



ONCARD INTERNATIONAL LIMITED

ACN 084 800 902

APPENDIX 4D

HALF YEAR FINANCIAL REPORT

30 JUNE 2014

Appendix 4D

ONCARD INTERNATIONAL LIMITED
ACN 084 800 902

Half Year Report
Period Ended 30 June 2014
(Previous Corresponding Period: Half year ended 30 June 2013)

Results for announcement to the market

\$'000

Revenues from continuing operations including joint venture profit shares	Down 13.6%	To	4,021
Profit from continuing operations after tax attributable to members	Down 95.0%	To	33
Net profit for the period attributable to members	Down 95.0%	To	33

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	0 ¢	0 ¢
Previous corresponding period	0 ¢	0 ¢
Record date for determining entitlements to the dividend	N/A	

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Net Tangible Assets Per Security

Net tangible assets per security (with the comparative figure for the previous corresponding period):

	Current period	Previous corresponding period
Net tangible assets security	18.82 cents	17.55 cents

ONCARD INTERNATIONAL LIMITED
ACN 084 800 902

FINANCIAL REPORT

HALF YEAR ENDED 30 JUNE 2014

ONCARD INTERNATIONAL LIMITED
ACN 084 800 902

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2014

Your Directors submit the consolidated financial statements for the half year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names and particulars of the Directors of OnCard International Limited in office at any time during or since the end of the period are as follows:

Ross Burney
BEc

Chairman & Non-Executive Director
Director since 2010
Appointed Chairman 29 May 2014

Tony Robinson
B Comm, ASA, MBA

Managing Director
Appointed as Director on 29 May 2014

Hugh Robertson

Non-Executive Director
Appointed 21 February 2014

Peter Abotomey
BSc, MBA

CEO & Director
Director since 2002, resigned 29 May 2014

Chris Hayes
Bbus, CPA

CFO & Director & Company Secretary
Appointed as a Director on 21 February 2014,
Resigned as a Director and CFO on 29 May 2014

REVIEW AND RESULTS OF OPERATIONS

Principal Activities

The Group's principal activity in the course of the financial period was the provision of Loyalty, Rewards and Payment solutions. There was no significant change in these activities during the period.

Company Update

During the current reporting period, the Company has undergone a significant change in both Board and Management. This was announced on 29 April 2014 and confirmed at the Company's AGM held on 29 May 2014 with the company's new Managing Director formally announced on 6 June 2014.

In the six months to June 30, the Buffet Club has performed below expectations when compared to the budget and the corresponding period last year. Both SmartPASS and MarketSmart have performed on or close to budget. The company has incurred additional overhead costs in the period to 30 June from restructuring the management team, which has included termination payments to the former Managing Director and CFO.

The Company's management team in Buffet Club have significant experience in operating and utilising our unique assets and products. Actions are underway that are presently anticipated to rebuild and improve performance in Buffet Club. At the date of signing the financial report, the Directors are of the opinion that the below budget performance for Buffet Club will be addressed by initiatives currently underway. However, the new management team is also currently conducting a strategic review which includes an assessment of the existing business plans and the actions presently underway.

**ONCARD INTERNATIONAL LIMITED
DIRECTORS REPORT (CONT'D)**

REVIEW AND RESULTS OF OPERATIONS (CONT'D)

Company Update (Cont'd)

At the end of the strategic review, which is expected to be completed prior to 31st December, management and the board will be better informed about the likelihood of the ability to rebuild performance. The output of the strategic review will be considered fully in preparation of the 2014 Annual Report.

Specifically the annual impairment review planned in December will consider the carrying value of all assets in accordance with applicable Accounting Standards post the strategic review and whether there is any permanent change in outlook.

Sale of OnCard's 50% Interest in SmartPASS

On 26 November 2013, OnCard announced that it had entered into a binding Sale and Purchase Agreement ("SPA") with Great Bless Enterprises Limited ("GBE") to sell its 50% equity interest ("Sale Equity") in its Sino-Joint Venture company Shanghai Smart Service Company Limited ("SmartPASS"). As further updated to the ASX on 20 August 2014, following recent discussions with GBE we have a reduced level of confidence that we will achieve a sale on the terms and conditions previously advised to the ASX and shareholders. Timing for the completion of the sale to GBE is also uncertain.

We remain committed to identifying an approach which maximises our shareholders value for this holding and in particular to continuing to work with GBE. We are however now also working through whether other parties or approaches may provide a better outcome for shareholders.

Operating Results and Financial Position

The Group's net profit after tax, attributable to members for the six month period was \$0.031 million from continuing operations, compared to \$0.664 million in the previous corresponding period ended 30 June 2013. During the period there were one-off costs associated with the changes to management as announced to the market during the period. Additionally there were one-off non-cash costs of \$0.198 million associated with the write-down of the Group's investment in its OnCard Malaysia joint venture which the partners have agreed to terminate.

During the current reporting period, cash decreased by \$1.571 million to \$20.097 million compared with \$21.668 million at 31 December 2013. There were exchange losses on cash balances held in foreign currencies of \$0.088 million compared to gains of \$0.513 million for the six month period ended 31 December 2013.

Subsequent to 30 June 2014 OnCard International Limited repatriated and received \$3.855 million (net of withholding taxes) being its share of profits earned from its joint venture investment in Shanghai Smart Service Co., Limited for the year ended 31 December 2013.

The Group recorded a non-cash contribution to profit from its equity accounted interest in SmartPASS of \$1.944 million. OnCard's share of the trading result for the period was \$1.188 compared to \$0.853 million for the previous corresponding period ended 30 June 2013. An additional \$0.756 million was recognised as profit during the period relating to OnCard's share of revenue from expired cards as detailed in Note 1(a) to the financial report.

The net assets of the Group decreased by \$0.961 million to \$46.040 million at 30 June 2014 compared with \$47.001 million at 31 December 2013 reflecting the small profit for the period and a negative \$0.992 million unrealised foreign exchange movement on the translation of the Group's foreign operations at balance date. In the reporting period, there was a moderate strengthening of the AUD against the Group's currencies of operations including China, Hong Kong and Singapore accounting for the significant unrealised exchange movements reflected in the balance sheet.

**ONCARD INTERNATIONAL LIMITED
DIRECTORS REPORT (CONT'D)**

REVIEW AND RESULTS OF OPERATIONS (CONT'D)

Review of Operations - Business Segment Review for the Period

The Group's business is segmented by the products it provides being Loyalty, Rewards and Payment Solutions (incorporating the operations of SmartPASS, Buffet Club, Enjoy Shanghai, OnCard Rewards and MarketSMART).

SmartPASS

SmartPASS is our prepaid card Joint Venture (50% ownership interest) operating principally in Shanghai. This business generates significant float funds from prepaid card sales which are deposited as cash at bank earning interest income. Card redemptions generate sound flows of merchant fee revenue in addition to card breakage revenues received upon card expiry.

During the period, card sales experienced a slight decline in the first half of the year when compared to the strong sales of previous year. However on the back of a slight decline in redemptions, the float balance experienced positive growth of RMB 70 million to be RMB 1.822 billion (AUD\$315million) at 30 June 2014 when compared with 30 June 2013. During the current period, the float hit a record of RMB2.3 billion (AUD \$397million) following the sales peak in the lead up to the Chinese New Year holiday period in February 2014. In the current reporting period, investable funds have been earning up to 2.86%.

The network of merchants at which our cards can be processed increased to almost 10,000 (30 June 2013: 9,450), through over 58,000 (30 June 2013: 50,000) point of sale (POS) locations.

Other Business Activities

The other business activities of OnCard are in the Loyalty and Rewards market. The two parts of the business are the voucher based products of Buffet Club and Enjoy Shanghai and the software service of MarketSmart.

Buffet Club's activities are going through a period of change both in China and Singapore. In Shanghai we are working to establish new channels to market for the product following the reduction in activity from a core existing sales partner. In Singapore which sells the Buffet Club product through an in-house callcentre, the business is adjusting to changes in the market place from the introduction of new privacy related regulations including in particular the introduction of a 'do not call register'.

The service networks for both China and Singapore remain robust with over 130 partnership hotels across the region. The Buffet Club offers a range of benefits to its customers from the most popular package being offshore accommodation packages with dining included or onshore dining and accommodation packages.

Our software service MarketSmart continues to provide services to its core client and we remain confident of the expected longevity of that relationship notwithstanding the change in the ownership of our business partner to MasterCard during the period.

OnCard's focus during the period and looking forward continues to be:

- Enhancing the value & profitability of its joint venture prepaid card operation, Shanghai Smart Service Co Ltd;
- Growing the Buffet Club & Enjoy Shanghai operations with an expanded integrated product and service offering and new sales channels; and
- Identify other opportunities in the loyalty and rewards market place both in Australia and Asia to utilise our unique products and wholly owned software platforms.

The Directors believe the Company remains in a sound position to expand and grow its current operations and to continue to implement its strategic focus to grow value for all its stakeholders.

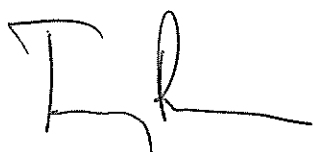
LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT

A copy of the auditor's independence declaration in relation to the review for the half-year ended 30 June 2014 is provided with this report.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' report and the half-year financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'TR' followed by a horizontal line.

Tony Robinson
Director

29 August 2014



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**DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF ONCARD
INTERNATIONAL LIMITED**

As lead auditor for the review of OnCard International Limited for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of OnCard International Limited and the entities it controlled during the period.

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 29 August 2014

ONCARD INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF YEAR ENDED 30 JUNE 2014

	NOTES	30 June 2014	30 June 2013
		\$'000	\$'000
Revenue from continuing operations		1,634	3,328
Other income		<u>443</u>	<u>472</u>
Total revenue and income		2,077	3,800
Share of profits of investments accounted for using the equity method	1(a)	1,944	853
Selling and promotional costs		(691)	(1,307)
Employment & contractor expense	3	(2,021)	(1,764)
Occupancy costs		(293)	(266)
Amortisation and depreciation		(96)	(93)
Travel & accommodation		(219)	(169)
Legal and professional fees		(301)	(157)
Other expenses	4(c)	(393)	(183)
Profit before income tax		7	714
Income tax benefit / (expense)		<u>24</u>	<u>(50)</u>
Net profit		31	664
Other Comprehensive income			
<i>Items that may be reclassified to profit or loss in the future:</i>			
Exchange differences on translation of foreign operations		(992)	1,831
Total other comprehensive income, net of tax		<u>(992)</u>	<u>1,831</u>
Total comprehensive income, net of tax		(961)	2,495
Profit is attributable to:			
Non-controlling interest		(2)	(2)
Owners of OnCard International Limited		<u>33</u>	<u>666</u>
		31	664
Total comprehensive income for the period is attributable to:			
Non-controlling interest		(2)	(2)
Owners of OnCard International Limited		<u>(959)</u>	<u>2,497</u>
		(961)	2,495
Basic earnings per share from continuing operations (cents per share)		0.02 Cents	0.37 Cents
Diluted earnings per share from continuing operations (cents per share)		0.02 cents	0.37 cents

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

ONCARD INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	NOTES	30 June 2014	31 December 2013
		\$'000	\$'000
Current Assets			
Cash and cash equivalents		20,097	21,668
Trade and other receivables		427	975
Other current assets		257	322
		20,781	22,965
Non-current assets held for sale	4(a)	-	7,152
Total Current Assets		20,781	30,117
Non-Current Assets			
Property, plant and equipment		72	98
Equity accounted investments	4(b)	8,551	209
Intangible assets – goodwill		9,338	9,338
Intangible assets – software		2,933	2,975
Deferred tax assets		3,484	3,554
Other receivables		2,070	2,221
		26,448	18,395
Total Non-Current Assets		26,448	18,395
Total Assets		47,229	48,512
Current Liabilities			
Trade and other payables		622	862
Current tax payable		39	71
Provisions		101	122
		762	1,055
Total current liabilities		762	1,055
Non-Current Liabilities			
Deferred tax liability		427	456
		427	456
Total Non-Current Liabilities		427	456
Total Liabilities		1,189	1,511
Net Assets		46,040	47,001
Equity			
Contributed equity		39,672	39,672
Reserve		(193)	799
Retained earnings		6,356	6,323
		45,835	46,794
Total parent entity interest		45,835	46,794
Non – controlling interest		205	207
		46,040	47,001
Total Equity		46,040	47,001

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

ONCARD INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2014

	Contributed Equity	Retained Earnings	Foreign Currency Translation Reserve	Non- Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2013	39,672	3,004	(1,615)	212	41,273
Profit for the period	-	666	-	(2)	664
Other comprehensive income	-	-	1,831	-	1,831
Total comprehensive income for the period	-	666	1,831	(2)	2,495
Transactions with owners in their capacity as owners:	-	-	-	-	-
As at 30 June 2013	39,672	3,670	216	210	43,768
At 1 January 2014	39,672	6,323	799	207	47,001
Profit for the period	-	33	-	(2)	31
Other comprehensive income	-	-	(992)	-	(992)
Total comprehensive income for the period	-	33	(992)	(2)	(961)
Transactions with owners in their capacity as owners:	-	-	-	-	-
As at 30 June 2014	39,672	6,356	(193)	205	46,040

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

ONCARD INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2014

	30 June 2014	30 June 2013
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,981	3,188
Payments to suppliers and employees (inclusive of GST)	(3,638)	(3,976)
Interest received	372	360
Income taxes paid in overseas jurisdictions	33	(82)
Net cash flows (used in) operating activities	(1,252)	(510)
Cash flows from investing activities		
Loans advanced	(41)	(92)
Payments for property plant and equipment	(12)	(20)
Payments for intangible assets	(177)	(133)
Net cash from disposal of subsidiaries**	-	183
Net cash flows (used in) investing activities	(230)	(62)
Net (decrease) in cash held	(1,482)	(572)
Cash and cash equivalents at beginning of period	21,668	18,668
Effects of exchange changes on the balances held in foreign currencies	(89)	513
Cash and cash equivalents at the end of period	20,097	18,609

*** represents the final tranche payment received following the sale of OnCard's BilltoBill operations completed on 31 August 2011. The final payment of RMB1.2million was due and receivable 18 months from date of completion and was received in full on 1 March 2013.*

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

ONCARD INTERNATIONAL LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Accounting Policies

This general purpose financial report for the half year ended 30 June 2014 has been prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2013 and considered together with any public announcements made by OnCard International Limited during the half year ended 30 June 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report except as noted below.

(a) Investments in Joint Ventures and Associates – Joint Arrangements

During the current period OnCard's joint venture operation SmartPASS has adopted a change in accounting estimate in relation to the way it recognises breakage revenue (where a card holder does not exercise all their contractual rights ie credits remaining on an expired prepaid card).

International Financial Reporting Standards ("IFRS") provide specific guidance on breakage which is considered applicable to all revenue transactions with customers. The guidance states that the entity should recognise any breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote. In the case of SmartPASS expired cards, this is considered to be after the issued card has reached its minimum 3 year period of issuance before a card can be legally expired but before actual expiry date.

SmartPASS had, until 31 December 2013 recognised revenue related to credits remaining on expired cards annually on 31 December of each financial year when a card expired. This policy was applied based on the collection and compilation of expired card credit data completed annually.

In the current financial year SmartPASS has used available data to compile information that can reliably estimate revenue from expired cards that had been previously issued on a monthly basis. As a consequence, for the half year reporting period ended 30 June 2014, a proportionate amount of revenue is recognised based on all cards that were issued in the January to June period 3 years prior. The proportionate amount recognised is based upon previous history of the amount of breakage as a percentage of gross sales in any one year where cards have expired as a weighted average of the pool of the expired cards.

It is considered that recognition of revenue related to credit balances on expired cards in each financial report – half year and annual – provides a more consistent and relevant measure of performance of SmartPASS at each reporting date.

The impact of the application of this accounting policy at the half year is an increase in the Group's 'Share of profits from investments accounted for using the 'equity method' of \$765,299. This impacts directly net profit attributable to equity holders of the Group, along with Equity accounted investments, Non-Current Assets, Net Assets and Total Equity. There will be no impact at 31 December 2014, and the policy will impact future 30 June half year financial reports only.

ONCARD INTERNATIONAL LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of New and Revised Accounting Standards

The Group has adopted applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2014. There has been no impact on the financial statements or performance of the Group resulting from these new and amended Australian Accounting Standards.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

(c) Rounding Amounts

The Company is of a kind referred to in ASIC Class Order Co 98/100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTE 2 INVESTMENTS IN CONTROLLED ENTITIES

Name of entity		Country of incorporation	Class of shares	Equity holding 2014 %	Equity holding 2013 %
MarketSMART International Pty Ltd		Australia	Ordinary	100	100
OnCard Limited		Hong Kong	Ordinary	100	100
OnCard (China) HK Ltd		Hong Kong	Ordinary	100	100
OneRewards Ltd		Hong Kong	Ordinary	100	100
Consolidated Payment Services Ltd		Hong Kong	Ordinary	100	100
Payment Services China Ltd	C	Hong Kong	Ordinary	100	100
OnCard Pte Ltd	A	Singapore	Ordinary	100	100
OnCard Consulting Services Shanghai Ltd	B	China	Ordinary	100	100
Yin Chang Information Technology Shanghai Co. Limited	D	China	Ordinary	100	100
Shanghai Yifutong Network Technology Co. Limited	D	China	Ordinary	100	100
Beijing All Payments Company Ltd	E	China	Ordinary	80.2	80.2

- A: OnCard Pte Ltd is a wholly owned subsidiary of OnCard Limited (HK).
B: OnCard Consulting Services Shanghai Ltd is a wholly owned subsidiary of OnCard (China) HK Ltd.
C: Payment Services China Ltd is wholly owned by Consolidated Payment Services Ltd.
D: Yin Chang Information Technology Shanghai Co Limited and Shanghai Yifutong Network Technology Co Limited are wholly owned subsidiaries of Payment Services China Ltd.
E: Beijing All Payments Company Ltd is a controlled subsidiary of Payment Services China Limited.

ONCARD INTERNATIONAL LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2014

NOTE 3 EXPENSES

The company has incurred additional overhead costs in the period to 30 June from restructuring the management team, which has included termination payments to the former Managing Director and CFO. Total expenditure incurred amounted to \$0.777 million. This expense is non-recurring and is included in the 'Employment and contractor expense' in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 4 EQUITY ACCOUNTED INVESTMENTS

(a) Sale of Interest in Shanghai Smart Service Company Limited

On 26 November 2013, the Company announced that it had entered into a binding Sale and Purchase Agreement ("the agreement") with Great Bless Enterprises Limited ("GBE") to sell its 50% equity interest in Shanghai Smart Service Company Ltd ("SmartPASS").

The agreement is subject to a number of conditions precedent which to the date of this report have not been satisfied. As at 31 December 2013 the asset had been re-classified as a current asset under the category 'Non-current Assets Held for Sale' on the basis that the transaction was considered highly probable to complete within twelve months of the date of the agreement.

Both the Company and GBE have applied their best endeavours to date to satisfy the conditions precedent. However other external factors involved in the satisfaction of the conditions precedent will unexpectedly extend the period of time to complete the sale. All timely actions to respond to these conditions have been taken however a favourable resolution of the delaying factors in the near term is not highly probable. The likelihood of completing the transaction in its current form is therefore considered less than highly probable and whilst OnCard and GBE continue to work together on completing the sale, OnCard is no longer in a position to set a realistic timetable for completion.

Based on this assessment, the classification of the SmartPASS interest has been reclassified to 'Equity Accounted Investment', to correctly reflect OnCard's ongoing control and operation of the asset.

As noted in the 'review of operations', OnCard continues to work with GBE to reach a settlement of the conditions imposed on the conditions precedent to the transaction completing.

(b) Prior Period Error Adjustment

A prior period error adjustment has been made in accordance with AASB 108 "*Accounting Policies, Changes and Accounting Estimates and Errors*". The adjustment relates to the carrying value of the equity accounted investment in Shanghai Smart Service Company Ltd, and impacts the foreign currency translation reserve. The impact of the adjustment is to increase 'Non-Current Assets held for sale' by \$1.322 million from \$5.830 million to \$7.152 million and relates to a corresponding adjustment to an error in the foreign currency translation reserve at 31 December 2013. The adjustment impacts the following items in the Statement of Financial Position at 31 December 2013 as follows: -

Statement of Financial Position (Extract)	Before adjustment \$'000's	Adjustment \$'000's	Final \$'000
Non-current assets held for sale	5,830	1,322	7,152
Net Assets	45,679	1,322	47,001
Equity			
Reserve	(523)	1,322	799
Total Equity	45,679	1,322	47,001

ONCARD INTERNATIONAL LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2014

NOTE 4 EQUITY ACCOUNTED INVESTMENTS (CONT'D)

(c) Joint Venture Investment – OnCard Malaysia

During the period there were one-off non-cash costs of \$0.198 million associated with the write-down of the Company's investment in its OnCard Malaysia joint venture which the partners have agreed to terminate.

NOTE 5 SUBSEQUENT EVENTS

Subsequent to balance date OnCard International Limited repatriated and received additional profits of \$3.885 million (net of withholding taxes) related to its share of profits earned from its joint venture investment in Shanghai Smart Service Co., Limited for the year ended 31 December 2013.

NOTE 6 CONTINGENT LIABILITIES

OnCard is currently undergoing a review in Singapore for its subsidiary operations in relation to whether it was providing supplies that required the subsidiary to be registered for GST. OnCard is of the opinion it was not required to be registered and as such does not have a present obligation for collection and remittance of GST on assessable revenues in the period under review. However as the outcome of the review remains uncertain, no determination has been made regarding a present obligation. Accordingly a contingent liability has been disclosed. Accordingly no provision has been made for a potential liability at 30 June 2014.

There were no other contingent liabilities at 31 December 2013.

ONCARD INTERNATIONAL LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2014

NOTE 7 SEGMENT INFORMATION

Business Segment Review for the Period

The Group's business is segmented by the products it provides being Loyalty and Rewards and Payment Solutions (incorporating the operations of SmartPASS, Buffet Club, Enjoy China, OnCard Rewards and MarketSMART).

Management has determined the operating segments based upon reports reviewed by the Board and executive management that are used to make strategic decisions. The Board considers the business from both a business unit and geographic perspective and has identified five reportable segments.

The Rewards and Payments ("China") reporting segment includes the joint venture ownership in Shanghai Smart Service Co., Ltd and OnCard Rewards. The Rewards and Payments solutions segment in Australia consists of the MarketSmart loyalty system which provides services to a significant customer which in turn manages customer loyalty programmes.

The Loyalty solution segment in Asia and China incorporates Buffett Club and Enjoy Shanghai where dining and entertainment membership cards are sold to consumers in return for discounted dining and entertainment.

Corporate includes all costs which are not attributable to the Loyalty and Rewards and Payment Solutions segments.

Half-year to 30 June 2014	Buffet Club/Enjoy		OnCard Payments & Rewards		Corporate	Total
	Asia	China	Australia/NZ	China		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	365	663	222	2,348	423	4,021
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	365	663	222	2,348	423	4,021
Profit /(loss) before tax from continuing operations	(54)	147	134	929	(1,149)	7
Income tax (expense)/benefit	-	(17)	-	41	-	24
Profit / (loss)after tax from continuing operations	(54)	130	134	970	(1,149)	31
Half-year to 30 June 2013						
Total segment revenue	583	2,195	249	1,459	773	5,259
Inter-segment revenue	(33)	-	-	(243)	(330)	(606)
Revenue from external customers	550	2,195	249	1,216	443	4,653
Profit /(loss) before tax from continuing operations	19	606	174	232	(317)	714
Income tax (expense)/benefit	-	(11)	-	-	(39)	(50)
Profit / (loss)after tax from continuing operations	19	595	174	232	(356)	664
Total segment assets						
30 June 2014	8,774	1,763	1,760	12,271	22,661	47,229
31 December 2013	9,164	2,743	1,794	11,018	23,793	48,512

ONCARD INTERNATIONAL LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
30 JUNE 2014

NOTE 7 SEGMENT INFORMATION (Cont'd)

The Board assesses the performance of the operating segments based upon a measure of Profit after tax. This measurement basis excludes the effects of non-recurring expenditure from operating costs.

NOTE 8 ISSUED CAPITAL

	30 June 2014 Number	31 Dec 2013 Number	30 June 2014 \$'000	31 Dec 2013 \$'000
Ordinary shares – fully paid (no par value)	179,473,304	179,473,304	39,672	39,672
			<u>39,672</u>	<u>39,672</u>

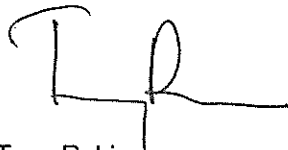
**DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 30 JUNE 2014**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'T. Robinson', with a horizontal line extending to the right.

Tony Robinson
Director

29 August 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of OnCard International Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of OnCard International Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility 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* and 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

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 consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of OnCard International 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of OnCard International Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

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 OnCard International Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO East Coast Partnership

BDO

David Garvey
Partner


Melbourne, 29 August 2014

ONCARD INTERNATIONAL LIMITED
A.C.N. 094 963 238

Compliance Statement

- 1 A financial report for the six months ended 30 June 2014 is provided with the Appendix 4D information.
- 2 The financial report has been prepared in accordance with Australian Accounting Standards.
- 3 The financial report and information provided in Appendix 4D uses the same accounting policies as those applied at 31 December 2013.
- 4 The Appendix 4D information gives a true and fair view of the matters disclosed in the half-year financial report.
- 5 The Appendix 4D information is based on the half-year financial report, which has been subject to independent review.

Sign here:


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(Director)

Date: 29 August 2014

Print name: Tony Robinson