27 March 2015

Company Announcements

For Immediate Release

ASX Code: ONC

FY2014 FINANCIAL REPORT (AUDITED) AND AGM DATE

As required by Section 319 of the *Corporations Act 2001*, the Directors of OnCard International Limited are pleased to release the Audited Financial Report for the year ended 31 December 2014.

The Directors also advise shareholders that it is currently proposed to hold the Annual General Meeting of the Company at 9am on 29th May 2015 at the offices of Norton Gledhill, Level 23, 459 Collins Street, Melbourne Victoria. A formal Notice of Meeting and accompanying materials will be separately provided.

If you have a query about any matter covered by this announcement, please contact the Company's Managing Director, Mr Tony Robinson, on + 61 04 0735 5616.

Ends.

ONCARD INTERNATIONAL LIMITED

ACN 084 800 902

Financial Report for the Year Ended 31 December 2014

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DIRECTORS' REPORT

The Directors of OnCard International Limited (the "Company") submit herewith the Financial Report on the Company and its controlled entities (the "Group") for the financial year ended 31 December 2014.

In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

Details of the Directors of the Company in office at any time during or since the end of the financial year and at the date of this report are:

Mr Ross Burney	Chairman and Non-Executive Director. *BEc*.
	Ross joined the Board as a Director in May 2010 and was elected as Chairman on 6 June 2014. Ross is a member of the Audit Committee and the Remuneration & Nomination Committee.
Experience and qualifications:	Ross has over 20 years' experience as an accountant and investment manager having previously worked for BDO Chartered Accountants, Brierley Investments Limited and Guinness Peat Group. He is currently the Chief Executive Officer of Hume Partners Pty Ltd.
Other Directorships in listed entities:	Qube Holdings Limited (since 9 September 2011) Ruralco Holdings Limited (since 1 September 2014)
Former Directorships in listed entities in last 3 years:	Customers Limited – Resigned July 2012
Interests in shares and options	As a director of CI No 2 Pty Ltd Mr Burney has a relevant interest in 57,586,423 ordinary shares.
Mr Antony Robinson	Managing Director. *BCom, ASA, MBA*.
	Antony joined the Board on 29 May 2014 and was appointed as Managing Director on 6 June 2014. Antony is a Member of the Audit Committee and the Remuneration & Nomination Committee.
Experience and qualifications:	Antony has extensive experience in senior roles in the financial services, insurance and telecommunications sectors. He is currently a director of Bendigo & Adelaide Bank Limited and was previously managing director of Centrepoint Alliance Limited. Prior to that he held a number of senior executive roles including executive director and CEO of IOOF Holdings Ltd, managing director and CEO of OAMPS Limited.
Other Directorships in listed entities:	Bendigo & Adelaide Bank Limited (since April 2006)
Former Directorships in listed entities in last 3 years:	Centrepoint Alliance Limited - Resigned April 2013
Interests in shares and options	Nil

Directors (Cont'd)

Mr H Robertson	Independent Non-Executive Director
	Hugh Joined the Board as a Director on 21 February 2014. Hugh is a member of the Audit Committee and the Remuneration & Nomination Committee.
Experience and qualifications:	Hugh has over 25 years' experience in the financial services industry, commencing his stockbroking career in 1983. During that time he has been involved in a number of successful stockbroking and equity capital markets businesses including Falkiners Stockbroking and Bell Potter Securities.
Other Directorships in listed entities:	Hub24 Limited (since April 2011)
Former Directorships in listed entities in last 3 years:	Nil
Interests in Shares and options	150,000 Ordinary Shares
Mr P Abotomey	Former Chief Executive Officer ("CEO") & Director *BSc, MBA.*
	Peter Joined the Board as a Director in August 2002 and retired from the Board and as CEO on 29 May 2014. Peter was a former member of the Audit Committee and the Remuneration & Nomination Committee.
Experience and qualifications:	Peter was a former general manager of the ANZ Banking Group and has extensive experience in the telecommunications, banking, payments and cards, application service provider, outsourcing, electric and gas utilities, food, manufacturing, insurance and construction industries throughout Australia, New Zealand and Asia.
Mr C Hayes	Former Chief Financial Officer ("CFO"), Director & Company Secretary *BBus, GDip Infosys, CPA*
	Chris joined the Board as a Director on 21 February 2014 and resigned on 29 May 2014. Chris resigned as CFO on 29 May 2014, and as Company Secretary on 23 December 2014. Chris was a former member of the Audit Committee.
Experience and qualifications:	Chris is a qualified accountant who has over 20 years' experience in auditing and executive finance roles for publicly listed and private companies both in Australia and the United Kingdom..

Company Secretaries

Mr M Licciardo — Joint Company Secretary
(*Appointed on 23 December 2014)*

Experience and qualifications: Mark Licciardo is the founder and Managing Director of Mertons Corporate Services. A former company secretary of Top 50 ASX listed companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, administration and company secretarial practices for Australian and foreign entities. Mark is also a former Chairman of CSA Victoria and current Chairman of Melbourne Fringe Limited, as well as a number of Australian public and private companies.

Mr M Rowe — Joint Company Secretary
(*Appointed on 23 December 2014)*

Experience and qualifications: Matthew Rowe is a Corporate Governance Advisor at Mertons Corporate Services, is an Associate of the Governance Institute of Australia (formerly Chartered Secretaries Australia) and has a Masters in Corporate Governance. Matthew has extensive experience of providing corporate governance, administration and company secretarial services to boards of directors of Australian, UK and European listed companies.

Meeting of Directors

The following table sets out the number of meetings of the Company's Directors during the year ended 31 December 2014 and the number of meetings attended by each Director. During the financial year 11 board meetings were held in addition to the Company's annual general meeting held on 29 May 2014.

DIRECTOR	BOARD MEETING		AUDIT COMMITTEE		REMUNERATION & NOMINATION COMMITTEE	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**
R Burney	11	11	3	3	-	-
A Robinson	6	6	2	2	-	-
H Robertson	10	10	3	2	-	-
P Abotomey	5	5	1	1	-	-
C Hayes	5	5	1	1	N/A	N/A

Principal Activities

The Group's principal activity in the course of the financial year was the provision of Loyalty, Rewards and Payment solutions.

Operating Results and Financial Position

Below is a summary of the operating results and financial position for the period:

• Net Profit Before Tax:	$19.01 million	(2013: $3.921 million)
• Profit After Tax:	$11.938 million	(2013: $3.314 million)
• Gain on Sale of SmartPASS:	$35.894 million	(2013: Nil)
• Impairment Expense Recognised	$14.866 million	(2013: Nil)
• Total Current Assets:	$58.595 million	(2013: $30.117million)
• Total Current Liabilities:	$1.288 million	(2013: $1.055 million)
• Total Non-Current Assets:	$0.052 million	(2013: $18.395 million)
• Net Assets:	$57.359 million	(2013: $47.001 million)

The financial results for the year ended 31 December 2014 have been impacted by several significant items including:

- Sale of the Company's Equity holding in SmartPASS;
- Completion of a Strategic Review which recommended the exit and wind-up of the residual China operations as announced to the market on 20 January 2015; and
- Impairment expense associated with the decision to wind–up China operations and cease funding other investments in China.

Following the sale of SmartPASS and the impact of impairing the value of the Company's intangible assets and other non-current assets considered unrecoverable, the financial position of the Group at balance date is substantially represented by cash or cash equivalents.

Sale of SmartPASS Holding

In the current reporting period the Company has achieved the significant milestone of selling its 50% holding in its China joint venture Shanghai Smart Service Company as summarised below:

- On 18 September 2014 it was announced that the Company had entered into a conditional Equity Purchase Agreement with an affiliate company of our SmartPASS Joint Venture partner to acquire the Company's equity in SmartPASS. The agreed purchase price for our equity in SmartPASS was RMB210million.
- On 8 December 2014 it was announced that nearly A$34.744million (RMB179million) related to the sale transaction had been received into the Australian bank account of the Company with approximately RMB21million paid to the Chinese Government in taxes on the capital gain.
- On 15 December 2014 it was announced that the balance of A$1.930million (RMB10million) had been paid and received in full settling the transaction.
- The SmartPASS sale transaction resulted in a gain on sale of $A35.894million net of the carrying value of the investment.

Strategic Review

As announced on 20 January 2015, the Board of the Company received and considered the results of the strategic review of the residual Chinese businesses. A decision was made to cease funding other investments in China made by the Company and to exit the Chinese businesses on the basis that the directors believe that:

1. The businesses are likely to require material ongoing investment to make them profitable; and
2. The potential returns are uncertain, may not materialise for some time and are unlikely to be material.

Operating Results and Financial Position (Cont'd)

The Company has subsequently commenced implementing these changes which should be substantially completed by June 2015 with an anticipated additional run-off period to wind-up the operations, settle any outstanding matters and unforseen obligations that may arise.

As the announcement for the restructure was made after the reporting period year end, the associated costs of the restructure will, under applicable accounting standards, impact on the 2015 financial year and have not been included as liabilities in the Group Statement of Financial Position as at 31 December 2014. This treatment excludes the wind-up costs associated with the Singapore operations, which had already commenced prior to 31 December 2014, and were therefore provided for as a liability at 31 December 2014.

Dividends

There were no dividends paid during the years ended 31 December 2014 and 31 December 2013. On 16 February 2015 the Company declared an unfranked dividend of 9 cents per share, a total of $15,711,560. This dividend had a record date of 23 February 2015 and a payment date of 20 March 2015. The amount per security of this dividend that relates to foreign sourced income is 9 cents per share.

Significant Change in State of Affairs

During the period the Company disposed of its 50% holding in Shanghai Smart Service Company Limited. There were no other significant changes in the state of affairs of the Group during the financial year.

After Balance Date Events

Company restructure

On 20 January 2015 the Company announced that the Board, having received and considered the results of the strategic review, had decided to close the Chinese business operations on the basis that the directors believed:

1. the businesses are likely to require material ongoing investment to make them profitable; and
2. the potential returns are uncertain, may not materialise for some time and are unlikely to be material.

The Company has commenced implementing these changes and they should be substantially completed by June 2015, although run off obligations from historic sales will occur beyond this date with a reduced level of staff remaining in place to complete the wind-up processes.

Under applicable accounting standards the costs associated with this restructure will impact on the 2015 financial year and therefore have not been provided for as at 31 December 2014. The expected costs of the restructure to wind up the China operations are currently estimated to be AUD$1.6 million excluding any unforseen matters that may arise as part of the wind-up.

This estimation of the restructuring costs includes an allowance for trading losses through to closure of the business units plus the cost of retrenchments, the payout of existing liabilities (such as annual leave entitlements, lease commitments and creditors) and the cost of the run off period associated with obligations for prior period sales.

Distribution of Surplus Funds

On 29 January 2015, the Directors announced that the Company would seek shareholder approval to distribute all funds surplus to its needs; as either a dividend or capital return. It was anticipated that a meeting of shareholders would occur in mid-April 2015 to obtain this approval. Following completion of the Preliminary Final Report for the year ended 31 December 2014, the Directors declared an unfranked dividend of 9 cents per share payable on 20 March 2015 and stated that they were still preparing to hold the shareholders' meeting in mid-April 2015 to approve the distribution of the balance of the surplus funds.

Other

Other than the above the Board are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Future Developments

Other than as provided elsewhere in this financial report, there is no further disclosure regarding the likely developments of the operation of the Company in future financial years, as the Directors believe further disclosure is likely to result in unreasonable prejudice to the Company.

Indemnity and Insurance of Officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the directors and officers of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and Insurance of Auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Environmental Regulations

The Company is involved in providing Loyalty, Rewards and Payment solutions and does not create any significant environmental impact. The Company's activities are in full compliance with all prescribed environmental regulations.

Shares under Option or Issued on Exercise of Options

There are no options on issue as at the date of the financial report and no shares have been issued as a result of the exercise of options during or since the end of the financial year. (31 December 2013: No options on issue).

Proceedings on Behalf of the Company

No person has applied for leave of the Court under Section 327 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any proceedings during the year.

REMUNERATION REPORT (AUDITED)

The remuneration report, which has been audited, outlines the Director and executive remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

A. Principles Used to Determine the Nature and Amount of Remuneration

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives. To that end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Focus on creating sustained shareholder value;
- Placing a portion of executive remuneration at risk, dependent upon meeting predetermined performance benchmarks; and
- Differentiation of individual rewards commensurate with contribution to overall results and according to individual accountability, performance and potential.

A Remuneration Committee has been in place from 1 July 2008. The Committee has the responsibility for determining and reviewing compensation arrangements for the Directors, chief executive officer (CEO) or Managing Director and the senior management team. The Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration Structure

The structure of non-executive Director, executive Director and senior manager remuneration is separate and distinct.

Non-Executive Director Remuneration

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually.

The Constitution and the Listing Rules of the Australian Securities Exchange ("ASX") require that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. The remuneration of each Director is then set at a level with the aggregate not exceeding the amount set. The latest determination was at the Annual General Meeting held on 23 November 2009 when shareholders approved an aggregate remuneration of $400,000.

Each Director receives a fee for being a Director of the Company.

REMUNERATION REPORT (AUDITED) (CONT'D)

Senior Management and Executive Director Remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company;
- Ensure total remuneration is competitive by market standards; and
- Executive remuneration is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The program comprises the following available components:
  - Fixed remuneration component
  - Variable remuneration component including short term incentive (STI) and long term incentive (LTI).

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. The fixed (primary) remuneration is provided in cash.

Variable Remuneration - Short Term Incentive (STI)

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to achieve the operational targets and such that the cost to the Company is reasonable.

Actual STI payments granted depend on the extent to which specific operating targets are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance.

On an annual basis the individual performance of each executive is rated and taken into account when determining the amount, if any, of the short term incentive pool allocated to each executive. The aggregate of annual STI payments available for executives across the Company are usually delivered in the form of a cash bonus.

Variable Remuneration - Long Term Incentive (LTI)

The objective of the LTI plan is to reward in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against relevant long term performance hurdles. LTI grants to executives are delivered in the form of performance rights over ordinary shares. In the current period LTI's have been granted to Mr Antony Robinson in his remuneration package as Managing Director. The LTI's however remain subject to shareholder approval at the Company's next AGM.

REMUNERATION REPORT (AUDITED) (CONT'D)

B. Details of Remuneration

Details of the remuneration of the Directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Group) are set out in the following tables.

Key Management Personnel - Directors and Executives

The key management personnel ("KMP") of the Group consisted of the following Directors and executives:

Non-Executive Directors	***Position***
Mr R Burney	Chairman & Non-Executive Director
Mr H Robertson	Independent Non-Executive Director (Appointed 21 February 2014)
Executive Directors	
Mr A Robinson	Managing Director
Mr P Abotomey	CEO & Director (Retired 29 May 2014)
Mr C Hayes	CFO, Director and Company Secretary (Appointed director 21 February 2014, resigned as director and CFO 29 May 2014 and company secretary on 22 December 2014)
Executives	
Mr J Zhang	Group General Manager China (Resigned 21 December 2014).

Key Management Personnel – Service Agreements

Mr Antony Robinson (Managing Director) appointed 29 May 2014. Mr Robinson is employed under an employment agreement. Summary of key terms of this agreement are:

- Base salary of $275,000 per annum (inclusive of superannuation).

- Short-term incentives are in place for each year ended 30 June, consisting of a cash payment of up to 45.5% of base annual salary, subject to the satisfaction of key performance indicators to be agreed between Antony and the Board, and subject to Antony remaining employed by the Company at the end of the relevant year and, except due to certain prescribed events, also at the time the incentive is due to be paid.

- Antony will be entitled to receive as a long term incentive up to 3,600,000 fully paid ordinary shares ("Shares") in the Company for no cash consideration in 3 separate tranches subject to the Company's total shareholder return ("TSR") achieving agreed targets for the years ending 30 June 2015, 30 June 2016 and 30 June 2017, and subject to Antony remaining an employee at the end of the relevant year.

  The TSR will be determined for each of 2015 year, 2016 year and 2017 year as the market value of the Shares at the end of the relevant year plus all dividends and capital returns made in respect of the Shares after year 2014 up to the end of the relevant year, and will be measured against the market value of the Shares as at the Company's annual general meeting held on 29 May 2014 when Antony was elected a director of the Company or $0.25 (25 cents), whichever is higher ("Starting Value"). Market value will be determined by reference to the volume weighted average price of the shares over the period of 20 trading days ending on or before the applicable valuation date.

REMUNERATION REPORT (AUDITED) (CONT'D)

Key Management Personnel – Service Agreements (Cont'd)

Mr Antony Robinson (Cont'd)

If TSR for year 2015 has increased by at least 7.5% of the Starting Value, Antony will be entitled to 600,000 Shares. If it has increased by at least 10% of the Starting Value, Antony will be entitled to an additional 600,000 Shares.

If TSR for year 2016 has increased by at least 7.5% per annum (compounded annually), Antony will be entitled to 1,200,000 Shares. If it has increased by at least 10% per annum (compounded annually), Antony will be entitled to additional 1,200,000 Shares. That is less any shares he has received in year 2015.

If TSR for year 2017 has increased by at least 7.5% per annum (compounded annually), Antony will be entitled to 1,800,000 Shares. If it has increased by at least 10% per annum (compounded annually), Antony will be entitled to additional 1,800,000 Shares. That is less any shares he has received in year 2016.

The Company will have the option to satisfy any entitlement to Shares that vest under this long term incentive arrangement by making a cash payment equal to the market value of the shares at the time the entitlement vests instead of issuing or procuring the transfer of the Shares.

On 13 February 2015, the Directors resolved that, in view of:

(a) the exemplary work done by the managing director in restructuring the Company and redressing actual and potential loss making investments that has resulted in the Company's outstanding financial position compared to 12 months ago and its ability to pay a dividend of $0.09 per share and to make a return of capital of $0.21 per share to the Company's shareholders;
(b) the decision of the board of directors to proceed with payment of the dividend of $0.09 per share; and
(c) the decision of the board of directors to proceed with the distribution of the balance of the surplus funds;

if shareholders approve the proposed distribution of the balance of the surplus funds, that approval, together with the other events referred to above, be treated as significant events affecting the Company for the purpose of determining the entitlement of the managing director to the long term incentive under his employment agreement. Furthermore, the Directors resolved that as shareholder approval of the managing director's long term incentive entitlement in the form of ordinary shares in the Company has not yet been obtained, the Company instead of issuing those shares should pay to the managing director an amount equal to the market value of the shares up to a maximum amount, subject to shareholders approving the proposed distribution of the balance of the surplus funds.

- Either party may terminate the employment agreement by giving to the other at least six month's written notice of termination.

Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate at any time.

The Company prohibits executives from entering into arrangements to protect the value of unvested Long Term Incentive awards. This includes entering into contracts to hedge their exposure to performance rights over shares granted as part of their remuneration package. Adherence to this policy is monitored informally on an annual basis by the Remuneration Committee requesting confirmation from each of the Executives that no such activity has occurred.

REMUNERATION REPORT (AUDITED) (CONT'D)

Details of Remuneration for the Year ended 31 December 2014

The individual remuneration for key management personnel of the Group receiving the highest remuneration during the year was as follows:

	SHORT TERM EMPLOYMENT BENEFITS		POST EMPLOYMENT	TERMINATION BENEFITS	TOTAL
	Cash Salary and Fees $	Cash Bonus $	Superannuation Contributions $	Cash $	$
Directors					
Mr R Burney (i)	59,246	-	3,254	-	62,500
Mr H Robertson (ii)	40,674	-	2,168	-	42,842
Mr A Robinson (iii)	149,635	-	10,778	-	160,413
Mr P Abotomey(iv)	226,780	-	-	520,000	746,780
Mr C Hayes (v)	102,682	-	10,420	257,000	370,102
Executives					
Mr J Zhang (vi)	336,235	265,486	-	-	601,721
	915,252	**265,486**	**26,620**	**777,000**	**1,984,358**

(i) Mr Burney's Director's fees were paid to his primary employer between 1 January 2014 and 30 June 2014. Subsequent to this date Mr. Burney was paid his fees as a direct employee of the Company.
(ii) Mr Robertson was appointed on 21 February 2014.
(iii) Mr Robinson was appointed on 29 May 2014.
(iv) Mr Abotomey retired as CEO and director on 29 May 2014 and was no longer classed as a KMP from that date.
(v) Mr Hayes was appointed a director on 21 February 2014, and resigned as director and CFO on 29 May 2014 and was no longer classed as a KMP from that date.
(vi) Mr J Zhang resigned on 23 December 2014 and was no longer classed as a KMP from that date.

Details of Remuneration for the Year ended 31 December 2013

The individual remuneration for key management personnel of the Group receiving the highest remuneration during the year was as follows:

	SHORT TERM EMPLOYMENT BENEFITS		POST EMPLOYMENT	TERMINATION BENEFITS	TOTAL
	Cash Salary and Fees $	Cash Bonus $	Superannuation Contribution $	Cash $	$
Directors					
Mr D Worth (i)	95,890	-	-	-	95,890
Mr P Abotomey	550,000	12,500	-	-	562,500
Mr R Burney (ii)	50,000	-	-	-	50,000
Executives					
Mr C Hayes	250,000	7,500	25,000	-	282,500
Mr J Zhang	311,102	7,500	-	-	318,602
Mr T Ru (iii)	93,906	-	-	-	93,906
	1,350,898	**27,500**	**25,000**	**-**	**1,403,398**

(i) Mr Worth resigned on 16 December 2013 and was no longer classed as a KMP from that date.
(ii) Mr Burney's Director's fees were paid to his primary employer.
(iii) Mr Ru resigned on 31 May 2013 and was no longer classed as a KMP from that date.

REMUNERATION REPORT (AUDITED) (CONT'D)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		At risk – STI		At risk – LTI	
	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013	**Year Ended 31 Dec 2014**	Year Ended 31 Dec 2013	**Year Ended 31 Dec 2014**	Year Ended 31 Dec 2013
Non-Executive Directors						
Mr R Burney	100%	100%	-%	-%	-%	-%
Mr H Robertson	100%	-%	-%	-%	-%	-%
Mr D Worth	-%	100%	-%	-%	-%	-%
Executive Directors						
Mr A Robinson	100%	-%	-%	-%	-%	-%
Mr P Abotomey	100%	97.8%	-%	2.2%	-%	-%
Executives						
Mr C Hayes (i)	100%	97.3%	-%	2.7	-%	-%
Mr J Zhang	55.9%	97.7%	44.1%	2.3	-%	-%
Mr T Ru (ii)	-%	100%	-%	-%	-%	-%

(i) During the current year Mr Hayes was appointed a director on 21 February 2014 and resigned as a director on 29 May 2014.

Bonuses included in remuneration

Cash bonuses paid in the current and prior reporting period are detailed in the table below.

	Short term incentive bonus (cash) Included in Remuneration *(a)*		% vested in period		% forfeited in period *(b)*	
	Year Ended 31 Dec 2014	Year Ended 31 Dec 2013	**Year Ended 31 Dec 2014**	Year Ended 31 Dec 2013	**Year Ended 31 Dec 2014**	Year Ended 31 Dec 2013
Directors						
Mr A Robinson	**-**	-	**-%**	-%	**-%**	-%
Mr P Abotomey	**-**	12,500	**-%**	8%	**-%**	92%
Executives						
Mr C Hayes	**-**	7,500	**-%**	10%	**-%**	90%
Mr J Zhang	**265,486**	7,500	**100%**	10%	**-%**	90%

(a) Amounts included in remuneration for the financial period represent the amount that vested in the financial period based on achievement or satisfaction of specified performance criteria set for the calendar year ended 31 December 2014.
(b) The amounts forfeited are due to the performance criteria not being met in relation to the current financial period and the prior financial period.

REMUNERATION REPORT (AUDITED) (CONT'D)

C. Share Based Compensation

Issue of Shares

No new shares were issued to Directors and other key management personnel as part of compensation during the year ended 31 December 2014 (2013: Nil).

Options Issued as Part of Remuneration for the Year ended 31 December 2014

There were no options issued as remuneration during the year ended 31 December 2014 (2013: Nil).

There were no share based payments as part of remuneration during the year ended 31 December 2014 (2013: Nil).

D. Additional Information

The earnings of the Group for the five reporting periods to 31 December 2014 are summarised below:

	31 Dec 2014 $000's	**31 Dec 2013 $000's**	**31 Dec 2012 $000's*** **	**30 June 2012 $000's**	**30 June 2011 $000's**
Net profit before tax	19,010	3,921	1,880	2,465	2,010
Net profit after tax attributable to the members of the Company	11,942	3,319	1,778	2,772	1,289

**** The period ended 31 December 2012 is a six month period following the Company's decision to change its financial reporting period to a December 31 year end effective from 1 July 2012.*

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	31 Dec 2014 $000's	**31 Dec 2013 $000's**	**31 Dec 2012 $000's*** **	**30 June 2012 $000's**	**30 June 2011 $000's**
Share Performance					
Share price at start of period	28.5¢	19.0¢	14.0¢	22.0¢	8.1¢
Share price at end of period	26.0¢	28.5¢	18.5¢	14.0¢	22.0¢
Dividends	-	-	-	-	-
Basic earnings per share	6.67¢	1.85¢	0.99¢	1.19¢	0.82¢
Diluted earnings per share	6.67¢	1.85¢	0.99¢	1.19¢	0.81¢

****The share price movements are recorded for the period 1 July 2012 (Start) and 31 December 2012 (End) following the Company's decision to change its financial reporting period to a December 31 year end effective 1 July 2012. All other reported information are for twelve month periods starting 1 July and ending 30 June.*

REMUNERATION REPORT (AUDITED) (CONT'D)

E. Additional Information in relation to key management personnel shareholdings

Ordinary shares held in OnCard International Limited (number) 31 December 2014	Balance 1 January 2014	Shares Issued on Conversion of Performance Rights as Remuneration	On Exercise of Options	Net Change Other	Balance 31 December 2014
Directors					
Mr R Burney (i)	-	-	-	-	-
Mr H Robertson (ii)	-	-	-	150,000	150,000
Mr A Robinson (iii)	-	-	-	-	-
Mr P Abotomey (iv)	11,299,648	-	-	-	11,299,648
Executives					
Mr C Hayes (v)	83,582	-	-	(83,582)	-
Mr J Zhang	1,465,550	-	-	(678,000)	787,550
	12,848,780	-	-	(611,582)	12,237,198

(i) *Mr Burney is a director of CI No 2 Pty Ltd and therefore has a relevant interest in 57,586,423 ordinary shares (31 December 2013: 55,585,423 ordinary shares).*
(ii) *Mr H. Robertson was appointed on 21 February 2014.*
(iii) *Mr A. Robinson was appointed on 29 May 2014.*
(iv) *Mr P. Abotomey retired as a director on 29 May 2014 and was no longer classed as KMP.*
(v) *Mr C. Hayes was appointed a director on 21 February 2014 resigned as a director and CFO on 29 May 2014 and was no longer classed as a KMP.*

Ordinary shares held in OnCard International Limited (number) 31 December 2013	Balance 1 January 2013	Shares Issued on Conversion of Performance Rights as Remuneration	On Exercise of Options	Net Change Other	Balance 31 December 2013
Directors					
Mr D Worth (i)	301,600	-	-	(301,600)	-
Mr P Abotomey	11,299,648	-	-	-	11,299,648
Mr R Burney (ii)	-	-	-	-	-
Executives					
Mr C Hayes	83,582	-	-	-	83,582
Mr J Zhang	1,465,550	-	-	-	1,465,550
Mr T Ru (iii)	1,000,000	-	-	(1,000,000)	-
	14,150,380	-	-	(1,301,600)	12,848,780

(i) *Mr D Worth resigned on 16 December 2013 and was no longer classed as a KMP.*
(ii) *Mr Burney is a director of CI No 2 Pty Ltd and therefore has a relevant interest in 55,585,423 shares (31 December 2012: 55,585,423 shares).*
(iii) *Mr T Ru resigned on 31 May 2013 and was no longer classed as a KMP.*

This concludes the remuneration report, which has been audited.

Non Audit Services

Details of amounts paid or payable to the auditor of the Company and its related practices for audit and non-audit services provided during the year are outlined in Note 24 of the Financial Report.

During the year BDO East Coast Partnership, the Company's auditor, has performed certain other services in addition to their statutory duties. The Directors are satisfied that the provision of these non-audit services by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 24 to the financial statements do not compromise the external auditor's independence for the following reasons:

- All non-audit services have been reviewed and approved by the Audit Committee to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Profession and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included at page 16 of the Financial Report.

Auditor

BDO East Coast Partnership continues in accordance with section 327 of the *Corporations Act 2001*. There are no officers of the Company who are former audit partners of BDO East Coast Partnership.

Rounding

The amounts contained in this report and in the financial report are presented in Australian dollars and have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of Corporate Governance. The Company's Corporate Governance statement is contained in the additional ASX information section of this Financial Report.

Signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors

Antony Robinson
Director
27 March 2015

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

As lead auditor of OnCard International Limited for the year ended 31 December 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 27 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2014 $'000	2013 Restated $'000
Revenue from continuing operations	**5**	**2,630**	8,148
Other income	**5**	**967**	834
Share of profits of investments accounted for using the equity method	**14**	**1,815**	3,879
Gain on disposal of investment accounted for using the equity method	**14**	**35,894**	-
Selling and promotional costs		**(888)**	(3,573)
Employment & contractor expense		**(4,143)**	(3,483)
Occupancy costs		**(641)**	(553)
Depreciation and amortisation	**6**	**(177)**	(191)
Travel & accommodation		**(300)**	(387)
Legal and professional fees	**6**	**(667)**	(385)
Impairment expense	**6**	**(14,866)**	-
Other expenses		**(614)**	(368)
Profit before income tax		**19,010**	3,921
Income tax expense	**7**	**(7,072)**	(607)
Net Profit for the year		**11,938**	3,314
Other Comprehensive income			
Items that may be reclassified to profit or loss in the future:			
Exchange differences on translation of foreign operations		**(424)**	2,414
Other comprehensive income / (loss) net of tax		**(424)**	2,414
Total comprehensive income		**11,514**	5,728
Net Profit for the period is attributable to:			
Non-controlling interest		**(4)**	(5)
Owners of OnCard International Limited		**11,942**	3,319
		11,938	3,314
Total comprehensive income for the year is attributable to:			
Non-controlling interest		**(4)**	(5)
Owners of OnCard International Limited		**11,518**	5,733
		11,514	5,728
Basic earnings per share (cents per share)	**29**	**6.67 Cents**	1.85 Cents
Diluted earnings per share (cents per share)	**29**	**6.67 Cents**	1.85 Cents

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2014 $'000	2013 Restated $'000
Current Assets			
Cash and cash equivalents	**8**	**55,331**	21,668
Trade and other receivables	**9**	**259**	975
Other financial assets	**10**	**2,754**	-
Other current assets	**11**	**251**	322
		58,595	22,965
Non-current assets held for sale	**12**	**-**	7,152
Total Current Assets		**58,595**	30,117
Non-Current Assets			
Property, plant and equipment	**13**	**52**	98
Equity accounted investments	**14**	**-**	209
Intangible assets – goodwill	**15**	**-**	9,338
Intangible assets – software	**16**	**-**	2,975
Deferred tax assets	**7**	**-**	3,554
Other receivables	**17**	**-**	2,221
Total Non-Current Assets		**52**	18,395
Total Assets		**58,647**	48,512
Current Liabilities			
Trade and other payables	**18**	**746**	862
Current tax payable	**7**	**7**	71
Provisions	**19**	**535**	122
Total current liabilities		**1,288**	1,055
Non-Current Liabilities			
Deferred tax liability	**7**	**-**	456
Total Non-Current Liabilities		**-**	456
Total Liabilities		**1,288**	1,511
Net Assets		**57,359**	47,001
Equity			
Contributed equity	**20**	**38,516**	39,672
Reserves	**21**	**375**	799
Retained earnings		**18,265**	6,323
Total parent entity interest		**57,156**	46,794
Non – controlling interest		**203**	207
Total Equity		**57,359**	47,001

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Non-Controlling Interest $'000	Total $'000
At 1 January 2013	**39,672**	**(1,615)**	**3,004**	**212**	**41,273**
Profit / (Loss) for the year	-	-	3,319	(5)	3,314
Other comprehensive income - restated	-	2,414	-	-	2,414
Total comprehensive income for the year	-	2,414	3,319	(5)	5,728
Transactions with owners in their capacity as owners:					
Issue of shares and other equity instruments	-	-	-	-	-
As at 31 December 2013 - restated	**39,672**	**799**	**6,323**	**207**	**47,001**
At 1 January 2014 - restated	**39,672**	**799**	**6,323**	**207**	**47,001**
Profit / (Loss) for the year	-	-	11,942	(4)	11,938
Other comprehensive income	-	(424)	-	-	(424)
Total comprehensive income for the year	-	(424)	11,942	(4)	11,514
Transactions with owners in their capacity as owners:					
Purchase of shares under the share buy-back scheme	(1,156)	-	-		(1,156)
As at 31 December 2014	**38,516**	**375**	**18,265**	**203**	**57,359**

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		**3,000**	8,021
Payments to suppliers and employees (inclusive of GST)		**(6,657)**	(8,676)
Interest received		**884**	764
Income taxes paid in overseas jurisdictions		**(10)**	(150)
Net cash used in operating activities	**28**	**(2,783)**	(41)
Cash flows from investing activities			
Loans advanced to other entities		**(48)**	(146)
Payments for property, plant & equipment		**-**	(32)
Payments for intangible assets		**(205)**	(164)
Payments for purchase of financial assets		**(2,754)**	-
Profits repatriated from equity accounted investments		**3,855**	2,989
Proceeds from disposal of equity accounted investment		**36,680**	-
Net cash provided by investing activities		**37,528**	2,647
Cash flows from financing activities			
Payments made to buy back shares		**(1,156)**	-
Net cash used in financing activities		**(1,156)**	-
Net increase in cash held		**33,589**	2,606
Cash and cash equivalents at the beginning of the year		**21,668**	18,668
Effects of exchange changes on the balances held in foreign currencies		**74**	394
Cash and cash equivalents at the end of the year	**8**	**55,331**	21,668

The above statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*, as appropriate for profit oriented entities.

The financial statements cover the Company and its controlled entities as a group for the financial year ended 31 December 2014. The Company is a company limited by shares, incorporated and domiciled in Australia.

Separate financial statements for the Company as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*, however limited financial information for the Company as an individual entity is included in Note 22.

The following is a summary of material accounting policies adopted by the Group in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 27 March 2015.

The Group's principal activities during the year were the provision of Loyalty, Rewards and Payment solutions.

(a) Basis of Preparation of the Financial Statements

Compliance with IFRS

The financial statements comply with International Financial reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial statements have been prepared under the historical cost convention. All amounts are presented in Australian dollars unless otherwise noted.

(b) Principles of Consolidation

The consolidated financial statements are those of the Group, comprising the parent entity and its controlled entities as defined in Accounting Standard AASB 10 '*Consolidated Financial Statements'*. Details of the controlled entities are contained in Note 23(b).

Financial statements for controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Non-controlling interests in the equity and results of the entities that are controlled are shown separately in the consolidated financial statements.

1. BASIS OF PREPARATION (CONT'D)

(c) Revenue Recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the provision of services to customers is recognised upon delivery of the service to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the Group's right to receive the payment is established.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(e) Trade and Other Receivables

Trade receivables, which generally have 7-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Depreciation is charged over the life of the asset on a straight line basis.

The expected useful life for property, plant and equipment is 3 to 5 years.

Plant and Equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

Computer Equipment

The carrying amount of computer equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. Computer equipment includes software used to operate the computer equipment.

(g) Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the asset or the improvement to the Company, whichever is the shorter. There are no leasehold improvements recorded at balance date.

1. BASIS OF PREPARATION (CONT'D)

(h) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risk and benefits. Finance leases are capitalised. All leased assets and liabilities are established at the fair value of the leased assets or, if lower, present value of minimum lease payments. Lease payments are allocated between the principle component of the lease liability and the interest expense.

The lease asset is amortised on a straight line basis over the term of the lease from the moment the asset is brought into use, or where it is likely that the Group will obtain ownership of the asset, the life of the asset. Lease assets held at reporting date are being amortised over three years.

Operating lease payments are charged to the statement of profit or loss and other comprehensive income in the periods in which they are incurred, as this represents the pattern of the benefits derived from the leased assets.

(i) Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and the contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units) to which the goodwill relates. When the recoverable amount of the cash generating unit (group of cash generating units) is less than the carrying amount, an impairment loss is recognised.

1. BASIS OF PREPARATION (CONT'D)

(i) Intangibles (Cont'd)

When goodwill forms part of a cash generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Software Assets

Software assets are carried at cost less accumulated amortisation, and if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 10 years. The amortisation has been recognised in the statement of profit or loss and comprehensive income in the line item "depreciation and amortisation". If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount.

Software systems under development are carried at cost until they are commercially ready for use. Upon completion of development and operating for commercial use, the software assets are carried at cost less accumulated amortisation, and if applicable, accumulated impairment losses as noted above.

(j) Impairment of Assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(k) Income Taxes

Current income tax expense or revenue is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised if it arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

1. BASIS OF PREPARATION (CONT'D)

(k) Income Taxes (Cont'd)

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The Company and its wholly-owned Australian controlled entities have formed an income tax consolidated group effective 1 July 2010 under tax consolidation legislation. Each entity in the Group recognises its own deferred tax assets and liabilities arising from temporary differences. Such taxes are measured using the 'stand-alone taxpayer' approach. Current tax liabilities or assets and deferred tax assets arising from unused tax losses and tax credits in the controlled entities are immediately transferred to the head entity which is the Parent entity. No tax sharing or funding arrangements are presently in place.

(l) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on the remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date.

(m) Financial Instruments

Classification

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at the time of initial recognition.

Financial Assets at Fair Value through Profit or Loss

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss when:

(a) An entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit and loss.
(b) Doing so results in more relevant information, because either:
    (i) It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases.
    (ii) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

1. BASIS OF PREPARATION (CONT'D)

(m) Financial Instruments (Cont'd)

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value though profit or loss.

Present investment strategy is to keep assets in a highly liquid state and almost all of the investment assets are held in cash.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income.

Non-listed investments, for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to Director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principle payments and amortisation.

(n) Foreign Currency

Functional and Presentation Currency

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of financial year.

Resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

1. BASIS OF PREPARATION (CONT'D)

(n) Foreign Currency (Cont'd)

Group Companies

The financial statements of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the year; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity in the statement of financial position.

(o) Investments in Joint Ventures and Associates

Joint Arrangements

The Group is a party to joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over controlled entities.

The Group classifies its interests in joint arrangements as either: -
- Joint Ventures, where the Group has rights to only the net assets of the joint arrangement; and
- Joint operations, where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement

In assessing the classification of interests in joint arrangements, the Group considers: -
- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including other contractual arrangements).

The Group accounts for Joint Ventures in the same manner as Investments in Associates, and are accounted for and reported using the equity method whereby an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the share of net assets of the jointly controlled entity. The statement of profit or loss and other comprehensive income reflects the share of the results of operations of the jointly controlled entity.

Effective 1 September 2011 following a change in regulation in China, revenue from expired cash credits on prepaid cards is recognised by the joint venture a minimum three years after issue of the card. Upon expiry the Company has a legal right to retain the expired cash credits as revenue subject to the Company providing an ongoing ability for the card holder to renew the expired balance should the cardholder request. Prior to 1 September 2011, revenue from expired cash credits on prepaid cards was recognised by the joint venture, two years after the expiry date (being 2 years from issue date) of the card when the Company was considered to have a legal right to retain the expired cash credits as revenue.

1. BASIS OF PREPARATION (CONT'D)

(o) Interests in Joint Ventures and Associates (cont'd)

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements, using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 '*Non-current assets Held for Sale and Discontinued Operations*'. Under the equity method, investments in associates are initially carried in the consolidated statement of financial position at cost and subsequently adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interest that, in substance, forms part of the Groups net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss. Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(p) Investment in Controlled Entities

Investments in controlled entities held by the Company are accounted for at cost.

Acquisitions of controlled entities are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of non - controlling shareholders in the acquiree is initially measured at the non - controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

1. BASIS OF PREPARATION (CONT'D)

(q) Borrowing Costs

Borrowing costs are recognised as an expense in the year in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

(r) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

Buffet Club – Hotel Expense: Provision is made for future hotel cost expense claims. Hotel accommodation entitlements are embodied within the Buffet Club packages sold. Future claims are reliably estimated from previous redemption history.

(t) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

(u) Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

1. BASIS OF PREPARATION (CONT'D)

(v) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(w) Rounding Amounts

The Company is of a kind referred to in ASIC Class Order Co 98/0100 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.

(x) New, Revised or Amending Accounting Standards and Interpretations Adopted

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to their operations and effective for the year.

There have been no significant new and revised Standards and amendments thereof and Interpretations effective for the year that are relevant to the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not yet mandatory for 31 December 2014 reporting periods and have not been early adopted by the Group. The major accounting standards that have not been early adopted for the year ended 31 December 2014, but will be applicable to the Group in future reporting years, are detailed below. Apart from these standards, the Group has considered other accounting standards that will be applicable in future years, however they have been considered insignificant to the Group.

- AASB 9 '*Financial Instruments'* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 '*Financial Instruments: Recognition and Measurement'*, which becomes mandatory for the Group's 31 December 2017 financial statements.
- IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 '*Revenue'*, IAS 11 '*Construction Contracts'*, and IFRIC 13 *'Customer Loyalty Programmes'*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group has not yet determined the eventual effect of the above standards, amendments to standards and interpretations, however at this stage it is not thought to be material.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Impairment of Goodwill

Goodwill is allocated to a cash generating unit ("CGU") according to the applicable business operations. The recoverable amount of a CGU has previously been based on value-in-use discounted cash flow methodology. As detailed in Note 15, in the current period the carrying value of Goodwill has been impaired to Nil.

(b) Income Taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the year in which such determination is made.

Previously the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised and that management considers it probable that future tax profits will be available to utilise the unused tax losses. Utilisation of the tax losses depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. In the current period the directors have determined that it is not probable that the Group will recoup its tax losses through utilisation against future assessable income.

3. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, financial assets at fair value through profit and loss, cash and short term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised overleaf.

Primary responsibility for identification and control of financial risks rests with the Chief Financial Officer under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including any hedging cover of foreign currency, interest rate risk, credit allowances, and future cash flow forecast projections.

The carrying amounts and net fair values of the Group's financial assets and liabilities at balance date are:

	CARRYING AMOUNT		NET FAIR VALUE	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Financial Assets				
Cash and cash equivalents	**55,331**	21,668	**55,331**	21,668
Trade and other receivables	**259**	3,196	**259**	3,196
Investments in financial assets	**2,754**	-	**2,754**	-
Non-Traded Financial Assets	**58,344**	24,864	**58,344**	24,864
Financial Liabilities				
Trade and other payables	**746**	862	**746**	862
Non-Traded Financial Liabilities	**746**	862	**746**	862

3. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

Risk Exposures and Responses

Interest Rate Risk

The Group's exposure to market interest rate risk related primarily to the Group's cash deposits. At balance date, the Group had the following mix of financial assets exposed to Australian and overseas variable interest rate risks that are not designated as cash flow hedges:

	2014 $'000	2013 $'000
Financial Assets		
Cash and cash equivalents	**55,331**	21,668
Investments in financial assets	**2,754**	-
Net exposure	**58,085**	21,668

The Group regularly analyses its interest rate opportunity and exposure. Within this analysis consideration is given to existing positions and alternative arrangements for its deposits.

Investments in financial assets refer to investments in "Hybrid Investments" which are a composition of debt and equity instruments which are traded on the ASX. The instruments comprise a combination of instruments comprising debt financing with fixed interest rates, with conversion components. The interest rate is fixed on acquisition, and the market value of the instrument is therefore impacted by increases and decreases in underling interest rates. Therefore, movements in the interest rate will be offset in the market value of the instrument, and accordingly no sensitivity has been carried out on the return on these instruments as the movement is not considered to be material.

The following sensitivity analysis is based on the interest rate opportunity/risk relating to cash deposits at balance date.

At 31 December, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	2014 $'000	2013 $'000
Judgements of reasonably possible movements:		
+0.5% (50 basis points)	**2,767**	217
-0.5 % (50 basis points)	**(2,767)**	(217)

The movement in profits are due to higher/lower interest received. As the Group does not have any derivative instruments the movements in equity are those of profit only. A movement of + and – 0.5% is selected because this historically is within a range of rate movements.

Foreign Currency Risk

As a result of operations in China, Hong Kong and Singapore, the Group's statement of financial position can be affected significantly by movements in the RMB/AUD, HKD/AUD and SGD/AUD exchange rates. The Group does not have a formal policy or strategy implemented to mitigate the effects of its foreign currency exposure. As the majority of the Group's operations occur within controlled entities located in foreign countries, foreign currency risk is considered to be an inherent risk of the Group.

3. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

At 31 December, the Group had the following exposure to HKD, SGD, and RMB foreign currency that is not designated as cash flow hedges:

	2014 $'000	2013 $'000
Financial Assets		
Cash and cash equivalents - HKD	**147**	186
Cash and cash equivalents – RMB	**1,316**	1,060
Cash and cash equivalents – SGD	**89**	201
Trade and other receivables - HKD	**-**	-
Trade and other receivables – RMB	**203**	3,029
Trade and other receivables – SGD	**-**	28
Financial Liabilities		
Trade and other payables - HKD	**(127)**	(123)
Trade and other payables – RMB	**(431)**	(574)
Trade and other payables – SGD	**(26)**	(5)
Net Exposure	**1,171**	3,802

The following sensitivity is based on the foreign currency risk exposures in existence at balance date.

At 31 December, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	**Post Tax Profit Higher/(Lower)**		**Equity Higher/(Lower)**	
	2014 **$'000**	2013 $'000	**2014** **$'000**	2013 $'000
AUD/HKD +10%	**2**	6	**2**	6
AUD/RMB +10%	**110**	352	**110**	352
AUD/SGD +10%	**6**	22	**6**	22
AUD/HKD -10%	**(2)**	(6)	**(2)**	(6)
AUD/RMB -10%	**(110)**	(352)	**(110)**	(352)
AUD/SGD -10%	**(2)**	(22)	**(2)**	(22)

Management believes the balance date risk exposures are representative of the risk exposure inherent in the financial instruments. A movement of + and – 10% is selected because a review of recent exchange rate movements and economic data suggests this range is reasonable.

3. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONT'D)

Price Risks – Hybrid securities

The Group is exposed to equity price risks arising from investments in "hybrid" securities. These investments are held for a short term to provide returns through distributions and deliver market growth. The securities are traded on the ASX, with their price impacted by a combination of distributions, movements in interest rates, and general market conditions. The risk is that the value of the equity investment will reduce during the period it is held, and the returns provided through distributions do not cover the level of the reduction in price. The Board considers that the level of risk related to the price of these securities is offset significantly by distributions received and interest rate risks. Accordingly the Board do not believe there is a significant price risk arising from holding hybrid securities.

Liquidity Risk

Liquidity Risk is the risk that the Group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group has Total Liabilities of $1.288 million (2013: $1.511 million) of which $1.288 million (2013: $1.055 million) is recorded as current liabilities and Total Current Assets of $58.595 million (2013: $30.117 million) of which $55.331 million (2013: $21.668 million) consists of cash or cash equivalents providing the Board with comfort that the Group is solvent and can meet its payment obligations in full as they fall due.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Fair Value

The method for estimating fair value is outlined in the relevant notes to the financial statements. All financial assets held at fair value are valued based on the principles outlined in AASB 7 in relation to Level 1 of the hierarchy of fair values, being quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

4. PRIOR PERIOD ADJUSTMENT

A prior period 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	Restated 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

5. REVENUE AND OTHER INCOME

	2014 $'000	2013 $'000
Revenue from Operations		
Sales Revenue	**2,630**	8,148
	2,630	8,148
Other income		
Interest received	**884**	764
Other	**83**	70
Total other income	**967**	834

6. EXPENSES

	Note	2014 $'000	2013 $'000
Profit before income tax expense includes the following specific expenses:			
Employee benefits expense:			
Salaries and wages		**1,785**	1,465
Superannuation expense (defined contribution)		**82**	40
Termination payments		**376**	-
Total employee benefits		**2,243**	1,505
Other termination payments		**520**	-

Other termination payments relate to amounts paid to the former CEO employed on a consulting agreement.

	Note	2014 $'000	2013 $'000
Rental expense relating to operating leases		**641**	553
Depreciation of property, plant and equipment		**37**	52
Amortisation of software assets		**140**	139
Total depreciation and amortisation expense		**177**	191
Audit fees and expenses		**179**	180
Other accounting fees		**56**	38
Other professional fees and services		**432**	167
Total legal and professional fees		**667**	385
Impairment expense			
- Goodwill		**9,338**	-
- Investments in equity accounted investments		**208**	-
- Intangible assets		**3,010**	-
- Non-current receivables		**2,310**	-
Total impairment expense		**14,866**	-

7. INCOME TAX EXPENSE

	2014 $'000	2013 $'000
Income tax expense		
Current tax charge	**3,943**	457
Deferred tax movements	**3,129**	113
Adjustments for current tax of prior periods	**-**	37
	7,072	607
Income tax expense is attributable to:		
Profit from continuing operations	**7,072**	607
Deferred income tax (revenue)/expenses included in income tax expense comprises:		
Decrease in deferred tax assets	**3,597**	109
(Decrease)/increase in deferred tax liabilities	**(468)**	4
	3,129	113
Reconciliation of income tax expense to prima facie tax on accounting profit		
Profit from continuing operations before income tax expense	**19,010**	3,921
Tax expense at Australian tax rate of 30% (30 June 2013: 30%)	**5,703**	1,176
Tax effect of amounts which are not deductible/taxable in calculating taxable income	**3,634**	(942)
Non-assessable income		
- Gain on sale of SmartPASS	**(10,768)**	-
- Share of profits from associate	**(545)**	-
CGT assessable in sale of investment	**1,345**	-
Withholding tax paid in foreign jurisdiction		
- On proceeds from sale of SmartPASS	**3,641**	
- On profit distribution from associate	**428**	332
	3,438	566
Difference in overseas tax rates	**177**	(11)
Adjustments for current tax of prior periods	**-**	37
Tax losses not recognised	**307**	15
Tax losses now derecognised	**3,150**	-
Income Tax Expense for the Period	**7,072**	607
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised: -		
- Capital losses	**-**	-
- Revenue losses	**10,815**	295
	10,815	295
Potential tax benefit at 30%	**3,245**	88
Current Tax Liabilities		
Income tax payable attributable by:		
Parent Entity	**-**	-
Other entities not in the tax consolidated group	**7**	71
	7	71

7. INCOME TAX EXPENSE (CONT'D)

Non-current assets – deferred tax assets

Movements	Tax Losses $000's	Other $000's	Total $000's
At 1 January 2013	3,435	149	3,584
(Debited) / Credited to the statement of profit or loss and other comprehensive income	(115)	6	(109)
Adjustments for effects of changes in foreign currency exchange rates	-	79	79
At 31 December 2013	3,320	234	3,554
(Debited) / Credited to the statement of profit or loss and other comprehensive income	(3,352)	(245)	(3,597)
Adjustments for effects of changes in foreign currency exchange rates	32	11	43
At 31 December 2014	**-**	**-**	**-**

Non-current liabilities-deferred tax liabilities

Movements	Other $000's	Total $000's
At 1 January 2013	375	375
Debited / (Credited) to the statement of profit or loss and other comprehensive income	4	4
Adjustments for effects of changes in foreign currency exchange rates	77	77
At 31 December 2013	456	456
Debited / (Credited) to the statement of profit or loss and other comprehensive income	(468)	(468)
Adjustments for effects of changes in foreign currency exchange rates	12	12
At 31 December 2014	**-**	**-**

	2014 $'000	2013 $'000
8. CASH & CASH EQUIVALENTS		
Cash at bank and on hand	**55,331**	21,668

The above figures are shown in the Statement of Cash Flows.

9. TRADE & OTHER RECEIVABLES

	2014 $'000	2013 $'000
Trade receivables	121	631
Other receivables	138	344
	259	975

	2014 $'000	2013 $'000
Trade and other receivables at balance date includes the following unhedged amounts in foreign currencies:		
SGD NIL (2013: 31,637)	**-**	28
RMB 1,016,302 (2013: 16,424,345)	**187**	3,029

Trade receivables aging is as follows:	2014		2013	
	Debtor $'000	**Allowance $'000**	**Debtor $'000**	**Allowance $'000**
0 to 30 days	**48**	**-**	325	-
Ageing of past due but not impaired:	**-**	**-**		
31 to 60 days	**73**	**-**	3	-
61 + days	**-**	**-**	303	-
	121	**-**	631	-

An allowance is made for estimated unrecoverable trade receivables amounts for those companies in the Group offering credit terms, arising from the past rendering of services, determined by reference to past default experience. Before accepting new customers, the companies check credit standing and apply limits to customers. These arrangements are reviewed periodically. At the balance date no allowance has been considered necessary (2013: Nil). Past due balances are all considered recoverable and therefore not impaired.

10. OTHER FINANCIAL ASSETS

	2014 $'000	2013 $'000
Investments in hybrid securities	**2,754**	-

The liquid hybrid investments are exchange traded securities that are listed equity investments on the Australian Securities Exchange (ASX) that combine elements of debt securities and equity securities with a promise to pay a rate of return at certain dates (coupon dates) during the term of the issued security. The securities are held for trading purposes only on a short term basis.

11. OTHER CURRENT ASSETS

	2014 $'000	2013 $'000
Prepayments and deposits	**251**	322

12. NON-CURRENT ASSETS HELD FOR SALE

	2014 $'000	2013 Restated $'000
Equity accounted investments (Note 14)	-	7,152

13. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
Plant and equipment – at cost	**29**	231
Less accumulated depreciation	**(29)**	(221)
	-	10
Computer equipment – at cost	**580**	575
Less accumulated depreciation	**(528)**	(487)
	52	88
Total Assets	**52**	98

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out below:

	2014			2013		
	Plant & Equipment $'000	**Computer Equipment $'000**	**Total $'000**	Plant & Equipment $'000	Computer Equipment $'000	Total $'000
Carrying amount						
Opening balance	**10**	**88**	**98**	7	97	104
Additions	**-**	**-**	**-**	11	21	32
Disposals	**-**	**(5)**	**(5)**			
Assets written off	**(5)**	**(3)**	**(8)**	-	(1)	(1)
Depreciation expense	**(5)**	**(35)**	**(40)**	(8)	(46)	(54)
Adjustment for effects of changes in foreign exchange rates	**-**	**7**	**7**	-	17	17
Closing balance	**-**	**52**	**52**	10	88	98

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2014 $'000	2013 Restated $'000
Investments in jointly controlled entities		**-**	209
		-	209
Reconciliation of movement in investments accounted for using the equity method.			
Balance at beginning of the period		**7,361**	5,404
Share of profit for the period (iii)		**1,815**	3,879
Share of movement in foreign exchange reserve		**(244)**	1,400
		8,932	10,683
Profits repatriated during the period		**(4,284)**	(3,322)
Impairment of investment in associate		**(220)**	-
Disposal during the year		**(4,428)**	-
		-	7,361
Reclassified as held for sale	**12**	**-**	(7,152)
		-	209

Interests are held in the following:

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORP-ORATION	OWNERSHIP INTEREST 2014 %	OWNERSHIP INTEREST 2013 %	CARRYING AMOUNT OF INTEREST 2014 $'000	CARRYING AMOUNT OF INTEREST 2013 Restated $'000
Joint Venture:						
Shanghai Smart Service Co. Ltd (i)	Prepaid cards	China	**-**	50	**-**	7,152
Associate:						
OnCard Malaysia Sdn Bhd (ii)	Loyalty Program	Malaysia	**50**	50	**-**	209
					-	7,361

(i) Sale of Interest in Shanghai Smart Service Co. Ltd

On 18 September 2014, the Company announced that it had entered into a conditional Equity Purchase Agreement to sell the Company's share of its joint venture company, Shanghai Smart Service Company Ltd, to an affiliate company of the joint venture partner for an agreed price of RMB210million.

It was further announced on 8 December 2014 and 15 December 2014 that the sale proceeds (net of applicable local taxes) of RMB189million or AUD36.680million (based on average rate of AUD 1: RMB 5.15) had been received and the transaction completed. A total of RMB21million (AUD3.642million) was withheld and paid to Chinese tax authorities as applicable taxes in respect of the transaction. As a result of this the Company recorded a gain on disposal of AUD35.894million.

Gain on disposal:	**$'000's**
Cash proceeds received	36,680
Tax withheld	3,642
Gross proceeds	40,322
Carrying value of asset at disposal	(4,428)
Net gain on disposal	35,894

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

(ii) Joint venture investment – OnCard Malaysia:

During the period there were one-off non-cash costs of $0.209 million associated with the write-down of the Company's investment in OnCard Malaysia joint venture which the parties agreed to terminate. The entity is presently in the process of being liquidated with no further cost to the Company.

(iii)

Summarised financial information in respect of Shanghai Smart Service Co. Ltd:	**2014 $'000**	2013 $'000
Financial position		
Cash and cash equivalents	**-**	(3,374)
Other current assets	**-**	19,739
Total current assets	**-**	16,365
Non-current assets	**-**	373
Current financial liabilities (excluding trade payables and provisions)	**-**	-
Other current liabilities	**-**	(2,434)
Net assets	**-**	14,304
Reconciliation of net assets to equity accounted amounts		
Closing net assets	**-**	14,304
Group's share %	**-**	50
Group's share $	**-**	7,152
Financial Performance		
Revenue	**2,689**	9,287
Interest income	**6,664**	8,394
Depreciation and amortisation	**(73)**	(94)
Other expenses	**(5,650)**	(9,829)
Total profit for the period	**3,630**	7,758
Group's share of jointly controlled entities profit	**1,815**	3,879
Dividends received from joint ventures	**4,284**	3,322

Dividends Received from Associates and Joint Ventures

During the year, the Group repatriated profits of $4,283,628 (2013: $3,321,678) from its joint venture investment in Shanghai Smart Service Co. Ltd. The amount received net of withholding tax was $3,855,265 (2013: $2,989,510).

Commitments

The Group's share of other expenditure commitments of associates and jointly controlled entities is disclosed in Note 26.

15. INTANGIBLE ASSETS – GOODWILL

	2014 $'000	2013 $'000
(a) Carrying Value		
Goodwill on acquisition	-	9,338
Total net carrying amounts	-	9,338
(b) Reconciliations		
Carrying amount at beginning	**9,338**	9,338
Impairment during the period	**(9,338)**	-
Carrying amount at end	-	9,338

Goodwill is subject to annual impairment testing.

Carrying amount of goodwill is allocated to each of the cash generating units:

	2014 $'000	2013 $'000
OnCard Buffet Club Group	-	8,731
MarketSmart	-	601
OneRewards	-	6
	-	9,338

Impairment of goodwill

Buffet Club

On 20 January 2015 the Company announced the results of its strategic review of its residual Chinese businesses – Buffet Club and Enjoy Shanghai. The China based business operations performed poorly in 2014, requiring financial support, including cash injections of $1.550 million from Australia. The Board decided, having considered the results of the strategic review to exit the Chinese businesses on the basis that the Director believe: -

1. The businesses are likely to require material ongoing investment to make them profitable; and
2. The potential returns are uncertain, may not materialise for some time and are unlikely to be material.

The poor performance of the businesses has impacted the ability to attract partnerships and sales channels that would enhance the brand of the businesses. It is considered very unlikely that the Company would realise any material value for the brand as it has no team to operate the core infrastructure. Following the exit of the China operations key customer during the year, there are now no existing or likely potential sales channels to market to and only a few administrative staff remaining across Singapore, Hong Kong & China supporting previous membership sales base and hotel network. In the absence of a buyer for the brand or an immediately available commercial partner for a retail operation, it has been determined by the Board that the most appropriate course of action is to impair the Goodwill to Nil.

15. INTANGIBLE ASSETS – GOODWILL (Cont'd)

MarketSmart

For the last 4 years, MarketSmart has been a single product single customer business. It currently generates approximately $40,000 per month in revenue and $25,000 in pre-tax profits locally. This operating result does not, however, include the direct and associated costs for an existing in-house China based programmer & developer who support the system on a needs basis. The Company has been exploring options for this business in the event that the China operations are closed. With the change in structure of the Group, it is now expected that the costs attributable to MarketSmart would increase significantly if the two support staff were required to relocate or replacement staff sourced locally with a resultant negative impact on short term profitability. In the absence of a firm commitment from the sole customer on future requirements, the viability of the existing business operation remains in doubt.

Given this expectation, there would appear to be a requirement to invest further funds to maintain and develop the software and the business to improve performance to cover these additional costs. Even so, the potential improvement in operating result and the consequential impact on cash flow is uncertain. As such, it has been determined by the Board that the most appropriate course of action is to impair the Goodwill to Nil.

16. INTANGIBLE ASSETS – SOFTWARE

	2014 $'000	2013 $'000
Software acquired – at cost	**1,915**	1,839
Less accumulated amortisation	**(670)**	(514)
Less accumulated impairment	**(1,245)**	-
	-	1,325
Software assets–under development	**1,983**	1,650
Less: accumulated impairment	**(1,983)**	-
	-	1,650
	-	2,975

Reconciliations	**2014**		**2013**	
	Software Assets $'000	**Total $'000**	**Software Assets $'000**	**Total $'000**
Carrying amount				
Opening balance	**2,975**	**2,975**	2,642	2,642
Additions	**205**	**205**	96	96
Amortisation expense	**(140)**	**(140)**	(145)	(145)
Impairment of assets	**(3,228)**	**(3,228)**	-	-
Adjustment for effects of changes in foreign exchange rates	**188**	**188**	382	382
Closing balance	**-**	**-**	2,975	2,975

16. INTANGIBLE ASSETS – SOFTWARE (Cont'd)

Impairment

As a result of the completion of the strategic review announced on 20 January 2015, the carrying value of the Group's intangible assets has been formally assessed as impaired and a determination has been made as to the recoverability of the carrying value of the assets and resulting impairment expense has been made. This is detailed below.

The Group's intangible software assets are split between proprietary software and software acquired as part of business acquisitions related to BAPCO and Enjoy Shanghai. This is further split by function into the following categories:

- *Rewards Transaction System*
- *Prepaid Card Management System (OnCard Shanxi)*
- *BAPCO Software*
- *Buffet Club and Enjoy Shanghai E-Commerce Platform (including Enjoy acquisition)*

As it is no longer probable that any expected future economic benefits will flow to the Company through either the ability to use or sell the assets, the Directors consider it appropriate to fully impair the carrying value of the assets at 31 December 2014.

17. OTHER NON-CURRENT RECEIVABLES

	2014 $'000	2013 $'000
Amounts due from loans advanced	**-**	2,018
Amounts due from the sale of OnCard Information Technology (Shanxi) Co., Ltd	**-**	203
	-	2,221

As a result of the completion of the strategic review announced on 20 January 2015, the Company will no longer fund the working capital requirements of the operations of OnCard Information Technology (Shanxi) Co., Ltd ("OnCard Shanxi"). Consequently it is not considered probable that OnCard Shanxi or its owners could fund repayment of the loans. The Company's assessment of recoverability has always been based on the likelihood of either a return from selling the licenced company or from its right to profit share and equity prescribed in the previously detailed Frame Agreement. The Frame Agreement was terminated by the Company's wholly owned subsidiary, Yinchang Information Technology Company, prior to 31 December 2014. As OnCard Shanxi is unable to fund its own operations and despite exhaustive efforts the Board has determined that it is no longer probable that OnCard Shanxi will be issued a Non-Bank Payments Licence.

18. TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
Trade and other payables	**746**	862
	746	862
Trade and other payables includes amounts payable at balance date in foreign currencies:		
HKD 801,431 (2013: 833,149)	**127**	121
SGD 28,511 (2013: 5,574)	**26**	5
RMB 2,156,419 (2013: 3,755,915)	**431**	693

Due to the short term nature of these payables, the carrying value is assumed to approximate fair value. As at 31 December 2014 the Group has not provided any financial guarantees.

19. PROVISIONS

	2014 $'000	2013 $'000
Membership cards – hotel expense provision	**51**	80
Employee entitlements – annual leave	**-**	42
Restructure provision *(i)*	**184**	-
Legal claim *(ii)*	**300**	-
	535	122

(i) **Restructure Provision**

The Company commenced winding up the Buffet Club Singapore operations prior to 31 December 2014 following a board decision that the benefits of further investment into the operations were outweighed by the potential downside following regulatory changes to outbound call centre sales operations. The expected total cost of restructure and windup of the Singapore company are SG$198,609 (AUD: $184,068).

(j) **Legal claim**

The Company has been formally notified of a potential claim against the Company arising from a contract for the sale of SmartPASS previously entered into by the Company and the claimant. The claim is in relation to costs incurred by the claimant whilst they were in contract with the Company. While the Company is of the opinion that it is not required to cover the costs of the claiming party, it has however, provided $300,000 for the costs associated with either defending or settling the claim.

20. CONTRIBUTED EQUITY

	NUMBER OF SHARES 2014	NUMBER OF SHARES 2013	SHARE CAPITAL 2014 $'000	SHARE CAPITAL 2013 $'000
Ordinary shares – fully paid (no par value)	**174,572,890**	179,473,304	**38,516**	39,672
Total Share Capital			**38,516**	39,672

Movements in ordinary share capital:

DATE	DETAILS	ORDINARY SHARES	PRICE	$'000
01/01/13	Balance beginning of period	179,473,304		39,672
	Issued in prior period	-	-	-
31/12/13	Balance at end of period	179,473,304		39,672
	Issued in current year	-	-	-
	Share buy back	(4,900,414)	(i)	(1,156)
31/12/14	Balance at end of year	174,572,890		38,516

(i) Shares were bought back at a range of prices between $0.225 (22.5 cents) and $0.24 (24 cents). The average price the shares were bought back at was $0.235 (23.5 cents).

Terms and Conditions of Issued Capital

Ordinary Shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands each holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Options
There were no options on issue during the financial year or as at 31 December 2014 (2013: Nil).

Dividends
No dividends were paid during the years ended 31 December 2014 and 31 December 2013.

21. RESERVES

	2014 $'000	2013 Restated $'000
Foreign currency translation reserve	**375**	799

(i) Nature and Purpose of Reserve
This reserve is used to record the exchange differences arising on translation of foreign operations where the foreign operations functional currency is different from the Group's presentation currency.

(ii) Movements in Reserve

	2014	2013
Balance at the beginning of period	**799**	(1,615)
Movement during the period	**(424)**	2,414
Balance at end of period	**375**	799

22. PARENT ENTITY INFORMATION

Information relating to OnCard International Limited:

	2014 $'000	2013 $'000
Financial position		
Current assets	**56,394**	20,933
Non – current assets	**5**	17,139
Total assets	**56,399**	38,072
Current liabilities	**435**	85
Non-current liabilities	**764**	
Total liabilities	**1,199**	85
Net assets	**55,200**	37,987
Contributed equity	**38,515**	39,672
Accumulated Losses	**16,685**	(1,685)
Net assets	**55,200**	37,987
Financial performance		
Total revenue	**44,276**	4,940
Profit for the period	**18,370**	3,108
Comprehensive income for the period	**18,370**	3,108

The Company has not entered into any guarantees in respect to its controlled entities or associates.

Capital Commitments

There are no commitments for the acquisition of plant and equipment contracted for at the reporting date.

Finance Leases

There are no commitments in relation to finance leases.

Contingent Liabilities

The parent entity is not subject to any liabilities that are considered contingent upon events known at balance date.

23. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the entity is set out below:

	2014 $	2013 $
Short term employment benefits	**1,180,738**	1,378,398
Post-employment benefits	**26,620**	25,000
Share based payments	**-**	-
Termination payment	**777,000**	-
	1,984,358	1,403,398

Refer to the Remuneration Report in the Director's Report for detailed compensation disclosures on key management personnel.

(b) Group Companies

NAME OF ENTITY		COUNTRY OF INCORP-ORATION	PRINCIPAL ACTIVITY	EQUITY HOLDINGS 2014 %	EQUITY HOLDINGS 2013 %	PARENT ENTITY INVESTMENT 2014 $'000	PARENT ENTITY INVESTMENT 2013 %
MarketSmart International Pty Limited		Australia	Loyalty Solutions	**100**	100	**-**	1,351
OnCard Ltd		Hong Kong	Loyalty Solutions	**100**	100	**-**	9,265
OnCard (China) HK Ltd		Hong Kong	Investment	**100**	100	**-**	-
OneRewards Ltd		Hong Kong	Rewards	**100**	100	**-**	8
Consolidated Payment Services Limited		Hong Kong	Investment	**100**	100	**-**	-
Payment Services China Limited	**C**	Hong Kong	Investment	**100**	100	**-**	-
OnCard Pte Ltd	**A**	Singapore	Loyalty Solutions	**100**	100	**-**	-
OnCard Consulting Services Shanghai Ltd	**B**	China	Corporate and Payments	**100**	100	**-**	298
Shanghai Yifutong Information Technology Co. Ltd	**D**	China	Dormant	**100**	100	**-**	-
Yin Chang Information Technology Co. Ltd	**D**	China	Loyalty Solutions and Rewards	**100**	100	**-**	-
Beijing All Payments Company Limited	**E**	China	Payment Solutions	**80.2**	80.2	**-**	-
						-	10,922

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 Limited is wholly owned by Consolidated Payment Services Limited.
D. Yin Chang and Yifutong are wholly owned controlled entities of Payment Services China Limited.
E. Beijing All Payments Company is a controlled subsidiary of Payment Services China Limited.

24. REMUNERATION OF AUDITORS

Remuneration for audit and review of the financial reports of the parent entity or any entity in the Group:

	2014	2013
	$	$
Auditors of the parent entity:		
Auditing the financial report (a)	**106,344**	100,175
Non-audit services (b)	**32,611**	4,446
	138,955	104,621
PKF offices (c)		
Auditing the financial report – subsidiary companies	**40,498**	75,587
Non-audit services - subsidiary companies	**-**	-
	179,453	180,208

(a) BDO East Coast Partnership ("BDO") are the auditors of OnCard International Limited.
(b) It is the Group's policy to employ BDO on assignments additional to their statutory audit duties where BDO expertise and experience with the Group are important. These assignments relate principally to tax compliance advice.
(c) Audit services provide by PKF (HK) in relation to subsidiary company audits located in Hong Kong, Singapore and audit services provided by PKF Daxin to subsidiary company audits located in China.

25. CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the decision to pay a 9 cent per share unfranked dividend and the proposal to distribute to shareholders the balance of surplus funds, there has been a change to the strategy adopted by management to control the capital of the entity.

	2014	2013
	$'000	$'000
Borrowings	**-**	-
Trade and other payables	**746**	862
Total debt	**746**	862
Less cash and cash equivalents	**(55,331)**	(21,668)
Net debt/(cash)	**(54,585)**	(20,806)
Total equity	**57,359**	47,001
Total capital	**38,516**	39,672
Gearing Ratio (Total debt / Total equity)	**1.3%**	1.8%

The Group is not subject to any externally imposed capital requirements.

26. COMMITMENTS FOR EXPENDITURE

Capital Commitments

There are no commitments for the acquisition of plant and equipment contracted for at the reporting date.

Finance Leases

There are no commitments in relation to finance leases.

	2014 $'000	2013 $'000
Operating Leases - Premises		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable - minimum lease payments		
- not later than 12 months	134	567
- between 12 months and 5 years	27	29
Jointly Controlled Entities – Shanghai Smart Service Company Limited		
Payable - minimum lease payments		
- not later than 12 months	-	133
- between 12 months and 5 years	-	-

27. SEGMENT INFORMATION

Business Segment Review and Discontinued Operations for the Prior 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, OnCard Payments and MarketSmart. During the previous corresponding period, the Company successfully completed the sale of two business operations being the Group's China online payment business ("BilltoBill") and the Group's wholly owned prepaid card company ("OnCard Shanxi"). The disposals were due to Chinese regulatory requirements for the payments businesses which precluded foreign ownership.

The operating segments are based on the units identified in the operating reports reviewed by the Board and executive management and that are used to make strategic decisions. The Board considers the Group 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 Australia reporting segment consists of the MarketSmart loyalty system which provides services to a significant customer which in turn manages customer loyalty programmes.

The Loyalty Solution segments in Asia and China incorporate Buffet Club and Enjoy China 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 Solutions and the Rewards and Payments segments.

27. SEGMENT INFORMATION (CONT'D)

Subsequent to the year end, the Board has completed a review of the Group's operations and its structure. As a result a restructure is to take place, and the reports and information that Management reviews will be amended accordingly. This may result in a change in the segment information presented in future financial reports.

Management measures the performance of the segments identified at the 'net profit before tax' level.

The income earned by the Rewards and Payments Australia segment is directly attributable to one customer effective from March 2010. A licence agreement exists between the customer and the Group for use of the Group's loyalty program software systems.

Period Ended 31 December 2014	Loyalty Solutions		Rewards and Payments			
	Asia	China	Australia/NZ	China	Corporate	Total
	$000's	$000's	$000's	$000's	$000's	$000's
Segment Revenue						
Membership sales & service	602	852	451	725	-	2,630
Investment revenue	3	1	2	30	36,743	36,779
Other	25	57	-	-	-	82
Joint Venture Investment	-	-	-	1,815	-	1,815
Total revenue	630	910	453	2,570	36,743	41,306
Less: Inter-segment revenue (i)	-	-	-	-	-	-
Revenue (external sources)	630	910	453	2,570	36,743	41,306
Segment Expenses						
Selling & promotion costs	(363)	(448)	-	(78)	-	(889)
Depreciation & amortisation	(7)	(40)	-	(120)	(8)	(175)
Impairment of non-current assets						-
Other expenses	(874)	(1,251)	(845)	(15,306)	(2,956)	(21,232)
Total Expenses	(1,244)	(1,739)	(845)	(15,504)	(2,964)	(22,296)
Less: Inter-segment expense (i)		638		(638)		-
Expenses (from external sources)	(1,244)	(1,101)	(845)	(16,142)	(2,964)	(22,296)
Profit before tax including segment transactions	(614)	(829)	(392)	(12,934)	33,779	19,010
Adjusted profit (excluding intersegment transactions)	(614)	(191)	(392)	(13,572)	33,779	19,010
Group Income tax expense	(32)	-	(23)	(13)	(7,004)	(7,072)
Net Profit After tax	(646)	(191)	(415)	(13,585)	26,775	11,938
Total segment assets	178	1,374	1,287	705	55,103	58,647
Total segment liabilities	(386)	(250)	(25)	(190)	(437)	(1,288)
Additions to Non-Current Assets:						
Intangible assets	-	-	-	-	-	-

(i) Transactions between reportable segments relate to the charging of consulting and management fees for services rendered between segments and are on contractual 'arms length' terms.

27. SEGMENT INFORMATION (CONT'D)

Period Ended 31 December 2013	Loyalty Solutions		Rewards and Payments			
	Asia	China	Australia/NZ	China	Corporate	Total
	$000's	$000's	$000's	$000's	$000's	$000's
Segment Revenue						
Membership sales & service	1,166	5,456	493	1,170	735	9,020
Investment revenue	8	10	1	15	730	764
Other	14	-	-	10	47	71
Joint Venture Investment	-	-	-	3,879	-	3,879
Total revenue	1,188	5,466	494	5,074	1,512	13,734
Less: Inter-segment revenue (i)	(138)	-	-	-	(735)	(873)
Revenue (external sources)	1,050	5,466	494	5,074	777	12,861

Segment Expenses						
Selling & promotion costs	(650)	(1,742)	-	(212)	(95)	(2,699)
Depreciation & amortisation	(6)	(55)	-	(120)	(10)	(191)
Other expenses	(422)	(3,382)	(158)	(1,419)	(1,386)	(6,767)
Total Expenses	(1,078)	(5,179)	(158)	(1,751)	(1,491)	(9,657)
Less: Inter-segment expense (i)	69	1,237	-	(589)	-	717
Expenses (from external sources)	(1,009)	(3,942)	(158)	(2,340)	(1,491)	(8,940)
Profit before tax including segment transactions	110	287	336	3,323	21	4,077
Adjusted profit (excluding intersegment transactions)	41	1,524	336	2,734	(714)	3,921
Group Income tax expense	11	(85)	(101)	(329)	(103)	(607)
Net Profit After tax	52	1,439	235	2,405	(817)	3,314
Total segment assets	9,164	2,743	1,794	11,018	23,793	48,512
Total segment liabilities	(251)	(855)	(28)	(292)	(85)	(1,511)
Additions to Non-Current Assets:						
Intangible assets	-	96	-	-	-	96

(i) Transactions between reportable segments relate to the charging of consulting and management fees for services rendered between segments and are on contractual 'arms length' terms.

The accounting policies used by the Group in the internal reporting of the segments are the same as those contained in Note 1 to the financial statements.

28. RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES

	2014 $'000	2013 $'000
Operating profit after income tax:	**11,938**	3,314
Depreciation and amortisation	**177**	191
Impairment expense	**14,866**	-
Unrealised foreign exchange loss (gains)	**(172)**	227
Share of joint venture (profit)	**(1,815)**	(3,879)
Gain on sale of financial assets (net of withholding tax)	**(32,252)**	-
Withholding tax on repatriated profits	**428**	332
Change in net operating assets and liabilities:		
(Increase) in trade receivables	**510**	(128)
(Increase)/Decrease in other receivables	**206**	(79)
Movement in deferred taxes	**3,098**	111
(Decrease)/Increase in trade and other payables	**(116)**	35
Increase/(Decrease) in tax liability	**(64)**	13
Increase/(Decrease) in provisions	**413**	(178)
Net cash (outflow) from operating activities	**(2,783)**	(41)

There are no non-cash financing or investing activities.

29. EARNINGS PER SHARE

	2014 CENTS	2013 CENTS
Basic earnings per share	**6.67**	1.85
Diluted earnings per share	**6.67**	1.85
	$'000	$'000
Net profit from continuing operations attributable to the Owners of OnCard International Ltd used in calculation of basic and diluted earnings per share.	**11,942**	3,319
	Number	Number
Basic Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	**179,156,525**	179,473,304
Diluted Weighted average number of ordinary shares and convertible redeemable cumulative preference shares outstanding and performance rights during the period used in the calculation of basic earnings per share	**179,156,525**	179,473,304

Information Concerning the Classification of Securities

(a) Ordinary shares held in escrow:
No ordinary shares were held in escrow during the respective financial periods, or in the period to the date of these financial statements.

(b) Potential ordinary shares:
There were no options or other forms of potential shares on issue at 31 December 2014 (31 December 2013: Nil).

30. EVENTS OCCURRING AFTER REPORTING DATE

Company restructure

On 20 January 2015 the Company announced that the Board, having received and considered the results of the strategic review, had decided to close the Chinese business operations on the basis that the directors believed:

1. the businesses are likely to require material ongoing investment to make them profitable; and
2. the potential returns are uncertain, may not materialise for some time and are unlikely to be material.

The Company has commenced implementing these changes and they should be substantially completed by June 2015, although run off obligations from historic sales will occur beyond this date with a reduced level of staff remaining in place to complete wind-up processes.

Under applicable accounting standards the associated costs of the restructure will impact upon the 2015 financial year and therefore have not been provided for as at 31 December 2014. The expected costs of the restructure to wind up the China operations are currently estimated to be AUD$1.6 million excluding any unforseen matters that may arise as part of the wind-up.

This estimation of the restructuring costs includes an allowance for trading losses through to closure of the business units plus the cost of retrenchments, the payout of existing liabilities (such as annual leave entitlements, lease commitments and creditors) and the cost of the run off period associated with obligations for prior period sales.

Distribution of Surplus Funds

On 29 January 2015, the Directors announced that the Company would seek shareholder approval to distribute all funds surplus to its needs; as either a dividend or capital return. It was anticipated that a meeting of shareholders would occur in mid-April 2015 to obtain this approval. Following completion of the Preliminary Final Report for the year ended 31 December 2014, the Directors declared an unfranked dividend of 9 cents per share payable on 20 March 2015 and stated that they were still preparing to hold the shareholders' meeting in mid-April 2015 to approve the distribution of the balance of the surplus funds.

Other

Other than the above the Board are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

31. CONTINGENT LIABILITIES

There are no matters which the Group consider would result in a contingent liability as at the date of this report.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of OnCard International Limited (the "Company"):

   (a) The financial report and the Remuneration Report included in the Directors' Report, designated as audited, of the Group are in accordance with the *Corporations Act 2001*, including:

      i. Giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

      ii. Complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

2. The financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as described in Note 1(a) to the financial statements; and

3. This declaration has been made after receiving the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 31 December 2014.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*. This declaration is made in accordance with a resolution of the Directors.

Antony Robinson
Director

27 March 2015
Melbourne

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INDEPENDENT AUDITOR'S REPORT

To the members of OnCard International Limited

Report on the Financial Report

We have audited the accompanying financial report of OnCard International Limited, which comprises the consolidated statement of financial position as at 31 December 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of OnCard International Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 14 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of OnCard International Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

David Garvey
Partner

Melbourne, 27 March 2015

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SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 16 March 2015.

A. Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 - 1,000	114	35,832	0.02%
1,001 - 5,000	331	1,108,244	0.63%
5,001 - 10,000	153	1,286,093	0.74%
10,001 - 100,000	306	10,894,821	6.24%
100,001 and over	123	161,247,900	92.37%
TOTAL	**1,027**	**174,572,890**	**100.00%**

The number of shareholders with less than a marketable parcel is 158.

B. Equity Security Holders

Twenty largest quoted equity security holders.

The names of the twenty largest holders of quoted equity securities are listed below:

NAME	ORDINARY SHARES NUMBER HELD	% OF ISSUED SHARES
CI No 2 Pty Ltd	57,586,423	32.99
Ten Luxton Pty Ltd	11,299,648	6.47
RBC Investor Services	6,366,203	3.65
Lempip Nominees Pty Ltd	4,671,435	2.68
Narlack Pty Ltd	4,671,435	2.68
C E Consultants Pty Ltd	3,994,445	2.29
Lane’s End Dural Pty Ltd	3,582,520	2.05
Bluesteel Trading Pty Ltd	3,150,000	1.80
3rd Pulitano Incorporation Pty Ltd	2,718,585	1.56
Teamford Pty Ltd	2,327,621	1.33
HSBC Custody Nominees	2,127,686	1.22
Citicorp Nominees Pty Ltd	2,118,652	1.21
Northbank Group Pty Ltd	2,000,000	1.15
Venn Milner Superannuation Fund	2,000,000	1.15
RUBI Holdings Pty Ltd	1,900,000	1.09
Dallmount Pty Ltd	1,896,000	1.09
Park Street Investments Pty Ltd	1,702,000	0.97
Dr Hedley & Mrs Beverley Sandler	1,600,000	0.92
J P Morgan Nominees Australia	1,585,841	0.91
Mr Domenic Pulitano	1,560,977	0.89

As at 16 March 2015, the 20 largest shareholders held ordinary shares representing 68.09% of the issued share capital.

Substantial Shareholders

Substantial holders in the Company are set out below:

NAME	NUMBER OF SHARES HELD	%
CI No 2 Pty Ltd, Taverners No 12 Pty Ltd, Taverners Holdings (Aust) Pty Ltd & Taverners (Aust) Pty Ltd atf SAP Trust	57,586,423	32.99
Leyland Private Asset Management Pty Ltd	23,727,648	13.59
Peter Abotomey & Ten Luxton Pty Ltd	11,299,648	6.47
Michael Piperoglou & Narlack Pty Ltd atf Piperoglou Pension Fund	9,342,870	5.35

C. Voting Rights

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

D. Use of Cash

Cash and assets readily convertible to cash held by the Company at the time of admission to the Australian Stock Exchange are being used in a way consistent with its business objectives as set out in the listing prospectus.

CORPORATE GOVERNANCE STATEMENT

The Company is committed to communicating with shareholders as openly as is consistent with its obligations under its Continuous Disclosure Policy.

All the Company disclosures to the ASX, including the Annual Report, charters and policies are available on the Company's and ASX websites as soon as possible after lodgement.

All press releases are available on the Company's and ASX websites. Disclosures and press releases will remain on the Company's website for at least three years.

The Company's website www.OnCard.com has a governance section which includes the texts of the code of conduct, the securities trading policy, the continuous disclosure policy, the shareholder communication policy and the risk management policy.

The Directors support and are committed to maintaining best practice in corporate governance principles and the following description of the governance arrangements for the year ended 31 December 2014 addresses those principles set out in the 2nd edition of the ASX Corporate Governance Principles and Recommendations (Revised Recommendations).

The Company's reporting against these ASX recommendations, including details of exceptions and non-compliance where applicable, is as follows:

ASX Recommendation	Complies	Explanatory Comments
1. Lay solid foundations for management and oversight.		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	The board is responsible for, and has authority to determine, all matters relating to the policies, practices, management and operations of the Company. Thus the board is responsible for: (a) Corporate governance of the Company, including the establishment and empowerment of Committees of the Board to assist in its functions. (b) Overseeing the business and affairs of the Company by: ‣ Establishing, with management, the strategies and financial objectives to be implemented by management; ‣ Reviewing and, where appropriate, approving the Company's financial objectives and major corporate plans and actions; ‣ Approving capital expenditure in excess of limits delegated to management; ‣ Approving capital management initiatives; ‣ Ensuring that adequate procedures are in place to identify the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks; ‣ Monitoring the performance of management directly and through its committees; and ‣ Carrying out the functions specifically reserved to the board and its committees under the policies of the board and the charters of those committees.

ASX Recommendation	Complies	Explanatory Comments
		(c) Communicating with the Company's shareholders and the community, at the appropriate times, the results of, and developments in, the business operations of the Company. (d) Selecting, appointing and regularly evaluating the performance of, determining the remuneration of, and planning for the succession of the Chief Executive Officer. (e) Approving the Company's major human resources policies and overseeing development strategies for senior and high performing executives. (f) Allotment of securities in the Company. (g) Performing such other functions as are prescribed by law, or assigned to the board. (h) Ensuring that appropriate procedures are in place so that the business of the Company is conducted in an honest, open and ethical manner. (i) Establishing a formal and transparent procedure for the selection and appointment of new Directors to the board. (j) Regularly reviewing the succession plans in place for membership of the board to ensure that an appropriate balance of skills, experience and expertise is maintained. (k) Instituting internal procedures for evaluating the performance of: ‣ The board; ‣ Individual Directors; and ‣ The board committees. (l) Reviewing the time commitment required from a Director and whether Directors are meeting this requirement.
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	The executive director/CEO is evaluated against performance targets for the Company as a whole. All senior executives are evaluated against the Company's financial outcome in the relevant country of operation, and their performance is subject to continuous monitoring by the chairman.
1.3 Companies should provide certain required information.	Yes	The Company complies with recommendations and provides the information required: (a) the executive director/CEO has conducted a performance evaluation for each senior executive. (b) matters reserved for the board are disclosed in the Board Charter.
2. Structure the board to add value.		
2.1 A majority of the board should be independent Directors	No	The recommendations describe an independent Director as one who: (a) Does not hold an executive position. (b) Is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company.

ASX Recommendation	Complies	Explanatory Comments
		(c) Has not within the last 3 years been employed in an executive capacity by the Company or another group member or been a Director after ceasing to hold such employment. (d) Is not a principal of a professional adviser to the Company or another group member. (e) Is not a significant supplier to or customer of the Company or another group member, or an officer of, or otherwise associated directly or indirectly with a significant supplier or customer, (f) Has no significant contractual relationship with the Company or any other group member other than as a Director of the Company. (g) Is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company. The Company considers that a majority of independent Directors is not the optimal composition to add value to your company. At this stage in its life cycle, the board considers that the interests of shareholders are best served by a board which can add value on a daily basis and whose members bring directly relevant experience to effective decision-making. All Directors are paid by the Company and all are fully conversant with the operations of the Company, as is increasingly demanded by the courts and as is implied by the amount of knowledge of the Company's activities, intercourse with its senior executives, participation in training and time spent on company business which is expected by the ASX.
2.2 The chair should be an independent Director	No	The chair is a non-executive director albeit not independent but the board considers that the chairman is well qualified and experienced for that role and that given the current stage of the Company's life cycle is an appropriate choice for that role.
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	Yes	The roles of chair and chief executive are filled by separate people. The board considers that this structure is optimal for the Company's current size and growth aspirations.
2.4 The board should establish a nomination committee	Yes	The remuneration and nomination committee meets at least annually to review board composition and consider whether the board structure is adequate to meet the Company's business needs and corporate objectives. Nomination matters are kept under review by the committee to determine whether additional core strengths are required. The Board regularly reviews its composition and representation.
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.	Yes	The process of evaluating the performance of the board as a whole is the responsibility of the board under the direction of the chairman.

ASX Recommendation	Complies	Explanatory Comments
		This evaluation involves the setting of annual board objectives and an assessment by the board at the conclusion of the year of the extent to which the board achieved these objectives. Assessment of an individual Director's performance is a process determined by the chairman and involves the chairman having one-on-one interviews with all Directors. In relation to the chairman's own performance, the chairman will discuss this in one-on-one interviews with each of the Directors. Each board committee annually reviews its performance and reports the results of the review to the board. The manner of the evaluation is generally to be determined by the relevant committee chairman, and will vary given: (a) The particular responsibilities of each committee. (b) The number of committee meetings held. (c) The number of committee members.
2.6 Companies should provide certain required information	Yes	The required information is: (a) The skills, experience and relevant expertise of each Director are listed in the annual report. (b) The name of the Director independent under the ASX definition and the Company's materiality threshold is listed in the annual report. (c) The Directors may take independent professional advice at the expense of the Company. In the event of the inability of board members to form a common view, each Director is entitled to seek independent advice. (d) The period of office held by each Director is listed in the annual report. (e) Departures from ASX Corporate Governance principles and recommendations have been explained.
3. Promote ethical and responsible decision making.		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code	Yes	OnCard International Limited is committed to full adherence to all laws which apply in each country of operation. In addition, as an Australian listed company, the Company meets the ethical standards and reporting requirements of the Australian Securities Exchange (ASX), regardless of the country of operation. The Company's code of conduct policy may be viewed on the Company's website. In summary, it states the Company: (a) is trustworthy in its dealings with regulatory authorities. (b) provides timely information to the market. (c) values its shareholders. (d) is an equal opportunity employer. (e) does not condone insider trading by its board or staff.

ASX Recommendation	Complies	Explanatory Comments
		(f) requires care with confidential information. (g) deals fairly with suppliers of goods and services. (h) has a guideline to deal with the giving and receiving of gifts and/or hospitality. All Directors and senior executives are informed of the Company's code of conduct.
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	No	The Company is in the process of establishing a Diversity Policy which provides the written framework and objectives for achieving a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives, irrespective of gender, age, ethnicity and cultural background. The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy. The Board will be responsible for monitoring the progress of the measureable objectives through various monitoring, evaluation and reporting mechanisms.
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	Due to the size and nature of the Company, the Board has not yet determined measurable objectives for gender diversity across the workplace and at the Board level. The Board will assess any need to achieve a broader pool of skilled and experienced senior management and Board candidates, with the aim of identifying measureable objectives and strategies on gender diversity.
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	There are currently no women senior executives and no women on the Board of the Company. Across the whole Group, more than half of the total employees are women.
4. Safeguard integrity in financial reporting.		
4.1 The board should establish an audit committee.	Yes	All board members currently sit as the audit committee.
4.2 The audit committee should be structured so that it consists only of non-executive Directors of whom a majority are independent Directors, is chaired by an independent Director who is not chairman of the board, and has at least three members.	No	The Company considers that a majority of independent Directors is not the optimal composition of the board to add value to the Company.

ASX Recommendation	Complies	Explanatory Comments
4.3 The audit committee should have a formal charter.	Yes	The audit committee has a formal charter.
4.4 Companies should provide certain required information.	Yes	The required information is: (a) The names and qualifications of those who sit on the audit committee, and a record of the number of audit committee meetings, appear in the annual report. (b) explanation of any departures from the recommendations has been provided. (c) the audit committee charter may be viewed on the Company's website. (d) a statement on the selection and appointment of the external auditor is contained in the audit committee charter.
5. Make timely and balanced disclosures.		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Company's policy of continuous disclosure states: (a) The Company is committed to keeping the market fully informed on its activities and decisions, especially those which could be expected to affect its share price. (b) All board members and senior executives are fully conversant with their obligations in relation to the confidentiality of material until it is released to the ASX. (c) All board members and senior executives are required to alert the chairman immediately on becoming aware of any unanticipated development which might affect the share price. (d) The company secretary has primary responsibility for ensuring that the Company complies with its disclosure obligations. (e) The chairman is responsible for deciding what information will be disclosed. (f) All external communication such as analyst briefings and media contact is handled by the chairman or Managing Director. (g) Shareholders may direct questions to the chairman at the annual general meeting or to the company secretary by email at any time. None will receive information which is not available to all shareholders and to the market in general.
5.2 Companies should provide certain information.	Yes	There are no departures from the recommendation.

ASX Recommendation	Complies	Explanatory Comments
6. Respect the rights of shareholders.		
6.1 Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	The Company's shareholder communication policy states: (a) The Company is committed to communicating with shareholders as openly as is consistent with its obligations under the continuous disclosure policy which can be viewed on the Company's website. (b) All the Company's disclosures to the ASX, including the annual report, are available on the Company's website as soon as possible after lodgement. (c) All press releases are available on the Company's website. (d) Disclosures and press releases will remain on the Company's website for at least three years. (e) The Company's website has a governance section which includes the texts of the code of conduct, the securities trading policy, the continuous disclosure policy, the shareholder communication policy and the risk management policy. (f) The Company encourages all shareholders to attend the annual general meeting, where the chairman is available to answer questions. (g) Shareholder questions by email to the company secretary are welcome at any time.
6.2 Companies should provide certain information.	Yes	There are no departures from the recommendation.
7. Recognise and manage risk.		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Establishment and implementing a system to effectively identify potential risks and the management of those risks is paramount to the Company's continued growth and success. As part of its commitment to good corporate governance, the board is responsible for overseeing the implementation by management of a risk management system. The risk management policy requires that: (a) Significant decisions affecting, and changes to, the business be subject to risk assessment; (b) Acquisition and divestment of assets be subject to risk assessment; (c) Effectiveness of the system of risk and internal control management be monitored in areas such as: (i) compliance with laws, regulations, standards and best practice guidelines, (ii) important judgments and accounting estimates, litigation and claims, fraud and theft, and relevant business risks not dealt with by other board committees; (d) Effectiveness of, and compliance with, the code of conduct be assessed; and

ASX Recommendation	Complies	Explanatory Comments
		(e) Risk management plans be maintained and regularly reviewed to ensure systems are capable of responding to new and evolving risks. All board members and senior executives are required each year to confirm that they have complied with the code of conduct.
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Management reports to the board on the effectiveness of the Company's management of its material business risks.
7.3 The board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	The board receives annually, the assurances from the chief executive officer and chief financial officer by signed declaration.
7.4 Companies should provide certain information.	Yes	(a) There have been no departures from the recommendations for the recognition and management of risk. (b) Management reports to the board, the effectiveness of the Company's management of its material risks. (c) The declaration required in accordance with section 295A of the Corporations Act is received by the board annually, from the chief executive officer and chief financial officer. (d) The risk management policy may be viewed on the Company's website.

ASX Recommendation	Complies	Explanatory Comments
8. Remunerate fairly and responsibly		
8.1 The board should establish a remuneration committee, consisting of a majority of independent Directors	Yes	The Company has established a remuneration and nomination committee. The Company's remuneration policy is designed to: (a) Motivate senior executives to pursue the success of the Company through the identification and profitable integration of growth opportunities. (b) Demonstrate a clear relationship between senior executives' performance and remuneration. The board is responsible for: (a) The Company's recruitment, retention and termination procedures for senior executives. (b) Senior executives' remuneration and incentives. (c) Superannuation arrangements. (d) The remuneration framework for Directors. The board may seek information from specialist consultants as needed.
8.2 Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes	The structure of non-executive Director, executive Director and senior management remuneration is separate and distinct.
8.3 Companies should provide certain information.	Yes	The information required is: (a) The existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive Directors. There are no such schemes. (b) Departures from recommendations to remunerate fairly and responsibly are explained in the explanatory comments.

CORPORATE DIRECTORY

Board of Directors
Ross Burney (Chairman and Non-Executive Director)
Hugh Robertson (Independent Non-Executive Director)
Antony Robinson (Managing Director)

Company Secretaries
Mark Licciardo
Matthew Rowe

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Solicitors
Norton Gledhill
Level 23, 459 Collins Street
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Bankers
Australia & New Zealand Banking Group

Stock Exchange Listing
OnCard International Limited shares are listed on the Australian Securities Exchange, code ONC.