BARTER FUTURES PTY LTD AND CONTROLLED ENTITIES

ABN 63 125 407 472

2013

Financial Report

For the year ended 30 JUNE 2013

CONTENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

Your directors of the parent company present their report on the group for the financial year ended 30 June 2013.

Directors

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

- Murray D'Almeida
- Brian Hall
- Trevor Dietz
- 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 profit of the group for the financial year after providing for income tax amount is $5,973,212 (2012: $5,663,359). A review of operations of the group during the year and the results of those operations found that during the year, the group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in the State of Affairs

No significant changes in the group's state of affairs occurred during the financial year.

Principal Activities

The principal activities 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.

Events Subsequent to the End of the Reporting Period

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

Likely Developments and Expected Results of Operations

Likely developments in the operations of the group 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 group.

Environmental Regulation

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

DIRECTORS' REPORT

Continued

FOR THE YEAR ENDED 30 JUNE 2013

Dividends

No dividends were declared or paid during the year.

Options

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

Indemnification of Officers

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 company.

The company has paid an insurance premium in respect of a normal directors and officers liability insurance policy.

Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

The group was not a party to any such proceedings during the year.

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 3.

This directors' report is signed in accordance with a resolution of the board of directors:

Director

TREVOR DIETZ

Dated this 21 day of OCTOBER 2013

PILOT PARTNERS
Chartered Accountants
Level 10, Waterfront Place
1 Eagle St. Brisbane 4000
PO Box 7095 Brisbane 4001
Queensland Australia
P +61 7 3023 1300
F +61 7 3229 1227
pilotpartners.com.au

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

Barter Futures Pty Ltd

I declare that to the best of my knowledge and belief, during the year ended 30 June 2013, 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

PILOT PARTNERS
Chartered Accountants

DANIEL GILL
Partner

Signed on this 21 day of OCTOBER 2013

Level 10
1 Eagle Street
Brisbane Qld 4000

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		$	$
Revenue	2	34,348,138	32,667,370
Trading costs		(11,837,214)	(14,704,625)
Finance costs		(1,130,130)	(917,038)
Depreciation and amortisation		(406,014)	(113,803)
Selling, general and administrative expenses		(14,951,714)	(11,145,826)
Other expenses		-	(81,000)
Profit/(loss) from ordinary activities before income tax expense		6,023,066	5,705,078
Income tax expense relating to ordinary activities	3	(49,853)	(41,719)
Profit/(loss) for the year		5,973,213	5,663,359
Other comprehensive income		-	-
Total comprehensive income for the year		5,973,213	5,663,359
Profit attributable to non controlling interest		533,710	56,227
Profit attributable to parent entity		5,439,503	5,607,132

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013	2012
ASSETS		**$**	**$**
CURRENT ASSETS			
Cash and cash equivalents	4	380,939	272,619
Trade and other receivables	5	6,680,384	6,851,877
Other assets	6	611,089	638,569
TOTAL CURRENT ASSETS		7,672,412	7,763,065
NON-CURRENT ASSETS			
Trade and other receivables	5	2,086,003	632,243
Financial Assets	7	328,570	319,272
Property, plant and equipment	8	497,535	604,406
Deferred tax assets	9	1,263,347	1,313,200
Intangible assets	10	31,639,226	30,719,626
TOTAL NON-CURRENT ASSETS		35,814,681	33,588,747
TOTAL ASSETS		**43,487,093**	**41,351,812**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	2,725,932	1,871,963
Borrowings	12	4,881,052	4,825,701
Provisions	13	828,501	3,299,482
TOTAL CURRENT LIABILITIES		8,435,485	9,997,146
NON-CURRENT LIABILITIES			
Borrowings	12	11,813,767	14,237,823
Provisions	13	124,368	75,282
TOTAL NON-CURRENT LIABILITIES		11,938,135	14,313,105
TOTAL LIABILITIES		**20,373,620**	**24,310,251**
NET ASSETS		**23,113,473**	**17,041,561**
EQUITY			
Issued Capital	14	3,186,000	3,186,000
Reserves		164,767	56,728
Non controlling interest		2,227,080	1,702,710
Retained earnings		17,535,626	12,096,123
TOTAL EQUITY		**23,113,473**	**17,041,561**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2013

	Issued Capital	Reserves	Non Controlling Interest	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 July 2011	3,186,000	-	-	6,488,991	9,674,991
Profit for the year	-	-	56,227	5,607,132	5,663,359
Non controlling interest on acquisition	-	-	1,608,612	-	1,608,612
Foreign exchange	-	56,728	37,871	-	94,599
Balance at 30 June 2012	**3,186,000**	**56,728**	**1,702,710**	**12,096,123**	**17,041,561**
Balance at 1 July 2012	3,186,000	56,728	1,702,710	12,096,123	17,041,561
Profit for the year	-	-	533,710	5,439,503	5,973,213
Foreign exchange	-	108,039	(9,340)	-	98,699
Balance at 30 June 2013	**3,186,000**	**164,767**	**2,227,080**	**17,535,626**	**23,113,473**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		33,068,988	32,152,612
Payments to suppliers and employees		(27,386,499)	(25,002,358)
Finance costs		(1,130,130)	(917,038)
Income tax paid		-	(41,719)
Net cash provided by/(used in) operating activities	**16**	**4,552,359**	**6,191,497**
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment of loans to third parties		-	6,568,412
Purchase of intangibles		(1,147,011)	(49,426)
Cash on acquisition		-	630,993
Payment for property, plant and equipment		(71,732)	(122,996)
Payments for investments		-	(2,326,933)
Net cash provided by/(used in) investing activities		**(1,218,743)**	**4,700,050**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		828,000	2,080,852
Repayment of borrowings		(4,050,886)	(12,644,234)
Net cash provided by/(used in) financing activities		**(3,222,886)**	**(10,563,382)**
Net increase/(decrease) in cash held		110,730	328,165
Cash at beginning of financial year		668,429	340,264
Cash at end of financial year	**16**	**779,159**	**668,429**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Barter Futures Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report of Barter Futures Pty Ltd ("the Chief Entity") and its controlled entities for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors.

Basis of Preparation

The directors have prepared the financial statements on the basis that the group is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting for Bartercard Trade Dollars

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

As no current obligation to exchange 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 $10,230,331 (2012: $9,232,161); expenses paid in trade dollars amounted to $13,191,312 (2012: $14,501,747).

NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2013

ACCOUNTING POLICIES

a. Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

b. Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are 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. The

recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line or diminishing value basis over the asset's useful life to the group commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. 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 group 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.

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

e. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

f. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors (or a group of debtors) are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account, or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2013

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. Impairment of Assets

At the end of each reporting period, the group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

h. Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

i. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
Continued
FOR THE YEAR ENDED 30 JUNE 2013

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

k. Revenue and Other Income

The group recognises revenue to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The group 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 group 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 collectability 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 group recognises the revenue from the sale of a national franchise upon delivery. The group 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 collectability 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 collectability is assured.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

l. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

m. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

o. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

p. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

Where the group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

q. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

r. New Accounting Standards and Interpretations

Management has considered all standards and interpretations issued but not yet effective and do not believe that any will have a material impact on the financial report. No new standards and interpretations have been adopted.

Of the new and revised standards that became applicable for the first time in the current financial year, none have had a material impact on the financial report.

s. Foreign Currency Translation

The functional currency of the group 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.

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
2 PROFIT/(LOSS) FOR THE YEAR			
Revenue			
Transaction Fees		20,349,608	20,795,201
Ongoing Subscriptions		7,787,439	6,908,752
Franchise Fees		464,522	466,278
Publication Fees		1,501,069	1,615,231
Licence sales		1,158,261	22,727
Rental income		438,789	436,573
Management fees		364,089	50,375
Interest income		84,361	192,256
Sundry income		2,200,000	2,179,977
		34,348,138	**32,667,370**

3 INCOME TAX EXPENSE

		2013 $	2012 $
Income Tax Expense		49,853	41,719

4 CASH AND CASH EQUIVALENTS

		2013 $	2012 $
Cash on hand		6,562	2,100
Cash at bank		374,377	270,519
		380,939	272,619

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
5 TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		6,250,786	6,366,685
		6,250,786	6,366,685
Related Parties			
Loans to franchises		429,598	477,924
Loans to employees		-	7,268
		429,598	485,192
Total Current		6,680,384	6,851,877
Non-Current			
Related Parties			
Loan to director related entities		1,166,776	-
Loans to franchises		919,227	632,243
Total Non-Current		2,086,003	632,243
6 OTHER ASSETS			
Security deposits		507,370	510,674
Prepaid and other assets		103,719	127,895
		611,089	638,569

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

7 FINANCIAL ASSETS

	Note	2013 $	2012 $
Available-for-sale financial assets comprise:			
Listed investments, at fair value:			
- shares in listed corporations		40,266	30,968
		40,266	30,968
Unlisted investments, at recoverable amount:			
- shares in unlisted corporations		288,304	288,304
		288,304	288,304
Total available-for-sale financial assets		328,570	319,272

8 PROPERTY, PLANT AND EQUIPMENT

	Note	2013 $	2012 $
Leasehold Improvements			
Leasehold improvements at cost/valuation		400,742	399,379
Accumulated depreciation		(338,250)	(330,698)
Total leasehold Improvements		62,492	68,681
Plant and Equipment			
Plant and equipment at cost		1,408,670	1,417,217
Accumulated depreciation		(1,159,799)	(1,146,710)
Total plant and equipment		248,871	270,507
Computer Equipment			
Computer equipment at cost		437,336	438,794
Accumulated depreciation		(391,245)	(396,426)
Total computer equipment		46,091	42,368
Leased Assets			
Leased assets at cost		401,573	468,573
Accumulated depreciation		(261,492)	(245,723)
Total leased assets		140,081	222,850
TOTAL PROPERTY, PLANT AND EQUIPMENT		497,535	604,406

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

	2013 $	2012 $
9 TAX		
Assets		
Non-current		
Deferred tax assets	1,263,347	1,315,510
Liabilities		
Non-current		
Deferred tax liabilities	-	(2,310)
Net Deferred Tax Asset	1,263,347	1,313,200
10 INTANGIBLE ASSETS		
Goodwill		
Cost	29,430,910	29,430,910
Accumulated impairment losses	-	-
Net carrying amount	29,430,910	29,430,910
Other Intangibles		
Cost	2,456,476	1,309,465
Accumulated impairment losses	(248,160)	(20,749)
Net carrying amount	2,208,316	1,288,716
TOTAL INTANGIBLE ASSETS	31,639,226	30,719,626
11 TRADE AND OTHER PAYABLES		
Trade payables	964,434	859,311
Accrued expenses and other payables	1,540,911	1,228,646
Deferred Revenue	220,587	217,472
	2,725,932	2,305,429

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

12 BORROWINGS

	2013 $	2012 $
Current		
Bank overdraft	609,150	614,862
Bank loan secured	2,500,000	2,500,000
Vendor loan IGIA	1,440,000	1,440,000
Loans - other	265,929	182,404
Lease liability	65,973	88,435
	4,881,052	4,825,701
Non-Current		
Loans payable – franchises	564,400	-
Bank loan secured	2,166,537	4,666,537
Vendor loan IGIA	5,548,000	6,988,000
Loans - other	3,457,739	2,444,330
Lease liability	77,091	138,956
	11,813,767	14,237,823

Included in non current other loans are redeemable preference shares of $3,078,000 (2012: $2,250,000)

13 PROVISIONS

	2013 $	2012 $
Current		
Employee benefits	828,501	666,016
Provision for restructure	-	2,200,000
	828,501	2,866,016
Non-Current		
Employee Benefits	124,368	75,282

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

14 ISSUED CAPITAL

	2013 $	2012 $
3,157,900 fully paid ordinary shares	3,186,000	3,186,000

The group has authorised share capital amounting to 3,157,900 ordinary shares of no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the group in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

15 CAPITAL LEASING COMMITMENTS

a. Finance Leasing and Hire Purchase Commitments

	2013 $	2012 $
Payable – minimum lease payments:		
- not later than 12 months	81,163	120,353
- between 12 months and five years	74,490	147,161
Minimum lease payments	155,653	267,514
Less future finance charges	(12,589)	(40,123)
Present value of minimum lease payments	143,064	227,391

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
16 CASH FLOW INFORMATION			
Reconciliation of cash flow from Operations with Profit after Income Tax			
Profit after income tax		5,973,213	5,663,359
Non-cash flows in profit			
- Depreciation and amortisation		406,014	124,516
- Foreign exchange movement		98,699	94,598
Changes in assets and liabilities			
Decrease/(Increase) in:			
- Receivables		(1,282,268)	(447,476)
- Other assets		24,176	236,569
- Inventories		-	145,000
- Deferred tax assets		49,853	-
Increase/(Decrease) in:			
- Payables		1,277,284	(1,751,636)
- Deferred revenue		3,115	(67,282)
- Investments		(9,298)	(6,151)
- Provisions		(1,988,429)	2,200,000
Cash flow from operations		4,552,359	6,191,497

	Note	2013 $	2012 $
Reconciliation of cash			
Cash and cash equivalents	**4, 6**	888,309	783,383
Bank Overdraft		(109,150)	(114,862)
		779,159	668,521

NOTES TO THE FINANCIAL STATEMENTS

Continued

FOR THE YEAR ENDED 30 JUNE 2013

17 CLARIFICATION OF PRIOR YEAR PRESENTATION AND DISCLOSURE

In note 10 to the financial statements of Barter Futures Pty Ltd for the year ended 30 June 2012 non current loans payable to related parties by Barter Futures Pty Ltd were disclosed as $23,727,038 (2011: $21,213,589) with dividends receivable of $6,400,000 (2011: $6,400,000) disclosed in the same note as an offset payable.

The dividend receivable of $6,400,000 was from a wholly owned subsidiary of Barter Futures Pty Ltd. This subsidiary had a loan balance included in the accounts payable of $23,727,038.

The dividend receivable was settled through the loan account. The separate presentation of loan payable and dividend receivable provided additional information. The directors of the group take the opportunity in this financial report to confirm that the dividend receivable was settled through the loan account and was not an asset separate from the liability.

The comparatives in this financial report do not separate out the loan and dividend. The dividend has been fully offset within the loan balance.

18 GROUP DETAILS

The registered office of the group is:

Pilot Partners
Level 10, 1 Eagle Street
BRISBANE QLD 4000

The principal place of business is:

Bartercard Australia Pty Ltd
Level 1, 121 Scarborough Street
SOUTHPORT QLD 4215

DIRECTORS' DECLARATION

Barter Futures Pty Ltd

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2013

The directors of the parent company have determined that the group 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 a "special purpose financial report". 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 of the parent company declare that:

1. In the directors' opinion the financial statements and notes, as set out on pages 4 to 25, are in accordance with the *Corporations Act 2001*:

   a) comply with accounting standards as described in Note 1 to the financial statements and the *Corporations Regulations 2001*; and

   b) give a true and fair view of the group's financial position as at 30 June 2013 and of its income statement for the year ended on that date in accordance with the accounting policies as described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with the resolution of the Board of Directors.

TREVOR DIETZ
DIRECTOR

Signed on this 21st day of October 2013

PILOT PARTNERS
Chartered Accountants

Level 10, Waterfront Place
1 Eagle St, Brisbane 4000

PO Box 7095 Brisbane 4001
Queensland Australia

P +61 7 3023 1300
F +61 7 3229 1227

pilotpartners.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF

Barter Futures Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Barter Futures Pty Ltd and its Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity, and 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.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of Barter Futures Pty Ltd are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 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 judgment, 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 entity's preparation and fair presentation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting polices 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.

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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 Barter Futures Pty Ltd would be in the same terms if given to the directors at the time of the auditor's report.

OPINION

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

- giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and

- complying with Australian Accounting Standards to the extent described in Note 1, and complying with the *Corporation Regulations 2001.*

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

PILOT PARTNERS
Chartered Accountants

DANIEL GILL
Partner

Signed on this 21 day of OCTOBER 2013

Level 10
1 Eagle Street
Brisbane Qld 4000