
BARTER FUTURES PTY LTD AND CONTROLLED ENTITIES

A.B.N. 63 125 407 472

FINANCIAL REPORT

**FINANCIAL YEAR ENDED
30 JUNE 2012**

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BARTER FUTURES PTY LTD AND CONTROLLED ENTITIES

ABN 63 125 407 472

Year ended 30 June 2012

DIRECTORS' REPORT

Your directors present their report on the consolidated entity for the financial year ended 30 June 2012.

Directors

The names of the directors in office at any time during or since the end of the year are:

Murray D'Almeida

Trevor Dietz

Brian Hall

Tony Wiese

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

Review of Operations

The company acquired shares in Bartercard Limited in March 2012. Since that time the company has focused its efforts at consolidating revenues and profits.

The consolidated profit attributable to members of the holding company for the year ended 30 June 2012 was \$5,607,132.

Principal Activities

The principal activity of the consolidated entity during the financial year was acting in the capacity of Trade Exchange Manager. No significant change in the nature of these activities occurred during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Likely Developments

Likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated entity.

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividend has been recommended for the year ended 30 June 2012.

Options

No options over issued shares or interests in the parent entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the parent entity.

BARTER FUTURES PTY LTD AND CONTROLLED ENTITIES

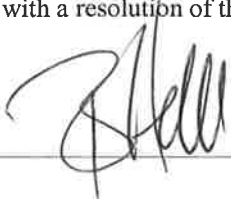

ABN 63 125 407 472

Year ended 30 June 2012

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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



Director

Dated this 17 day of December 2012.



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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

- i. no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

PILOT PARTNERS

DANIEL GILL

17 December 2012

Level 10, 1 Eagle Street
Brisbane, Queensland 4000

BARTER FUTURES PTY LTD
ABN 63 125 407 472
YEAR ENDED 30 JUNE 2012

STATEMENT OF COMPREHENSIVE INCOME

	Consolidated	Consolidated	Parent	Parent
	2012	2011	2012	2011
	\$A	\$A	\$A	\$A
Revenue				
Transactions Fees	20,817,928	21,924,324	-	-
Ongoing Subscriptions	6,908,752	6,526,743	-	-
Franchise Fees	466,278	117,636	-	-
Publication Fees	1,615,231	1,475,535	-	-
Sundry Income	2,179,977	-	2,179,977	-
Total Revenue	31,988,166	30,044,238	2,179,977	-
Expenses				
Costs of trade exchange	14,704,625	16,315,568	-	-
Selling, general and administrative	11,145,826	10,642,137	24,572	69,047
Depreciation and amortisation	113,803	66,577	-	-
(Gain) /Loss on disposal of assets	-	22,900	-	-
Write off of receivables	81,000	-	81,000	-
Total Costs and expenses	26,045,254	27,047,182	105,572	69,047
Profit (loss) from operations	5,942,912	2,997,056	2,074,405	(69,047)
Other Incomes (expense):				
Interest Income	192,256	157,720	1,072	-
Finance Costs	(917,038)	(2,378,520)	(916,141)	(2,331,174)
Rent Income	436,573	418,769	-	-
Management fees	50,375	-	468,817	-
Dividends	-	-	-	1,600,000
Total Income (expense)	(237,834)	(1,802,031)	(446,252)	(731,174)
Profit / (loss) before income taxes	5,705,078	1,195,025	1,628,153	(800,221)
Income tax benefit / (expense)	(41,719)	-	-	-
Total comprehensive income for the year	5,663,359	1,195,025	1,628,153	(800,221)
Profit attributable to non controlling interests	56,227	-		
Profit attributable to parent entity	5,607,132	1,195,025		
	5,663,359	1,195,025		

BARTER FUTURES PTY LTD
ABN 63 125 407 472
YEAR ENDED 30 JUNE 2012

STATEMENT OF FINANCIAL POSITION

		Consolidated	Consolidated	Parent	Parent
		2012	2011	2012	2011
Assets	Note	\$A	\$A	\$A	\$A
Current assets:					
Cash and cash equivalents	2	✓ 272,619 ✓	335,628	2,111	9,654
Trade and other receivables	3	✓ 6,851,877 ✓	7,722,553	389,720	161,903
Prepaid and other assets		✓ 127,895 ✓	252,379	-	-
Restricted cash	4	✓ 510,674 ✓	4,636	-	-
Inventories	5	-	145,000	-	-
Total current assets		✓ 7,763,065	8,460,196	391,831	171,557
Non-current assets					
Trade and other receivables	3	✓ 632,243	1,036,969	-	-
Property, plant and equipment	6	✓ 604,406	362,230	-	-
Intangible & other assets	7	✓ 30,719,626	21,884,988	-	-
Investments	8 & 12	✓ 319,272	24,817	34,717,429	34,717,429
Deferred tax asset		✓ 1,315,510	1,315,510	-	-
Total non-current assets		✓ 33,591,057	24,624,514	34,717,429	34,717,429
Total assets		41,354,122	33,084,710	35,109,260	34,888,986
Liabilities and shareholders' equity					
Current liabilities:					
Obligations under capital leases	9	✓ 88,435 ✓	30,414	-	-
Bank overdrafts		✓ 114,862 ✓	-	-	-
Trade and other payables		✓ 859,311	828,254	-	-
Loans payable secured	10	✓ 4,182,404 ✓	3,000,000	3,000,000	3,000,000
Vendor loan IGIA	10	✓ 1,440,000	-	-	-
Accrued expenses		✓ 795,180 ✓	569,044	57,649	65,041
Provision for restructure		✓ 2,200,000 ✓	-	2,200,000	-
Deferred revenue		✓ 217,472	284,754	-	-
Provisions for employees		✓ 666,016 ✓	429,594	-	-
Provisions for non company owned franchisees commissions		✓ 433,466 ✓	1,160,906	-	-
Total current liabilities		✓ 10,997,146	6,302,966	5,257,649	3,065,041
Non Current liabilities					
Borrowings	10	✓ 4,666,537 ✓	6,541,537	28,134,621	31,735,108
Obligations under capital leases	9	✓ 138,956 ✓	86,966	-	-
Vendor loan IGIA	10	✓ 5,988,000	-	-	-
Other loans	10	✓ 2,444,330 ✓	10,379,982	-	-
Provisions for employees		✓ 75,282 ✓	95,958	-	-
Deferred tax liability		2,310	2,310	-	-
Total non-current liabilities		13,315,415	17,106,753	28,134,621	31,735,108
Total liabilities		24,312,561	23,409,719	33,392,270	34,800,149
Shareholders' equity					
Contributed equity		✓ 3,186,000 ✓	3,186,000	3,210,000	3,210,000
Other reserves		✓ 56,728	-	-	-
Non controlling interest		✓ 1,702,710 ✓	-	-	-
Retained earnings/(accumulated losses)		12,096,123	6,488,991	(1,493,010)	(3,121,163)
Total share holders' equity		17,041,561	9,674,991	1,716,990	88,837
Total liabilities and share holders' equity		41,354,122	33,084,710	35,109,260	34,888,986

ABN 63 125 407 472
Year Ended 30 June 2012

STATEMENTS OF CHANGES IN EQUITY

Consolidated

	<i>Number of Ordinary Shares</i>	<i>Paid Up Capital</i>	<i>Retained Earnings / (Accumulated losses)</i>	<i>Non controlling Interest</i>	<i>Other reserves</i>	<i>Total</i>
	<i>No.</i>	<i>\$A</i>	<i>\$A</i>	<i>\$A</i>	<i>\$A</i>	<i>\$A</i>
Balance as at 1 July 2010	457,900	3,186,000	5,293,966	-	-	8,479,966
Total comprehensive income for the period	-	-	1,195,025	-	-	1,195,025
Balance, 30 June 2011	457,900	3,186,000	6,488,991	-	-	9,674,991
Balance at 1 July 2011	457,900	3,186,000	6,488,991	-	-	9,674,991
Total comprehensive income for the period	-	-	5,607,132	56,227	-	5,663,359
Non controlling interest on acquisition	-	-	-	1,608,612	-	1,608,612
Foreign exchange	-	-	-	37,871	56,728	94,599
Balance, 30 June 2012	457,900	3,186,000	12,096,123	1,702,710	56,728	17,041,561

Parent Entity

	<i>Number of Ordinary Shares</i>	<i>Paid Up Capital</i>	<i>Retained Earnings / (Accumulated losses)</i>	<i>Total</i>
	<i>No.</i>	<i>\$A</i>	<i>\$A</i>	<i>\$A</i>
Balance as at 1 July 2010	457,900	3,210,000	(2,320,942)	889,058
Total comprehensive income for the period	-	-	(800,221)	(800,221)
Balance, 30 June 2011	457,900	3,210,000	(3,121,163)	88,837
Balance at 1 July 2011	457,900	3,210,000	(3,121,163)	88,837
Total comprehensive income for the period	-	-	1,628,153	1,628,153
Balance, 30 June 2012	457,900	3,210,000	(1,493,010)	1,716,990

BARTER FUTURES PTY LTD
ABN 63 125 407 472
YEAR ENDED 30 JUNE 2012

STATEMENT OF CASH FLOWS

	Consolidated 2012 \$A	Consolidated 2011 \$A	Parent 2012 \$A	Parent 2011 \$A
Operating activities				
Receipts from customers	32,152,612	30,909,569	161,073	-
Interest received	-	157,720	-	-
Payments to suppliers	(25,002,358)	(27,431,346)	(24,572)	(15,046)
Finance costs	(917,038)	(1,093,592)	(782,493)	(946,179)
Taxation	(41,719)	-	-	-
Net operating cash flows	6,191,497	2,542,351	(645,992)	(961,225)
Investing activities				
Repayment of loans from third parties	6,568,412	(224,241)	-	-
Cash on acquisition	630,993	-	-	-
Purchase of intangibles	(49,426)	(6,060)	-	-
Purchase of investments	(2,326,933)	-	-	-
Acquisition of property, plant and equipment	(122,996)	(16,398)	-	-
Proceeds on sale of property plant and equipment	-	-	-	-
Net investing cash flows	4,700,050	(246,699)	-	-
Financing activities				
Lease principal repayments	(15,419)	(7,711)	-	-
Proceeds from borrowings including redeemable pref shares	2,080,852	-	2,513,448	3,523,500
Repayment of borrowings to third parties	(12,628,815)	(2,565,269)	(1,875,000)	(2,565,269)
Share issue	-	-	-	-
Net financing cash flows	(10,563,382)	(2,572,980)	638,448	958,231
Net cash flow	328,165	(277,328)	(7,544)	(2,994)
Cash b/fwd	340,264	617,592	9,655	12,649
Cash c/fwd	668,429	340,264	2,111	9,655

BARTER FUTURES PTY LTD
ABN 63 125 407 472
YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting requirements and conventions

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the *Corporations Act 2001*. The directors have determined that the consolidated entity is not a reporting entity. The company and group are for-profit entities.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statements of the Company are presented in Australian dollars, being the main functional currency of the group.

Corporate information

Barter Futures Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. It was incorporated on 15 May 2007. It commenced trading on 1 August 2007 when it acquired Bartercard Australia Pty Ltd and its controlled entities.

The financial report of Barter Futures Pty Ltd ("the Chief Entity") and its controlled entities for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors.

Organisation and Nature of Operations

The original Australian company was formed in 1991, as the Manager of the Trade Exchange to facilitate Australian trade in goods and services, using a trading denomination other than cash.

The Company acts as a third-party record keeper that facilitates the exchange of goods and services between members of the Bartercard Trading Program. Rather than using cash as the medium of exchange, Bartercard Members use a currency unit known as Trade Dollars to record the value of transactions.

Bartercard members are companies and businesses ranging from small to medium businesses and companies up to multinationals. Using Bartercard, businesses generate additional sales, conserve cash, expand market share and improve liquidity. Members have access to an interest-free line of credit, denominated in Trade Dollars, and conduct transactions using Trade Dollars as a currency via Bartercards' proprietary transaction system.

Currently there are more than 21,000 businesses operating on the Bartercard trade exchange in Australia.

A summary of significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:-

Accounting for Bartercard Trade Dollar Activities

The Company receives trade dollars for monthly services provided to its Bartercard Exchange members and as transaction fees for exchanges made by its members. The Company also expends trade dollars in the acquisition of goods or services used in its operations. Historically, the Company has spent virtually all trade dollars for broker commissions, advertising, salaries and legal settlements. The Company also has the ability to spend trade dollars with no current obligations to the exchange.

As no current obligation arises to the exchange, no liability arises. Accordingly, trade transactions are not recorded in the financial statements.

During the year revenue earned in trade dollars amounted to \$9,232,161 (2011: \$9,949,535); expenses paid in trade dollars amounted to \$14,501,747 (2011: \$13,068,633)

Basis of Presentation

The report has been prepared in accordance with the requirements of the *Corporations Act 2001*, and the following applicable Australian Accounting Standards and Interpretations:

AASB 101: *Presentation of Financial Statements*;

AASB 107: *Cash Flow Statements*;

AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*;

AASB 1031: *Materiality*.

AASB 1054: *Australian Additional Disclosures*

No other Accounting Standards, Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The following is a summary of the material accounting policies adopted by the Economic Entity in the preparation of the financial report.

Cash and Cash Equivalents

The Economic Entity considers all highly liquid investments having an original maturity of three months or less as cash equivalents.

Comparative Figures

Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

Financial instruments, which potentially subject the Economic Entity to concentrations of credit risk, consist principally of cash, cash equivalents and accounts receivable. The Economic Entity invests cash and cash equivalents, which are not required for immediate operating needs, with various high credit quality financial institutions located in Australia. The Economic Entity performs credit evaluations of its customers' financial conditions and does not require collateral for accounts receivable. The provision for doubtful accounts the Economic Entity maintains is based upon the expected collectibility of all accounts receivable based on a review of the Economic Entity's history of collection.

The Economic Entity has no one customer whose sales exceed 10% of the Economic Entity's total sales.

Critical Judgements and Accounting Estimates

In the application of accounting standards management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of accounting standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Accounting estimates have been applied to calculate accruals for employee entitlements, accrued fees and commissions payable to company owned brokerages and to assess impairments on non current assets.

Employee Benefits

The Economic Entity accrues compensated absences and related benefits as current charges to earnings when the following criteria are met: (i) the employee's right to receive compensation for the future absences is attributable to services already performed by the employee; (ii) the employee's right to receive the compensation for the future absences is vested, or accumulates; (iii) it is probable that the compensation will be paid; and (iv) the amount of compensation is reasonably estimable.

Financial Instruments

The fair values of financial instruments including cash and cash equivalents, investments, loans, borrowings, bank lines of credit and marketable securities approximate their carrying value due to their short term nature.

Foreign Currency Risk Management

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

Foreign Currency Transactions

The functional currency of the Economic Entity is the Australian dollar. Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At the balance sheet date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are included in earnings.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and 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.

As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash generating unit and part of the operation within that unit are 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 circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

BARTER FUTURES PTY LTD
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YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

Pursuant to guidance established in AASB 136 "Impairment of Assets", the Economic Entity reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered, except for indefinite life intangible assets, which are reviewed annually for impairment. The Economic Entity looks primarily to the undiscounted future cash flows in its assessment of whether or not assets have been impaired. When any such impairment exists, the related assets will be written down to fair value.

Intangible Assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'depreciation and amortisation' line item. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred. Intangible assets are tested for impairment annually either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis.

The Economic Entity amortises finite life intangible assets over their estimated useful life using the straight-line method as follows:

- Customer lists, over the estimated life of 5 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Interest Income

Interest income is recognised as earned and when collectibility is assured.

Interest Rate Risk Management

The Economic Entity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating interest rate.

Investments

The economic entity accounts for its marketable equity securities in accordance with AASB 139 "Financial Instruments: Recognition and Measurement". Management determines the appropriate classification of its investments in equity securities at the time of purchase and re-evaluates such determination at each balance sheet date. The Economic Entity's investments in equity securities are classified as available for sale. Available for sale securities are carried at fair value with any unrealized holding gains and losses, net of tax, reported in a separate component of shareholders' equity until realized. Fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet dated. Refer note 7 for details of investments held.

Liquidity Risk Management

The consolidated entity 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.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of Barter Futures Australia Pty Ltd and its subsidiaries as at 30 June 2012. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist and intercompany balances and transactions have been eliminated on consolidation. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Economic Entity and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Economic Entity has control.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. All fixed assets, excluding land and buildings and leasehold improvements, are depreciated on a declining balance method over their estimated useful lives, commencing from the time the asset is held ready for use. Land and buildings are measured at historical cost less depreciation. Leasehold improvements are depreciated over the shorter of their estimated useful lives or lease term. The costs of repair and maintenance are charged to expense as incurred.

Classes of property, plant and equipment and their related useful lives are as follows.

Asset	Estimated Useful life
Plant and equipment, including assets held under capital leases	3-5 years
Leasehold improvements	Shorter of useful life or lease term
Computer software	3 years

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment (continued)

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit, to which the asset belongs. Impairment losses are recognised in the income statement in the cost of sales line item.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

The economic entity has accounted for its capital leases in accordance with AASB 117 "Accounting for Leases".

Revenue Recognition

The Economic Entity recognises revenue to the extent that it is probable that the economic benefits will flow to the Economic Entity and the revenue can be reliably measured. The Economic Entity derives revenue from the charging of fees to the members from the management of the Bartercard Exchange as well as publication fees for advertising. On top of this the company continues to generate revenue through the sale of Franchises. The following specific recognition criteria apply to the various types of income:

Transaction fees - Revenue relating to transaction fees are recognised, where collectibility is assured, on an 'as earned' basis, based on a percentage of trading volume.

Ongoing subscription fees - Revenue relating to ongoing subscription fees are recognised rateably over the period in which the service has been performed.

Franchise fees - Franchise fees comprise sales of national franchises. The Economic Entity recognises the revenue from the sale of a national franchise upon delivery. The Economic Entity considers all arrangements with payment terms extending beyond twelve months and other arrangements with payment terms longer than normal not to be fixed or determinable, although they are recognised at Managements discretion. If the fee is not fixed or determinable, revenue is recognised as payments become due from the customer. If collectibility is not considered probable, revenue is recognised when the fee is collected.

Publication fees - Publication Fees are fees received from Members for their initial listing in the Trade Directory. The Trade Directory is a bi-annual publication. The Publication Fees are recognised on their receipt from Members, following a 7 day cooling off period. These fees are otherwise not refundable in cash.

Other operating revenue - Other miscellaneous income such as penalty, late and overdrawn fees, and real estate commissions are recognised as incurred and when collectibility is assured.

Income Taxes

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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NOTE 2 – CASH AND CASH EQUIVALENTS

	Consolidated \$A 2012	Consolidated \$A 2011	Parent \$A 2012	Parent \$A 2011
Petty cash on hand	2,100	2,100	-	-
Cash at bank	270,519	333,528	2,111	9,654
TOTAL CASH	272,619	335,628	2,111	9,654

NOTE 3 – TRADE AND OTHER RECEIVABLES

CURRENT

General

Trade receivable	6,515,856	7,307,986	-	-
Loans receivable (i)	477,924	487,694	80,903	161,903
Allowance for doubtful accounts	(149,171)	(300,082)	-	-
	6,844,608	7,495,598	80,903	161,903

Related parties

General	3,872	224,241	-	-
Employees	3,396	2,714	-	-
BCI loan management fees	-	-	308,817	-
	7,268	226,955	308,817	-

Total current accounts receivable

	6,851,877	7,722,553	389,720	161,903
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NON - CURRENT

General

Loan receivable	632,243	1,036,969	-	-
	632,243	1,036,969	-	-

Total accounts receivable

	7,484,119	8,759,522	389,720	161,903
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(i) Of the total loans receivable, amounts receivable from franchisees totalling \$1,330,272 were charged a weighted average interest of 10% per annum. All loans to external parties are charged a commercial interest rate and are repayable within commercial terms.

NOTE 4 – RESTRICTED CASH

	Consolidated \$A 2012	Consolidated \$A 2011	Parent \$A 2012	Parent \$A 2011
Security Deposits	510,764	4,636	-	-
	510,764	4,636	-	-

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NOTE 5 – INVENTORIES

Franchise acquired for re-sale

Consolidated \$A 2012	Consolidated \$A 2011	Parent \$A 2012	Parent \$A 2011
-	145,000	-	-
-	145,000	-	-

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

Consolidated

Gross carrying amount

Balance as at 30 June 2011

Transfer in on acquisition

Additions

New finance leases

Disposal of assets

Balance as at 30 June 2012

Computer Software - Purchased	Leasehold Improvements	Leased Assets	Plant and Equipment	Total
\$A	\$A	\$A	\$A	\$A
97,519	99,969	138,595	219,145	555,228
210,903	239,742	295,096	747,096	1,492,837
-	-	5,126	46,717	51,843
-	-	29,756	-	29,756
-	-	-	-	-
308,422	339,711	468,573	1,012,958	2,129,664

Accumulated depreciation and Impairment

Balance as at 30 June 2011

Transfer in on acquisition

Depreciation expense

Disposal of assets

Balance as at 30 June 2012

(69,008)	(34,698)	(37,893)	(51,399)	(192,998)
(198,508)	(236,644)	(149,287)	(675,415)	(1,259,854)
(2,919)	312	(58,543)	(11,256)	(72,406)
-	-	-	-	-
(270,435)	(271,030)	(245,723)	(738,070)	(1,525,258)

Net book value

As at 30 June 2012

37,987	68,681	222,850	274,888	604,406
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Gross carrying amount

Balance as at 30 June 2010

Additions

New finance leases

Disposal of assets

Balance as at 30 June 2011

97,519	99,969	135,880	202,747	536,115
-	-	-	16,398	16,398
-	-	34,546	-	34,546
-	-	(31,831)	-	(31,831)
97,519	99,969	138,595	219,145	555,228

Accumulated depreciation and Impairment

Balance as at 30 June 2010

Depreciation expense

Disposal of assets

Balance as at 30 June 2011

(66,741)	(27,375)	(52,004)	(13,181)	(159,301)
(2,267)	(7,323)	(17,720)	(38,218)	(65,528)
-	-	31,831	-	31,831
(69,008)	(34,698)	(37,893)	(51,399)	(192,998)

Net book value

As at 30 June 2011

28,511	65,271	100,702	167,746	362,230
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NOTE 7 – INTANGIBLES & OTHER ASSETS

	Consolidated Customer Lists \$A	Consolidated Goodwill \$A	Total \$A
Gross carrying amount			
Balance as at 30 June 2011	101,195	21,793,830	21,895,025
Transfer in on acquisition	1,158,844	-	1,158,844
Additions	49,426	7,637,080	7,686,506
Balance as at 30 June 2012	1,309,465	29,430,910	30,740,375
Accumulated amortisation and Impairment			
Balance as at 30 June 2011	(10,037)	-	(10,037)
Amortisation expense	(10,712)	-	(10,712)
Balance as at 30 June 2012	(20,749)	-	(20,749)
Net book value			
As at 30 June 2012	1,288,716	29,430,910	30,719,626

	Consolidated Customer Lists	Consolidated Goodwill	Total
Gross carrying amount			
Balance as at 30 June 2010	95,135	21,793,830	21,888,965
Additions	6,060	-	6,060
Balance as at 30 June 2011	101,195	21,793,830	21,895,025
Accumulated amortisation and Impairment			
Balance as at 30 June 2010	(8,158)	-	(8,158)
Amortisation expense	(1,879)	-	(1,879)
Balance as at 30 June 2011	(10,037)	-	(10,037)
Net book value			
As at 30 June 2011	91,158	21,793,830	21,884,988

NOTE 8 - INVESTMENTS

	Consolidated \$A 2012	Consolidated \$A 2011	Parent \$A 2012	Parent \$A 2011
Investment in subsidiary	-	-	34,717,429	34,717,429
Shares - unlisted	288,304	-	-	-
Shares – listed	30,968	24,817	-	-
	319,272	24,817	34,717,429	34,717,429

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NOTE 9 - CAPITAL LEASES

The Company leases equipment under capital leases expiring on various dates through to 2012. The assets and liabilities under capital leases are recorded at the lower of fair value or the present value of the minimum lease payments. The assets are amortised over their estimated useful lives.

	Consolidated		Consolidated	
	Minimum future lease payments	Present value of minimum future lease payments	Minimum future lease payments	Present value of minimum future lease payments
	2012	2012	2011	2011
No later than 1 year	120,353	88,435	64,333	30,414
Later than 1 year and not later than 5 years	147,161	138,956	69,361	86,966
Later than 5 years				
Minimum lease payments	267,514	227,391	133,694	117,380
Less future finance charges	(40,123)		(16,314)	
Present value of minimum lease payments	227,391	227,391	117,380	117,380
included in the financial statements as:				
Obligations under capital leases		2012		2011
Current liability		88,435		30,414
Non-current liability		138,956		86,966
Total obligations under capital leases		227,391		117,380

NOTE 10 - BORROWINGS

	Consolidated \$A	Parent \$A	Consolidated \$A	Parent \$A
	2012	2012	2011	2011
Current borrowings consist of the following				
NAB overdraft facility	500,000	500,000	500,000	500,000
Vendor loan IGIA	1,440,000	-	-	-
Other loans	1,182,404	-	-	-
Bank loan	2,500,000	2,500,000	2,500,000	2,500,000
	5,622,404	3,000,000	3,000,000	3,000,000
Long term borrowings consists of the following				
Loans payable - related parties	-	24,727,038	-	21,213,589
Dividends receivable	-	(6,400,000)	-	(6,400,000)
	-	18,327,038	-	14,813,589
Bank loan	4,666,537	4,666,537	6,541,537	6,541,537
Vendor loan IGIA	5,988,000	-	-	-
Loans - other	2,444,330	6,141,046	10,379,982	10,379,982
	13,098,867	29,134,621	16,921,519	31,735,108

Total bank loans are made up by the following:

Barter Futures Commercial Bill facility	7,166,537	7,166,537	9,041,537	9,041,537
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Included in non current other loans are redeemable preference shares of \$2,250,000 (2011 - \$nil)

Unused

The National Australia Bank Ltd has made available the following facilities to Barter Futures Pty Ltd and its subsidiaries:
Commercial Bill Facility \$500,000

Interest rates applicable to these facilities are at market rates. These facilities are secured by a fixed and floating charge over the whole of Barter Future Pty Ltd's assets assets and uncalled and called but unpaid capital. At year end the above facilities had an available balance of \$625,000.

The National Australia Bank Ltd has made available the following facilities to Bartercard Australia Pty Ltd, a wholly-owned subsidiary of Barter Futures Pty Ltd:

- Leasing \$630,000
- Business Cards \$108,000
- Bank Guarantee \$492,161

Interest rates applicable to these facilities are at market rates. These facilities are secured by a fixed and floating charge over the whole of Bartercard Australia Pty Ltd's assets and uncalled and called but unpaid capital. At year end the above facilities had an available balance of \$705,429

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NOTE 11 - RECONCILIATION OF PROFITS TO OPERATING CASH FLOWS

	Consolidated 2012 \$A	Consolidated 2011 \$A	Parent 2012 \$A	Parent 2011 \$A
Profit after tax	5,663,359	1,195,008	1,628,154	(800,221)
Depreciation	113,803	65,528	-	-
Amortisation	10,713	1879	-	-
Foreign exchange movement	94,598	-	-	-
Increase/decrease in assets and liabilities				
Receivables - (increase)/decrease	(447,476)	432,139	(227,817)	-
Prepayments - (increase)/decrease	236,569	245,558	-	-
Inventories - (increase)/decrease	145,000	(30,000)	-	-
Creditors and borrowings - increase/(decrease)	(1,751,636)	(669,880)	(7,393)	(8,292)
Provisions - increase/(decrease)	2,200,000	-	2,200,000	-
Deferred revenue - increase/(decrease)	(67,282)	14,439	-	-
Unrealised change in fair value of investment	(6,151)	2,752	-	-
Capitalised interest	-	1,284,928	(3,238,936)	1,353,914
Expenses charged through related entity loan	-	-	-	93,373
Related entity dividend declared but not paid	-	-	-	(1,600,000)
Net cash from operating activities	6,191,497	2,542,351	354,008	(961,226)

NOTE 12 - INVESTMENTS IN SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	Cost of Parent Entity's Investment
			2012 %	2012 \$000's
Parent Entity Barter Futures Pty Ltd	Aust			
Controlled entities of Bartercard Australia Pty Ltd				
Bartercard Australia Pty Ltd	Australia	Ord	100	-
Bartercard Real Estate Pty Ltd	Australia	Ord	100	-
Barter Capital Pty Ltd	Australia	Ord	100	-
Bartercard Limited	England & Wales	Ord	60	-
Bartercard International Limited (Bermuda)	Bermuda	Ord	60	-
Universal Brown Goods Limited	England & Wales	Ord	60	-
Barter Resources Pty Ltd (Australia)	Australia	Ord	60	-
Bartercard International Pty Ltd (Australia)	Australia	Ord	60	-
Bartercard (UK) Limited	England and Wales	Ord	60	-
Bartercard International Limited	England and Wales	Ord	60	-
Bartercard International Investments Limited	BVI	Ord	60	-
Bartercard Exchange Limited	England and Wales	Ord	60	-
Bartercard International (Singapore)	Singapore	Ord	60	-
D-isc (UK) Limited	England and Wales	Ord	60	-

During the financial year Bartercard Australia Pty Ltd acquired a 60% shareholding in the Bartercard Limited group.

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company has reviewed the fair value of all financial instruments and based on their analysis of current market conditions and the nature of the financial instrument, the Company has concluded that the carrying amounts approximate fair value.

No financial assets or financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Limitations: Fair value estimates are made at a specific point in time, and are based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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DIRECTORS' DECLARATION

The directors of Barter Futures Pty Ltd, consider that the company is not a reporting entity as, in our opinion, there are no users dependent on "general purpose financial reports" for information which would be useful for them in making and evaluating decisions about the allocation of scarce resources. This financial report is regarded as "special purpose financial reports" which have been prepared solely to meet the requirements of the *Corporations Act 2001*. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements

The directors declare that:

- (a) in the directors' opinion, the financial statements and notes set out on pages 5 to 18:
 - (i) are in accordance with the *Corporations Act 2001*;
 - (ii) comply with Accounting Standards and other mandatory professional reporting requirements to the extent described in Note 1 to the financial report; and
 - (iii) give a true and fair view of the company's financial position as at 30 June 2012 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
- (b) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director  

Dated 17 December 2012



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BARTER FUTURES PTY LTD

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Barter Futures Pty Ltd, which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration as set out on pages 5 to 19.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and have determined that the accounting policies described in Note 1 are appropriate to meet the needs of members. The director's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial report 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.

The financial report has been prepared for distribution to members. We disclaim any assumption of responsibility for any reliance on this report for any person other than that for which it was prepared.

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 have given the directors of the Company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion, the financial report of Barter Futures Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2012 and of their financial performance and their cash flows for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

PILOT PARTNERS

DANIEL GILL

17 December 2012

Level 10
1 Eagle Street
Brisbane, Queensland 4000