and simplification of operations.

Cabcharge-owned Taxi Networks lease taxi plate licences from owners and then lease these taxi plate licences to Taxi Operators, with a small service fee added. While provision of this service does not generate significant margin for the Company, acting as an intermediary in the taxi plate licence market is an important service for the industry. Cabcharge took the decision to lower taxi plate licences fees to our Operators, improving their economic position to compete in the new regulatory environment. The continued economic strength of the Taxi Industry, and all its participants, is essential for growth in our key metrics of fleet and taxi fares processed. Consequently, Brokered taxi plate licence income in FY16 was 9.6% or $2.4 million lower at $22.7 million (FY15: $25.1 million). However, offsetting the impact of this reduction, Brokered taxi plate licence costs also fell 10.7% or $2.6 million to $21.4 million in FY16 (FY15: $24.0 million).

Taxi Network Services – Revenue ($ millions)



Total Fleet



Other taxi related services income decreased from $7.3 million in FY15 to $5.3 million in FY16 due to the focus of Cabcharge technicians on *FAREWAY*plus equipment installations and away from third party billable technical services in FY16.

Vehicle financing and insurance lease income decreased by $1.1 million to $6.0 million in FY16 reflecting reduced financing demand in the NSW market due to regulatory uncertainty in that market. As a result, our loans to Operators reduced $7.5 million over FY16. The annualised income on current levels of financing activity is approximately $5.2 million. The partially mitigating saving in Cabcharge finance costs is included in the reduction of Finance costs.

Owned Taxi Plate Licence Income

Owned taxi plate licence income relates to income on the taxi plate licence portfolio the Company acquired historically. In total, income on owned taxi plate licences for FY16 was $6.9 million (FY15: $8.2 million). The current annual yield on our taxi plate licence portfolio is approximately $5 million.

Other Revenue

Other revenue decreased from $9.1 million in FY15 to $7.6 million in FY16. Payments consulting income from third-parties was $0.5 million and Cabcharge account late fees $0.2M lower in FY16 than in prior year. The largest component of other revenue is bus operator income in South Australia of $2.1 million (FY15 $2.2 million).

Other income

Other income increased to $14.1 million in FY16 (FY15: $0.01 million) due to the gain on sale of the Riley Street corporate office in Sydney. The sale of this property for $18.1 million resulted from our capital management review aimed at driving ongoing balance sheet efficiency.

Full Year Dividend

20c

Per share fully franked

Expenses

Total operating expenses (excluding accelerated amortisation and impairment charges on taxi plate licences in FY16 and impairment charges on investments in associates in FY15) increased 0.8% to $126.5 million (FY15: $125.6 million).

This is a strong result given the investment in a strategic change program to build capabilities and strong foundations for future growth. We have invested to pursue our strategic objectives that include increasing the size of the taxi fleet, establishing a uniform national Taxi Networks operating model, developing applications that link bookings and payments, deploying in-vehicle technology to support payments efficiency and enhancing the customer experience for Drivers and Passengers.

New rates negotiated with Taxi Networks following the introduction of government price controls on taxi payments resulted in a $4.4 million decrease in processing fees to Taxi Networks in FY16 to $10.1 million. In FY15, the decrease in processing fees paid to Taxi Networks was $4.2 million, bringing the total annualised reduction in expenses to $8.6 million, versus the $7 million forecast in 1H15.

As noted under Taxi Network Service revenue, Brokered taxi plate licence costs vary with Brokered taxi plate licence income. Brokered taxi plate licence costs were $21.4 million (FY15: 24 million).

Other taxi related costs were $12.6 million (FY15: 11.8 million). The increase is driven by the cost of installing equipment in taxis converting to our Bureau services, which supports fleet growth.

Employee benefit expenses in FY16 included $2.3 million in employee separation costs. Excluding separation costs, employee benefit expenses increased $1.1 million or 2.9%. The Company has been focused on building the organisational structure and adding the capabilities required to compete and grow in the changing personal transport market. Including the appointment of a Chief Technology Officer for the first time in July 2016.

56% of key management personnel and their direct reports have joined the Company in the last two years. The employee separation costs incurred during FY16 represent a one-off charge to achieve this organisational transformation. We will continue to invest in the necessary skills and capabilities as required to achieve our strategic objectives.

General and administration expenses increased 12.3% to $15.8 million (FY15: $14 million) primarily due to a $2 million increase in marketing and advertising investment to $4.6 million in FY16.

Marketing activities in the year included the launch of App Payments supported by an online, direct response campaign to existing Customers and new audiences already using competitor booking apps. Our sponsorship of the GWS Giants AFL team was rebranded to 13CABS and the *Fastest Cabbie* campaign was launched, an initiative that saw two taxi Drivers compete in the televised 13CABS AFL Grand Final Sprint.

Silver Service unveiled its first ever integrated marketing campaign in Sydney launching radio, billboard, CBD lift media and a social influencer promotion across digital channels. A uniform brand positioning for Cabcharge and the Taxi Networks was developed that will become the framework for future corporate and brand initiatives.

Transaction processing expenses decreased $0.6 million to $4.0 million (FY15: $4.6 million) due to lower volumes for Cabcharge FASTeTICKET and improved control procedures for FASTeTICKET validation.

Lease back expense in FY17, following the sale of Riley Street for $18.2 million, will be approximately $0.9 million.

Depreciation and amortisation expense increased $2.2 million to $15.7 in FY16 (FY15: $13.4 million) primarily due to $1.7 million in accelerated amortisation on New South Wales wheel chair accessible taxi plate licences arising from regulatory changes announced in December 2015.

Cabcharge has recorded non-cash impairment charges of $27.7 million in FY16 relating to its national portfolio of taxi plate licences. The impairment charges reflect recent regulatory changes in many of the states which have issued taxi plate licences which we hold. In FY15 Cabcharge recorded a non-cash impairment against the carrying value of its associate interest in CFN of $10.3 million.

Other expenses increased $2.1 million to $7 million in FY16 (FY15: $4.9 million) primarily due to changes to our credit provisioning policies that resulted in an increase of $1.5 million to our credit provisions for Taxi Operator receivables.

Finance income increased $4 million to $5.5 million (FY15: $1.5 million) due to gain on the sale of shares in ComfortDelGro in December 2015. These shares were deemed to be non-core to operations and strategy following completion our capital management review aimed at driving ongoing balance sheet efficiency.

Finance costs declined $1.1 million to $5.9 million (FY15: $7.1 million) due to lower average loan balances over the period.

The Group's 61.4% effective tax rate (FY15: 35.4%) is higher than the 30% statutory tax rate primarily due to the non-deductibility of impairment charges against taxi plate licences in FY16 and investments in associates in FY15 for tax purposes.

Operating and Financial Review

Investments in Associates

Cabcharge holds a 49% investment in ComfortDelGro Cabcharge Pty Ltd (CDC), Australia's largest private bus operator. CDC provides route and school bus services in Sydney, the Hunter Valley and Queanbeyan in New South Wales, and in Melbourne, Geelong and Ballarat in Victoria. As at 30 June 2016 the carrying value of Cabcharge's investment in CDC was $251.8 million compared to $237.2 million as at 30 June 2015.

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

The equity accounted net profit contribution from Associates, CDC and CFN, was $14.5 million and $0.8 million, respectively. Combined, this was a decrease of $1.3 million to $15.3 million in FY16 (FY15: $16.7 million).

The net profit contribution from CDC of $14.5 million (FY15: $15.2 million) included a $0.8 million gain on sale of a property asset and $0.3 million of increased credit provisions relating to prior year services provided. Lower fuel prices resulted in lower fuel reimbursement income in New South Wales and Victoria, partly offset by growth in Region 4 and Hunter Valley bus services.

The net profit contribution from CFN of $0.8 million (FY15: $1.5 million) was $0.5 million lower due to the closure costs of ComCab Birmingham, which had been loss making for a number of years. CFN continues to operate in London, Aberdeen, Liverpool and Edinburgh with combined revenue of $115.6 million (FY15: $114.6 million).

At 30 June 2016 we determined that there were no changes to CFN's underlying performance that required impairment charges. The carrying value of the associate interest in CFN at 30 June 2016 was $44.8 million, including $14 million of surplus cash. We continue to carefully monitor the carrying value of CFN in relation to operational results and future outlook as well as current discount rates and currency exchange rates.

ComfortDelGro Cabcharge

	FY16 $m	FY15 $m	Change over PCP
Revenue	**353.0**	**345.6**	**2.1%**
Expenses	(301.3)	(290.6)	3.7%
EBIT	**51.7**	**55.0**	**(6.0%)**
Net interest	(8.9)	(11.5)	(22.6%)
Profit before tax	**42.8**	**43.5**	**(1.6%)**
Income tax	(13.2)	(12.5)	5.6%
NPAT	**29.6**	**31.0**	**(4.5%)**
49% share	**14.5**	**15.2**	**(4.5%)**

CityFleet Network

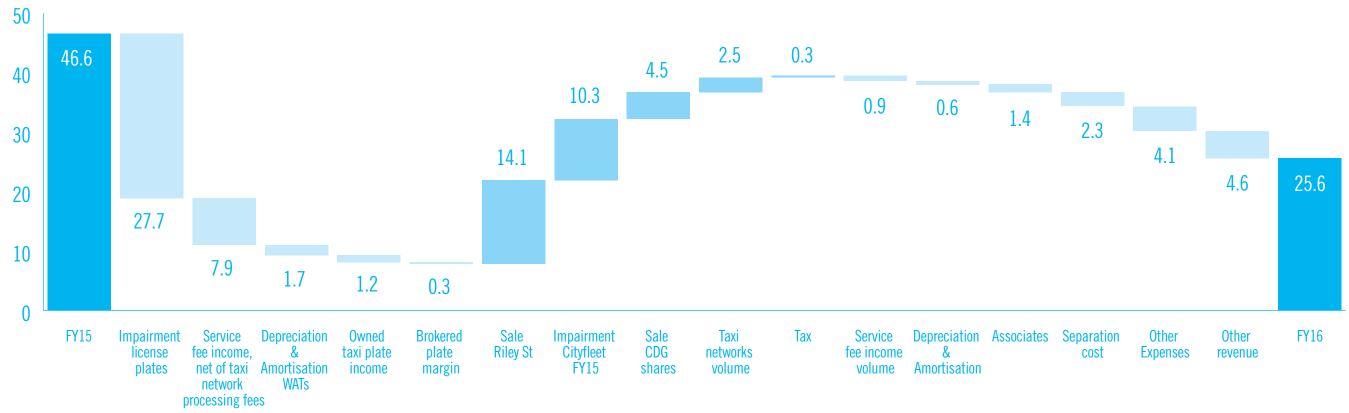
	FY16 $m	FY15 $m	Change over PCP
Revenue	**115.6**	**114.6**	**0.9%**
Expenses	(112.7)	(110.9)	1.6%
EBIT	**2.9**	**3.7**	**(21.8%)**
Net interest	0.1	0.1	0.0%
Profit before tax	**3.0**	**3.8**	**(21.3%)**
Income tax	(0.3)	(0.8)	(62.5%)
NPAT before closure Birmingham	**2.7**	**3.0**	**(10.3%)**
Birmingham closure costs	(1.0)		
NPAT statutory	**1.7**		
49% share	**0.8**	**1.5**	**(43.3%)**

Net Profit

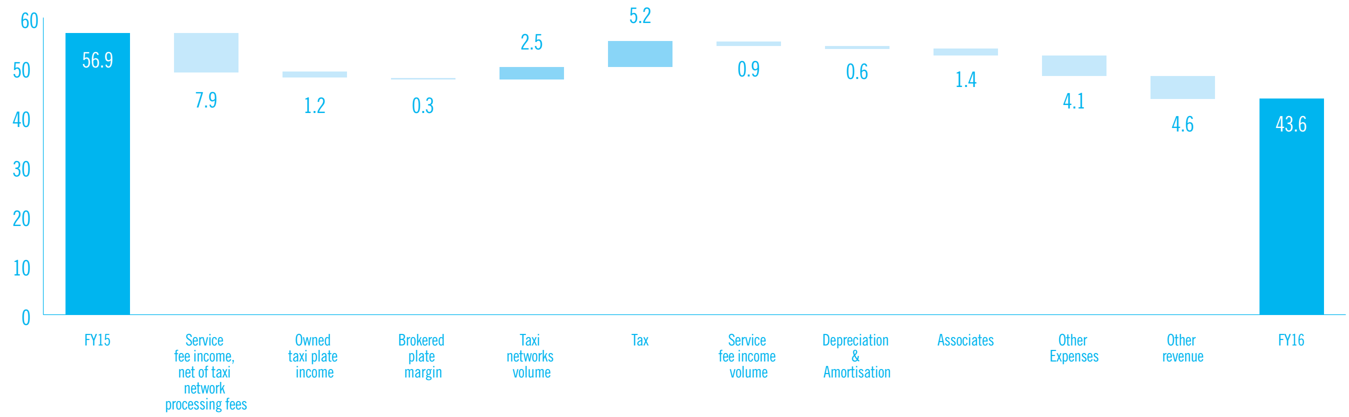
The major components of the Company's change in Net profit after tax in FY16 can be seen in the accompanying chart, both on a statutory basis and on an underlying basis.

Statutory basic and diluted earnings per share were 21.3 cents (FY15: 38.7 cents). Underlying basic and diluted earnings per share were 36.2 cents (FY15: 47.2 cents).

NPAT Statutory ($ millions)



NPAT Underlying ($ millions)



Operating and Financial Review

Balance Sheet

The Company's net assets as at 30 June 2016 decreased to $388.9 million from $393.0 million at 30 June 2015. This decrease is derived principally from $25.6 million FY16 Net profit after tax (which includes $27.7 million in non-cash taxi plate licence impairment charges), less $24.1 million in dividends paid during the year, $3 million decrease in share of associates' foreign currency translation differences, and a $3.3 million transfer out of other comprehensive income of fair value of available-for-sale financial assets, net of tax.

During the year, management continued to reduce total borrowings, which stood at $109.7 million at 30 June 2016, $18.5 million lower than a year prior (30 June 2015: $128.2 million).

The net debt to equity ratio was 24.9% at 30 June 2016 (30 June 2015: 26.6%). The available liquidity at 30 June 2016 was $107 million (30 June 2015: $100.9 million), consisting of $13 million in cash (2015: $23.9 million) and $94 million (2015: $77 million) in unused facilities.

Management continues to take a prudent approach to gearing while ensuring the Company invests in the competitive position of its products and therefore shareholder value.

In August 2016, the Company entered into agreements with its lending banks to extend its current finance facility term for a further two years from 1 July 2017 to 1 July 2019. We have also also taken advantage of the low base interest rate environment to enter into new medium term interest rate swaps at a lower rate.

The Company has also reduced finance facility limits from $200 million to $160 million given an extended period of operating significantly within our credit facility levels and recognising the commitment fee cost of unutilised lines of credit.

As a result of these negotiations and lower loan levels we expect our finance costs will be lower in FY17 and we now have certainty over pricing of finance facilities for the three years to 1 July 2019.

Cash Flow

Operating cash flow for FY16 was $46.5 million, compared to $50 million for FY15. Proceeds from the sale of the Riley Street corporate office were received post balance-date and are therefore excluded from reported cash flows from investing activities.

Free cash flow after investing activities was $31.8 million for the year. Free cash flow was used to pay $24.1 million in dividends and to reduce borrowings.

Cabcharge generates consistently high operating cash flow that supports the payment of dividends, investment in new products and infrastructure and facilitates an appropriately geared capital structure.

Balance Sheet

	FY16 $m	FY15 $m
Cash and cash equivalents	13.0	23.8
Other current assets	82.6	76.9
Investments in associates	296.6	284.3
Property, plant and equipment	40.2	39.0
Taxi plate licences	41.2	70.9
Other non-current assets	57.0	61.9
Total assets	**530.6**	**556.8**
Loans and borrowings	109.7	128.2
Other liabilities	32.0	35.6
Total liabilities	**141.7**	**163.8**
Total net assets	**388.9**	**393.0**
Net Debt/Equity	24.9%	26.6%
Ungeared return on Australian taxi related services[1]	21.4%	20.4%
Ungeared return on investments in associates (excl. impairment)	6.0%	6.0%

1 NPAT excluding associates' profit, impairment, interest expense / Net assets excluding bank loan and investments in associates

Cash Flow

	FY16 $m	FY15 $m
Net cash from operating activities	46.5	50.0
Net cash from (used in) investing activities	(14.7)	(13.1)
Net cash (used in) financing activities	(42.6)	(54.9)
	(10.8)	(18.0)
Cash and cash equivalents at 1 July	23.9	41.9
Cash and cash equivalents at 30 June	**13.1**	**23.9**
Cash Conversion	85%	83%

Cash Conversion is 'Ungeared pre-tax operating cash flow/underlying EBITDA including profit from Associates'.

Cash conversion ratio

85%

Capital Expenditure

Cabcharge is actively investing in technology for the future growth of the Company.

Investments in property, plant and equipment were $9.4 million in FY16 (FY15: $11.6 million) reflecting the rollout of *FAREWAY*plus, a new telephone system to improve customer service, and essential repairs to our key site in Alexandria, Sydney. In addition, $6.2 million of *FAREWAY*plus equipment not yet installed was purchased in FY16. Ongoing software development including linking payments in apps and the ability for Drivers to call Passengers resulted from $3 million investment in development of intellectual property (FY15: $2.1 million). The Company also acquired Dandenong Taxis for $1.9 million in the first half of the 2016 financial year.

Dividends

The Board has declared a fully franked final dividend of 10 cents per share, with a record date of 30 September 2016 and a payment date of 31 October 2016. This brings the full year dividend for FY16 to 20 cents per share fully franked, consistent with FY15.

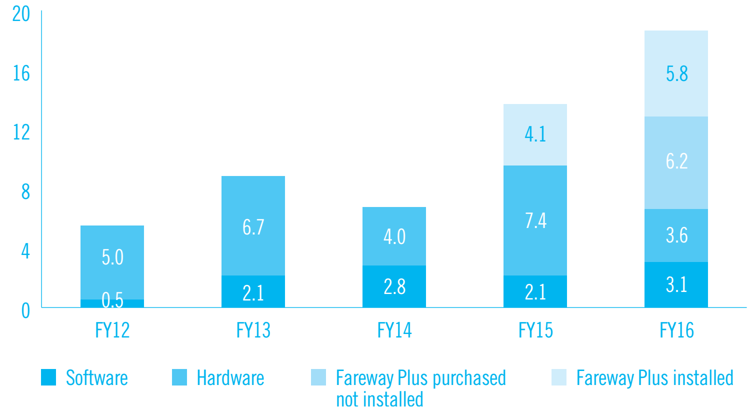
Major Operational Developments

Following the capital management review, Cabcharge undertook a sale of its investment in listed shares in ComfortDelGro Corporation Limited and the Riley Street site in Darlinghurst which currently houses Cabcharge's corporate offices. We have entered into a two-year lease with two six-month options to renew at the Riley Street site. Lease expense from FY17 will be approximately $1 million per annum for the duration of the lease. Within the next 3 years we will transition our corporate office and payments expertise to our Alexandria site which currently houses our Sydney taxi network operations. Unifying the majority of our Sydney workforce onto a single site is part of a strategy that reflects efficient balance sheet management and is consistent with our strategic task of linking bookings and payments. Further, we will achieve a range of efficiencies as a result of decreased travel time and duplication of activities across sites, increased interaction between staff, and bringing more of our workforce into closer contact with our Taxi Operators, Drivers and Passengers. The move will culminate our cultural transformation in Sydney, providing the strongest physical evidence that we are no longer a siloed Company.

Cabcharge recognises the importance of customer service for Passengers and for Driver welfare. We have implemented several initiatives to improve the customer experience for Passengers including:

- linking bookings to payments;
- improving app functionality;
- facilitating direct contact between Passengers and Drivers prior to pick-up while preserving the privacy of both Passenger and Driver mobile numbers; and
- consolidating our brands and changing dispatch rules to incentivise Drivers to complete a booked pick-up service.

Capital Expenditure ($ millions)



Regulatory change has provided opportunities as well as impediments. As a result of the legalisation of ridesharing, the Company is now able to offer network branded services for private hire in the new lightly regulated pre-booked market. Additionally, Cabcharge is now able to train Drivers for Taxi Networks in NSW. Training our own Drivers allows us to focus on the aspects of service quality that matter to Passengers and to increase the supply of Drivers. We have invested further in our Driver services teams to enhance the ongoing support we offer to Drivers, including monitoring performance with respect to our updated service standards which are designed to provide more certainty and quality of service for Passengers.

We continue to support our Merchant Network partners via the completion of a major investment and upgrade of in-taxi fixed equipment with the roll-out of *FAREWAY*plus.

We also recognise the importance of meeting Driver needs, many of whom prefer handheld terminals. Accordingly, we will be launching our own hand held terminal offering in selected markets during FY17.

We estimate the size of taxi fares processed through cards, excluding our Cabcharge account products, to be $3.0 billion of which our current share with our network payments terminal business model is 25%. The opportunity to grow market share through the hand held terminal product launch is significant.

Linking bookings to payments remains a key strategy in securing taxi fares processed volumes. In FY16 we launched the service in our own Taxi Networks and provided payments processing support for one of our merchant taxi network partners for their apps linking bookings to payments. While volumes remain a small percentage of overall bookings, this channel is growing and is essential to position the Company for the future.

Following the Australian Competition and Consumer Commission's authorisation of the iHail service in March 2016, we will be providing payments processing support for iHail in FY17. There is an untapped opportunity in linking bookings to payments for bookings taken through our call centres. While booking via app is growing, bookings through call centres remain the dominant form that Customers choose when interacting with our Taxi Networks.

Outlook

The personal transport industry is large and growing and our underlying business metrics remain strong.

While we saw a modest decline in taxi fares processed in FY16, we continue to invest in initiatives that will strengthen our position within the taxi payments market such as launching a hand held terminal product, improving Cabcharge products, and linking bookings to payments.

Our Taxi Networks fleet continues to grow. In FY17 we will continue to improve the value proposition of our Taxi Networks for Passengers, Operators and Drivers. Our first priority is to provide taxi Passengers with an industry-leading booking and trip experience to increase usage of our Taxi Industry partners' services. We will continue to aggressively explore new business models, particularly in the pre-booked transport sector.

The industries in which Cabcharge operates have always been competitive. We welcome increased competition as it is increasing the penetration of personal transport services as a proportion of the overall transport market. It is the change in service fee, far more than competition from new or existing market entrants, that has affected our FY16 results.

With the conclusion of major regulatory reviews at the Federal, state and territory level we have a much stronger view on what the future will look like and have set our strategy accordingly to maximise our participation in the expanding market. We are focused on delivering for our Customers. Our balance sheet is well placed to support this strategy and we aim to continue to reward our shareholders with a fully franked dividend.