Appendix 4D

Half Year Report for the period ended 31 December 2018

Results for announcement to the market

	Dec 2018 $'000	Dec 2017 $'000	Change $'000	Change %
Revenue	100,978	90,000	10,978	12%
Statutory net profit / (loss) after tax for the period attributable to owners of the Company	5,530	(5,109)	10,639	208%

	Amount per share (cents)	Franked amount per share (cents)	Total dividend $'000	Payment date
2019 interim dividend	4.0	4.0	4,817	30 April 2019
2018 final dividend	4.0	4.0	4,817	31 October 2018
2018 interim dividend	4.0	4.0	4,817	30 April 2018
2017 final dividend	10.0	10.0	12,043	31 October 2017

Record date for determining entitlements to the dividend 29 March 2019

Date the interim dividend is payable 30 April 2019

	Dec 2018 $	Dec 2017 $
Net tangible assets per security	0.83	0.86

Control gained over entities

On 9 November 2018 A2B Australia Limited purchased all of the issued shares in Mobile Technologies International Pty Ltd.

Commentary on the results

Please refer to the 'Review of operations' in the Directors' Report accompanying the attached half yearly Report for the six months ended 31 December 2018.

This information should be read in conjunction with the consolidated financial statements of A2B Australia Limited, formerly known as Cabcharge Australia Limited, for the year ended 30 June 2018. This report should also be read in conjunction with any public announcements made by A2B Australia Limited in accordance with the continuous disclosure requirements arising under the Corporation Act 2001 and ASX Listing Rules.

Ton van Hoof

Chief Financial Officer

25 February 2019

Consolidated Half Year Financial Statements

31 December 2018

A2B is an Australian ASX listed Company with a leading position in personal transport. A2B's dispatch technology is deployed globally and our expertise in payments is embraced by retailers and the taxi industry throughout Australia. A2B is home to brands including 13cabs, Cabcharge, EFT Solutions, and Mobile Technologies International. In support of Professional Drivers and their Passengers we provide class leading and cutting edge technology to 96% of Australia's 22,000 taxis as well as to taxis in 50 cities throughout North America, Europe and New Zealand. Our 13cabs taxi network is the largest in Australia directly supporting 10,000 vehicles and 40,000 Drivers. We believe in the importance of accessible, dependable and equitable transport in the community and are building the team, technology and brands to support its delivery.

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Directors' Report

The Directors of A2B Australia Limited, formerly known as Cabcharge Australia Limited, (the "Company" or "A2B") present their half year report on the Company and its controlled entities (together referred to as the "Group") for the half year ended 31 December 2018 and the review report thereon.

Directors

The directors of A2B in office at any time during or since the end of the half year are as follows:

- Paul Oneile (Chairman)
- Andrew Skelton (Chief Executive Officer and Managing Director)
- Louise McCann
- Richard Millen
- Clifford Rosenberg
- Trudy Vonhoff (retired 22 November 2018)

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

Review of operations

	Dec 2018	Dec 2017	Change %
Revenue from continuing operations ($m)	101.0	90.0	12%
Profit / (Loss) after tax from continuing operations ($m)	5.5	(4.7)	218%
Profit / (Loss) after tax attributable to owners of the Company ($m)	5.5	(5.1)	208%
Earnings / (Loss) per share from continuing operations (cents)	4.6	(3.9)	218%
Earnings / (Loss) per share attributable to owners of the Company (cents)	4.6	(4.2)	209%

A2B reported a statutory net profit after tax of $5.5 million for the six months ended 31 December 2018, an improvement of $10.6 million (1H18 -$5.1 million). Statutory profit before tax from continuing operations ended at $8.2 million and is an improvement of $9.1 million compared to prior year (1H18 -$0.9 million).

Unless otherwise stated full year results in this Review of operations are underlying results from continuing operations excluding significant items. Underlying profit is a non-statutory measure for the purpose of assessing the performance of the group.

On an underlying basis net profit before tax for the six months ended 31 December 2018 was $10.8 million this is $0.1 million below prior year (1H18 $10.9 million). 1H19 underlying Profit Before Tax excludes $2.7 million of significant items as follows:

- $1.3 million of rebrand costs
  - 13cabs fleet (54% of fleet completed as at 31 December 2018)
  - Launch of new Cabcharge Payments brand
  - Launch of new corporate entity brand A2B
- $0.7 million restructure and integration costs 13cabs Queensland
- $0.3 million acquisition related costs
- $0.3 million MTI employee retention related costs
- $0.1 million employee termination costs

Revenue increased 12.2% or $11 million to $101 million (1H18 $90 million) for the six months ended 31 December 2018.

Revenue improvements during the first half of FY19 reflects growth in underlying key metrics fleet and taxi fares processed and the addition of acquisitions that completed in reporting periods 1H19 and 1H18, partially offset by the impact of regulations introduced in October 2017 in Queensland limiting service fee on non-cash payments.

Acquisitions contributed $4.9 million in revenue vs previous corresponding period (pcp) of which $3.3 million relates to one additional month from 13cabs Queensland and $1.6 million relates to MTI. Organic revenue growth was 6.8% or $6.1 million.

- **Taxi service fee income** was $2.0 million or 8.3% lower at $22.3 million (1H18 $24.3 million), change in service fee limits in Queensland and a 33-hour Telstra outage experienced in November had an unfavourable impact of $2.3 million and was partly offset by increased volumes in Taxi fares processed. Taxi fares processed increased $5.8 million or 1.1% to $520.9 million (1H18 $515.1 million).

- **Network subscription fee income** increased $5.9 million or 17.7% to $39 million of which $4.7 million or 14% is attributable to organic fleet growth. Compared to 30 June 2018 total fleet increased by 257 cars or 2.7% primarily driven by Melbourne fleet growth.

- **Brokered taxi license plate income** was in line with prior year ending at $12.6 million, on a like-for-like basis a decline of 5.2% was visible due to a reduction in lease prices.

- **Taxi operating income** increased $2.2 million or 66% to $5.5 million and now makes up 5.5% of total group revenue. On a like-for-like basis taxi operating income increased $1.6 million or 47%. As at 31 December 2018 A2B operated a fleet of 227 taxis across Brisbane and Adelaide.

- **Courier service income** increased $0.3 million or 17.8% to $2.2 million, on a like-for-like basis courier service income ended in line with prior year.

- **Vehicle sales income** ended at $3.2 million with 115 cars sold during 1H19.

- **Other** revenue lines combined increased $1.5 million or 9.9% to $16.1 million of which $1.3 million relates to the addition of acquisitions and $0.2 million relates to organic revenue growth.

Total operating cash expenses increased $10.8 million or 14.9% to $82.8 million (1H18 $72 million). On a like-for-like basis total operating cash expenses increased $6.3 million or 8.8% of which $2.8 million is attributable to organic revenue growth, $2 million relates to a timing difference in marketing expenses and $2.7 million is due to increased employee expenses. This is partly offset by $1.5 million in capitalised internally developed software.

EBITDA increased 1.9% or $0.4 million to $18.4 million (1H18 $18 million) returning an EBITDA margin of 18.2% (1H18 20%). Decline in EBITDA margin in 1H19 is primarily driven by a timing difference in marketing expenses.

Depreciation and amortisation charges ended at $7.2 million up $0.1m or 2%. On a like-for-like basis depreciation and amortisation charges ended in line vs pcp.

Net finance costs ended in line with prior year, a reduced banking facility resulted in lower finance costs being offset by lower interest income as a result of lower bank balances.

In 1H19 A2B generated $12.5 million in cash flow from operations, incurred net capital expenditure of $7.2 million and recorded free cash flow of $5.3 million. In addition A2B paid $4.8 million in dividends to shareholders and acquired MTI for $6.6 million (inclusive of $1.5 million deferred employee retention payments). As at 31 December 2018 A2B was in a net cash position of $15.4 million with an undrawn bank facility of $50 million (reduced from $70 million).

Events subsequent to balance date

Dividend

The directors have declared an interim dividend of 4 cents per share (fully franked) which is scheduled to be paid on 30 April 2019. The record date to determine entitlement to interim dividend is 29 March 2019.

Other than the matter above, no matters or circumstances have arisen since 31 December 2018 that has significantly affected or may significantly affect the Group's operations in future financial periods, or the results of those operations in future financial periods, or the Group's state of affairs in future financial periods.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half year ended 31 December 2018.

Rounding

The Company is of a kind referred to in ASIC Corporations 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.

Signed in accordance with a resolution of the board of directors.

Paul Oneile
Chairman
25 February 2019

Andrew Skelton
Managing Director
25 February 2019

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

To the Directors of A2B Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the review of A2B Australia Limited for the half-year ended 31 December 2018 there have been:

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

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

KPMG

KPMG

Julie Cleary

Partner

Sydney

25 February 2019

Consolidated statement of comprehensive income

For the half year ended 31 December 2018

	Notes	Dec 2018 $'000	Dec 2017 $'000
Continuing operations			
Revenue	2	100,978	90,000
Other income	2	204	2,292
Processing fees to Taxi Networks		(4,189)	(3,956)
Brokered Taxi plate licence costs		(11,628)	(11,840)
Other Taxi related costs		(4,674)	(3,190)
Taxi operating expenses		(3,084)	(1,976)
Courier service expenses		(1,469)	(1,280)
Employee benefits expenses		(32,921)	(28,196)
Cost of good sold - Vehicles		(3,072)	-
General and administrative expenses		(19,684)	(16,790)
Depreciation		(5,596)	(5,409)
Amortisation		(1,625)	(1,669)
Impairment charges	6	-	(12,297)
Other expenses		(4,736)	(6,230)
Results from operating activities		**8,504**	**(541)**
Finance income		115	250
Finance costs		(457)	(581)
Net finance costs		**(342)**	**(331)**
Profit / (loss) before income tax from continuing operations		**8,162**	**(872)**
Income tax expense	3	(2,632)	(3,875)
Profit / (Loss) after tax from continuing operations		**5,530**	**(4,747)**
Discontinued operations			
(Loss) from discontinued operations (net of income tax)	5	-	(362)
Profit / (Loss) for the year attributable to owners of the Company		**5,530**	**(5,109)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences, net of tax		(83)	-
Other comprehensive income for the year, net of income tax		**(83)**	**-**
Total comprehensive income / (loss) for the year attributable to owners of the Company		**5,447**	**(5,109)**

	Dec 2018	Dec 2017
Earnings per share		
From continuing operations:		
Basic earnings per share	4.6 cents	(3.9 cents)
Diluted earnings per share	4.6 cents	(3.9 cents)
Total attributable to owners of the Company:		
Basic earnings per share	4.6 cents	(4.2 cents)
Diluted earnings per share	4.6 cents	(4.2 cents)

The accompanying notes form an integral part of these consolidated half yearly financial statements.

Consolidated statement of financial position

As at 31 December 2018

	Notes	Dec 2018 $'000	Jun 2018 $'000
Current assets			
Cash and cash equivalents		18,124	22,253
Trade and other receivables		68,186	64,880
Current tax assets		-	1,137
Inventories		4,478	4,232
Prepayments		4,902	5,861
Total current assets		**95,690**	**98,363**
Non-current assets			
Trade and other receivables		4,004	3,768
Financial assets		2,899	3,007
Property, plant and equipment		39,117	38,300
Net deferred tax assets		3,211	2,901
Taxi plate licences	6	17,483	17,553
Goodwill	6	27,982	25,098
Intellectual property	6	17,156	15,703
Total non-current assets		**111,852**	**106,330**
Total assets		**207,541**	**204,693**
Current liabilities			
Trade and other payables		33,180	32,490
Loans and borrowings		2,700	3,052
Current tax liabilities		1,080	-
Employee benefits		7,067	6,170
Total current liabilities		**44,027**	**41,712**
Non-current liabilities			
Employee benefits		771	786
Total non-current liabilities		**771**	**786**
Total liabilities		**44,798**	**42,498**
Net assets		**162,744**	**162,195**
Equity			
Share capital		138,325	138,325
Reserves		265	348
Retained earnings		24,038	23,522
Total equity attributable to equity holders of the Company		**162,628**	**162,195**
Non-controlling interest		116	-
Total equity		**162,744**	**162,195**

The accompanying notes form an integral part of these consolidated half yearly financial statements.

Consolidated statement of cash flows

For the half year ended 31 December 2018

	Notes	Dec 2018 $'000	Dec 2017 $'000
Cash flows from operating activities			
Receipts from customers and others		632,449	630,789
Payments to suppliers, licensees and employees		(618,864)	(612,047)
Dividends received		76	98
Interest received		115	255
Finance costs paid		(486)	(200)
Income tax paid		(768)	(5,555)
Net cash provided by operating activities		**12,522**	**13,340**
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,146)	(4,783)
Payments for development of intellectual property		(2,777)	(1,341)
Government's compensation for cancelling the tradeable value of Taxi plate licences		-	750
Acquisition of business assets, net of cash acquired		(4,253)	(20,886)
Net capital gain tax paid		-	(254)
Proceeds from sale of associate		-	12,906
Proceeds from sale of property, plant and equipment		694	3,204
Net cash provided by / (used in) investing activities		**(11,482)**	**(10,404)**
Cash flows from financing activities			
Proceeds from borrowings		158	410
Repayment of borrowings		(510)	(607)
Dividends paid		(4,817)	(12,043)
Net cash (used in) financing activities		**(5,169)**	**(12,240)**
Net increase / (decrease) in cash and cash equivalents		**(4,129)**	**(9,304)**
Cash and cash equivalents at 1 July		22,253	29,456
Cash and cash equivalents at 31 December		**18,124**	**20,152**

The accompanying notes form an integral part of these consolidated half yearly financial statements.

Consolidated statement of changes in equity

For the half year ended 31 December 2018

	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 30 Jun 2018		**138,325**	**348**	**23,522**	**162,195**	**-**	**162,195**
Effects of transition to AASB 9, net of tax		**-**	**-**	**(197)**	(197)	-	(197)
Balance at 1 July 2018 after the transition to AASB 9		**138,325**	**348**	**23,325**	**161,998**	**-**	**161,998**
Total comprehensive income for the year							
Profit for the year		-	-	5,530	5,530	-	5,530
Other comprehensive income							
Foreign exchange translation differences, net of tax		-	(83)	-	(83)	-	(83)
Total other comprehensive income		**-**	**(83)**	**-**	**(83)**	**-**	**(83)**
Total comprehensive income for the year		**-**	**(83)**	**5,530**	**5,447**	**-**	**5,447**
Transactions with owners, recorded directly in equity							
Recognition of non-controlling interest		-	-	-	-	116	116
Contributions by and distributions to owners							
Dividends to equity holders	7	-	-	(4,817)	(4,817)	-	(4,817)
Total contributions by and distributions to owners		**-**	**-**	**(4,817)**	**(4,817)**	**-**	**(4,817)**
Total transactions with owners		**-**	**-**	**(4,817)**	**(4,817)**	**-**	**(4,817)**
Balance at 31 December 2018		**138,325**	**265**	**24,038**	**162,628**	**116**	**162,744**

	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2017		**138,325**	**228**	**42,601**	**181,154**	**-**	**181,154**
Total comprehensive income for the year							
Loss for the year		-	-	(5,109)	(5,109)	-	(5,109)
Other comprehensive income							
Total other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**-**	**(5,109)**	**(5,109)**	**-**	**(5,109)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	7	-	-	(12,043)	(12,043)	-	(12,043)
Total contributions by and distributions to owners		**-**	**-**	**(12,043)**	**(12,043)**	**-**	**(12,043)**
Total transactions with owners		**-**	**-**	**(12,043)**	**(12,043)**	**-**	**(12,043)**
Balance at 31 December 2017		**138,325**	**228**	**25,449**	**164,002**	**-**	**164,002**

The accompanying notes form an integral part of these consolidated half yearly financial statements.

Notes to the consolidated half yearly financial statements

For the half year ended 31 December 2018

1. Basis of preparation of the consolidated half yearly financial statements

a) Reporting entity

A2B Australia Limited, formerly known as Cabcharge Australia Limited, (the "Company") is a for-profit company domiciled in Australia. The Consolidated Half Yearly Financial Statements of the Company as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

b) Statement of compliance

The consolidated half yearly financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated half yearly financial statements do not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2018.

These consolidated half yearly financial statements were authorised for issue by the board of directors on 25 February 2019.

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

c) Significant accounting policies

The accounting policies applied by the Group in these consolidated half yearly financial statements are the same as those applied by the Group in its consolidated financial report as at and for year ended 30 June 2018 except for those as described below.

i. **New standards adopted by the Group**

AASB 15 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. The Group has adopted AASB 15 from 1 July 2018, however, no material restatement was required.

The Group has applied AASB 15 with the cumulative effect of initially applying the standard recognised in opening retained earnings. The effect of initial transition the standard was nil. Refer to Note 2 for revenue recognition under AASB 15.

AASB 9 Financial Instruments

The Group has adopted AASB 9 Financial Instruments on 1 July 2018. AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement and includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial liabilities from AASB 139.

The adoption of AASB 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The key changes and the impact are presented its impact accounting policies and its impact are demonstrated as follows:

Classification:

From 1 July 2018, the Group classifies financial assets as either:

• Those measured at fair value, with adjustments to fair value recorded through Other Comprehensive Income (FVOCI) or through profit or loss (FVTPL), and

• Those measured at amortised cost.

The Group's trade and other receivables are held within a business model whose objective is to collect the contractual cash flows and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Therefore, these balances are measured at amortised cost under AASB 9, which is consistent with their treatment in prior years.

The Group has made an irrevocable election to classify its available for sale investments to FVOCI on date of initial application of the standard. There has been no adjustment arising from this classification change on the date of transition.

There has been no change in the classification of the Group's trade and other receivables, trade payables, cash and cash equivalents, and borrowings – these items continue to be measured as at amortised cost.

Impairment:

The Group's trade and other receivables (including financial lease receivables) are subject to AASB 9's new expected credit loss (ECL) model for recognising and measuring impairment of financial assets.

The Group has adopted the simplified approach under AASB 9 for calculating the allowance. The collective loss allowance is determined based on the historical default percentage in each portfolio and adjusted for other current observable and forward-looking information as a means to estimate lifetime ECL for similar financial assets.

Impact:

The Group has not adjusted comparative information and has recorded the effect of the transition as an adjustment to the Group's equity on 1 July 2018 as follows:

Equity ($'000)	**At 30 June 2018 (previously reported)**	**Effects on transition to AASB 9 (net of tax)**	**At 1 July 2018 (after the transition to AASB 9)**
Retained Earnings	**23,522**	**(197)**	**23,325**

The adjustments to the carrying amounts of the Group's financial assets and the Group's loss allowance account is explained as follows on 1 July 2018:

Financial Instrument ($'000)	**At 30 June 2018 (previously reported)**	**Effects on transition to AASB 9**	**At 1 July 2018 (after the transition to AASB 9)**
Trade and Other Receivables			
- Application of expected credit loss (ECL) model	61,452	(269)	61,183
Finance Lease Receivables			
- Application of expected credit loss (ECL) model	7,196	(13)	7,183

Loss allowance against trade and other receivables and finance lease receivables	**Carrying amount**
At 30 June 2018 (previously reported)	1,365
Application of expected credit loss (ECL) model	282
At 1 July 2018 (after the transition to AASB 9)	1,647

ii. **New standard and interpretation not yet adopted**

AASB 16 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.

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 at least $8 million in the assets and liabilities. The Group's assessment of the potential impact on its consolidated financial statement will continue to be updated until the date of application.

d) Estimates

The preparation of consolidated half yearly financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated half yearly financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated annual financial report as at and for the year ended 30 June 2018.

2. Revenue and income

The disaggregation of the Group's revenue from contracts with customers are as follows:

Taxi related services segment	Dec 2018 $'000	Dec 2017 $'000
Type of goods or services		
Taxi service fee income (recognised at point in time)	22,315	24,340
Network subscription fee income (recognised over time)	39,035	33,158
Brokered Taxi plate licence income (recognised over time)	12,622	12,679
Owned Taxi plate licence income (recognised over time)	1,700	1,756
Other Taxi related services income (recognised at point in time)	3,743	4,200
Taxi operating income (recognised at point in time and over time, whichever applicable)	5,503	3,312
Courier service income (recognised at point in time and over time, whicever applicable)	2,198	1,866
Vehicles sales income (recognised at point in time)	3,213	-
Vehicle financing lease and insurance loan income (recognised over time)	1,196	2,283
School bus route services income (recognised over time)	2,271	1,076
Taxi Subsidy Scheme Revenue (recognised over time)	1,059	1,006
Other revenue (recognised at point in time and over time, whichever applicable)	6,123	4,324
Total revenue from contracts with customers	**100,978**	**90,000**
Geographical markets		
Australia	99,883	90,000
Outside Australia	1,095	-
Total revenue from contracts with customers	**100,978**	**90,000**
Timing of revenue recognition		
Goods/services transferred at point in time	29,493	28,638
Services transferred over time	55,457	49,889
Services transferred at point in time and over time, whichever applicable	16,028	11,473
Total revenue from contracts with customers	**100,978**	**90,000**

Non-operating activities		
Taxi industry assistance from Government	-	2,210
Gain on disposal of property, plant and equipment	204	82
Total other income	**204**	**2,292**

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 the Cabcharge Payments taxi service fee plus the Group's revenue from other sources. The Group's credit risk is based on turnover rather than revenue.

	Dec 2018	**Dec 2017**
	$'000	**$'000**
Total turnover	**621,950**	**605,326**

3. Tax expense

Tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim reporting period.

	Dec 2018	**Dec 2017**
	$'000	**$'000**
Numerical reconciliation between tax expense and pre-tax profit		
Profit before tax from continuing operations	8,162	(872)
Prima-facie income tax using the corporate tax rate of 30% (Dec 2017: 30%)	2,449	(262)
Add tax effect of:		
Non-deductible depreciation	58	135
Non-deductible impairment charges	-	3,689
Other non-deductible items	109	649
Less tax effect of:		
Franked dividend	(27)	-
Capital (profit) not subject to income tax	-	(225)
Adjustment for prior years	43	(111)
Income tax expense	**2,632**	**3,875**

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 31 December 2018 presents as 32.2% (for the six-month ended 31 December 2017: nil). The change in effective tax rate was caused mainly by impairment charge of nil in the current period (for the six-month ended 31 December 2017: $12,297,000).

4. Business combination

Mobile Technologies International Pty Ltd

On 9 November 2018 the Group purchased all of the issued shares in Mobile Technologies International Pty Ltd ("MTI") for a purchase consideration of $6.6 million inclusive of $1.5 million in deferred employee retention payments. MTI is a leading global provider of Software as a Service (SaaS) automotive dispatch and booking technologies. MTI has an established presence in North America, Europe, Australia and New Zealand, and is also the owner and operator of ManTax Taxis, the largest network of Black Cabs in Manchester, England.

The Group incurred acquisition related costs of $0.3 million included in general administrative expenses and $0.3 million in employee retention related cost recorded in employee benefits expenses.

Goodwill of $2.9 million is attributable to the knowledge and expertise of the workforce and the locations of the business acquired. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition accounting for business combinations carried out during the current period has been determined provisionally to allow the Group sufficient time to form a view as to the value of any separately identifiable net assets acquired.

The provisional fair value of the identifiable net assets and liabilities acquired as at the date of acquisition were as follows:

	9 Nov 18 $'000
Cash and cash equivalents	803
Trade and other receivables	2,290
Inventory	844
Other current assets	63
Property, plant and equipment	452
Intellectual Property	224
Trade and other payables	(748)
Current tax liabilities	(73)
Other current liabilities	(993)
Employee entitlements	(690)
Fair value of identifiable net assets acquired	**2,172**
Consideration paid, satisfied in cash	**(5,056)**
Goodwill	**(2,884)**

Impact acquisition on the results of the Group

The Consolidated Statement of Comprehensive Income includes revenue of $1.6 million and a net loss of $18,328 as a result of the acquisition of MTI. The Group has determined it impractical to disclose revenue and net profit / (loss) included in the Consolidated Statement of Comprehensive Income had the acquisition occurred at the beginning of the reporting period. The Group assessed that an objective determination of the revenue and net profit since the beginning of the reporting period was not able to be made and as such disclosure has not been made.

Yellow Cabs Queensland

On 31 July 2017 the Group acquired the business and assets of Yellow Cabs Queensland for cash consideration of $19.5 million. Yellow Cabs Queensland operates a fleet of taxis and provides taxi network services to taxi operators and drivers.

The Group incurred acquisition-related costs of $1.4 million 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 identifiable assets and liabilities acquired are as follows:

	31 Jul 17
	$'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)
Current tax liabilities	-
Other current liabilities	-
Employee entitlements	(1,108)
Fair value of identifiable net assets acquired	**9,651**
Consideration paid, satisfied in cash	**(19,500)**
Goodwill	**(9,849)**

Goodwill of $9.8 million is attributable to the knowledge and expertise of the workforce and the location of the business acquired. None of the goodwill recognised is expected to be deductible for tax purposes.

Impact of acquisition on the results of the Group

The consolidated statement of comprehensive income includes revenue and profit for the period ended 31 December 2017 of $15,515,000 and $600,000 respectively, as a result of the acquisition of the business assets of Yellow Cabs Queensland on 31 July 2017. The Group has determined it impractical to disclose revenue and net profit / (loss) included in the Consolidates Statement of Comprehensive Income had the acquisition occurred at the beginning of the reporting period. The Group assessed that an objective determination of the revenue and net profit since the beginning of the reporting period was not able to be made and as such disclosure has not been made.

5. Discontinued operations

The Group did not have any discontinued operations during the financial period. On 28 June 2017 the Company entered into an agreement to sell its investment in CityFleet Networks Ltd in the UK (“CFN”) for GBP7.9 million. The disposal of CFN was completed on 28 July 2017.

Results of discontinued operations

	Dec 2018	Dec 2017
	$'000	$'000
Foreign exchange loss on sale of CityFleet Networks Ltd	-	(362)
(Loss) from discontinued operation, net of tax	**-**	**(362)**

Cash flows of discontinued operations

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

6. Goodwill, taxi licence plates and Intellectual Property

Composition

	Dec 2018	Jun 2018
	$'000	**$'000**
Goodwill	27,982	25,098
Accumulated Impairment loss	-	-
	27,982	**25,098**
Taxi licence plates		
- Indefinite life		
- Taxi licence plates - perpetual	15,756	15,756
- Finite life		
- Taxi licence plates - 50 year renewable	3,709	3,709
- Accumulated amortisation	(1,982)	(1,912)
- Taxi licence plates - 10 year renewable	3,319	3,319
- Accumulated amortisation	(3,319)	(3,319)
	17,483	**17,553**
Intellectual Property		
- Indefinite life		
- Trademark	1,625	1,392
- Finite life		
- Brands at cost	759	759
- Accumulated Amortisation	(385)	(249)
- Customer contracts at cost	5,604	5,604
- Accumulated Amortisation	(2,662)	(2,297)
- Capitalised development costs at cost	35,452	32,676
- Accumulated Amortisation	(23,237)	(22,182)
	17,156	**15,703**

Impairment considerations

Taxi licence plates

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 no impairment charge was required (FY18: $15,600,000). 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 (FY18: 0%) and a long term growth rates of 2.1% after 5 years (FY18: 2.1%). A pre-tax discount rate of 14.4% (FY18: 14.4%) 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 an impairment of $1,738,000 and a decrease of 100 basis points in the long term growth rate would result in an impairment of $1,194,000.

7. Dividends paid

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

	Dec 2018	Dec 2017
	$'000	**$'000**
2018 year final - 4.0 cents	4,817	-
2017 year final - 10.0 cents	-	12,043
	4,817	**12,043**

8. Events subsequent to balance date

Dividend

The directors have declared an interim dividend of 4 cents per share (fully franked) which is scheduled to be paid on 30 April 2019. The record date to determine entitlement to interim dividend is 29 March 2019.

Other than the matters above, no matters or circumstances have arisen since 31 December 2018 that has significantly affected or may significantly affect the Group's operations in future financial periods, or the results of those operations in future financial periods, or the Group's state of affairs in future financial periods.

9. Segment information

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

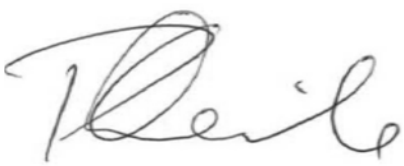
A subsidiary, MTI which was purchased by the Group on 9 November 2018, operates in other geographic segments operating in Australia, Europe and North America. MTI’s contribution from 9 November 2018 was included in the Group’s Consolidated Statements of Comprehensive Income and it is not material.

Directors' declaration

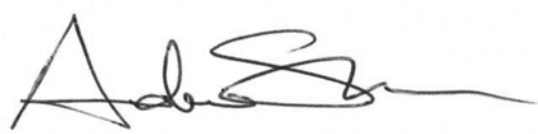
In accordance with a resolution of the directors of A2B Australia Limited (the "Company"), we state that in the opinion of the directors:

1. the consolidated half yearly financial statements and notes set out on pages 5 to 16 are in accordance with the Corporation Act 2001, including:
    a. giving a true and fair view of the financial position of the Group as at 31 December 2018 and of its performance for the half year ended on that date; and
    b. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the board of directors



Paul Oneile
Chairman
25 February 2019



Andrew Skelton
Managing Director
25 February 2019

Independent Auditor's Review Report

To the shareholders of A2B Australia Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of A2B Australia Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of A2B Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The Half-year Financial Report comprises:

- Consolidated statement of financial position as at 31 December 2018
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The Group comprises of A2B Australia Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of A2B Australia Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

KPMG

KPMG

Julie Cleary

Partner

Sydney

25 February 2019