

This trend is the way of the future. Electronic processing will produce savings for Cabcharge while it helps taxi operators and drivers provide a safer work environment and more effective service for their customers.

Some of these savings are already in evidence. Last year we predicted that the substantial efficiencies from technology already set in place by the Cabcharge team would be a key driver for future profitability. I am pleased to confirm that our earnings before interest and tax (EBIT) for this year shows a further increase of 20% against a revenue growth of 14%.

Looking to the future, we see that positive growth in revenues and profitability is likely to result from the continuation of these efforts. We also believe that we are in an industry with potential for further expansion through increased fleet sizes, more demand for taxis and a broadening of our customer base. As we work closely with the Australian Taxi Industry to meet or exceed its expectations, we can expect that Cabcharge will also expand in tandem.

At the same time, Cabcharge has started a program of expansion into overseas markets, such as the UK, Asia and the USA. Of the three, the UK is where we are placing our main focus in the short-term.

The potential to build on our strategic investments in the UK market is one of Cabcharge's most exciting opportunities, and one of our top priorities for the short-term. Essential is our desire to build on our partnership with DelGro Corporation, a very successful Singapore listed company.

We are working with DelGro to restructure our interest in Computer Cab and Data Cab in London.

This entails a restructure of City Fleet (UK) Pte Ltd and Cabcharge International.

Our aim is to increase our holding in City Fleet and have Cabcharge operating other than in London on a 50:50 basis.

With investments already in London, Aberdeen and Edinburgh, we are positioned to rapidly expand our communication business as well as our Cabcharge business.

If the UK moves in the same direction as Australia to electronic processing, our investment in the UK could soon begin to assume quite significant proportions.

Although it is still early days, we see this as just the start of a long-term strategy to consolidate the Cabcharge network as a base for expansion in the UK and across Europe.

An organisation is only as strong as its people, and I am grateful to the able management and staff whose dedication to the organisation was instrumental in Cabcharge's performance in a most difficult year. I have benefited from the valuable input and support of my fellow Directors and express my heartfelt thanks to every Board member.

To all our shareholders, clients, business associates, and Taxi Industry groups, operators and staff across Australia, thank you for your continuing support.



RL Kermode

Executive Chairman

Sydney, 18 September 2001