

# TOUCHCORP LIMITED

## **APPENDIX 4D & HALF-YEAR REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2016**

Lodged with ASX under listing rule 4.2A

### **COMPANY DETAILS**

Name of entity:	Touchcorp Limited
ASX Code:	TCH
Australian Registered Body Number:	603 731 184
Bermudan Company Registration Number:	48280
Reporting period:	For the half-year ended 30 June 2016
Previous period:	For the half-year ended 30 June 2015

## APPENDIX 4D

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

		CHANGES FROM PERIOD			
		30 JUNE 2015		30 JUNE 2016	
	%	\$	%	\$	
Revenue from ordinary activities	Up	3,751,139	20%	to	22,175,620
Net profit after tax attributable to the members of Touchcorp Limited (including capital raising expenses for the period ended 30 June 2015)	Up	9,126,993	1153%	to	9,918,781
Net profit after tax attributable to the members of Touchcorp Limited (excluding capital raising expenses for the period ended 30 June 2015)	Up	5,558,966	128%	to	9,918,781

Revenue for the half year increased by 20% compared to the corresponding period last year. The revenue growth is due to an increase in mobility revenue, rollout of the pcTouch and Touchpoint integrated point of sales systems and stand-alone terminal rollouts in Europe and Australia along with recognition of revenue from Change Up Holdings Ltd pursuant to the Software Development and Transactions Services Agreement.

Touchcorp's profit after tax increased by \$5,558,966 to \$9,918,781, when the one off capital raising costs are excluded from the calculation. Included in the profit is a gain on investment in Afterpay Holdings Limited reflecting an increase in the share of net assets of Afterpay, as a result of the Afterpay initial public offering on 4 May 2016. Upon listing Touchcorp share reduced from 35.7% to 30.3%.

### NET TANGIBLE ASSETS PER SHARE

	30 JUNE 2016	30 JUNE 2015
Total number of ordinary shares on issue	115,963,568	106,083,348
Net tangible assets per share	0.34	0.25

### EARNINGS PER SHARE

	30 JUNE 2016	30 JUNE 2015
Earnings per share (Basic, profit for the year attributable to ordinary equity holders of the Parent)	0.09	0.01
Earnings per share (Basic, profit for the year attributable to ordinary equity holders of the Parent)*	0.09	0.04

\* AFTER ADDING BACK ONE OFF CAPITAL RAISING COSTS EXPENSED IN THE PERIOD ENDED 30 JUNE 2015

NOTE: THERE ARE OTHER CAPITAL RAISING COSTS IN ADDITION TO THOSE EXPENSED IN THE PERIOD ENDED 30 JUNE 2015

# APPENDIX 4D

## DIVIDENDS

No dividends were declared or paid for the half year ended 30 June 2016.

## DETAILS OF INVESTMENTS IN ASSOCIATED ENTITIES

NAME OF ENTITY	PRINCIPAL ACTIVITIES	% OF EQUITY HELD AS AT	
		30 JUNE 2016	30 JUNE 2015
AfterPay Holdings Limited	Payment processing services	30.3%	-

## OTHER INFORMATION REQUIRED BY LISTING RULE 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the 30 June 2016 half-year report (which includes the Directors' Report).

This report is based on the consolidated Financial Statements and Notes of Touchcorp Limited which have been reviewed by Ernst & Young.

# 2016

**TOUCHCORP LIMITED**  
HALF-YEAR REPORT  
FOR THE HALF-YEAR  
ENDED 30 JUNE 2016



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# DIRECTORS' REPORT

The Directors submit their report on the consolidated entity consisting of Touchcorp Limited and the entities it controlled at the end of, or during the half year ending, 30 June 2016.

## DIRECTORS

The names and details of the Company's directors in office during the financial half year and until the date of this report are as follows.

<b>Michael Jefferies</b>	Non-Executive Chairman
<b>Adrian Cleeve</b>	Managing Director
<b>Elana Rubin</b>	Non-Executive Director
<b>Duncan Saville</b>	Non-Executive Director
<b>Hatim Tyabji</b>	Non-Executive Director

All of the directors have been in office for the entire period unless otherwise stated.

## INFORMATION ON DIRECTORS

**Michael Jefferies**  
Non-Executive Chairman



Michael Jefferies was appointed Chairman of the Touch Group in June 2004.

Michael is a chartered accountant with extensive experience in finance and investment including more than 20 years as an executive of Guinness Peat Group plc, an international investment group listed on the major stock exchanges in London, Australia and New Zealand. He is also a Non-executive Director of RESIMAC Limited, Ozgrowth Limited, and Afterpay Holdings Ltd, and has been a director of a number of listed public companies in Australia and New Zealand.

Michael has over 30 years of public company and finance experience.

**Adrian Cleeve**  
Managing Director



Adrian is an experienced commercial lawyer having been admitted to practice in 1979 and active in commercial matters since that time. He left private practice in 1986 and has been actively involved in business interests since then.

Adrian has over 28 years' involvement in business interests since leaving legal practice. He has held management positions in several organisations and has been Managing Director and Chief Executive Officer of the Touch Group since 2008.

# DIRECTORS' REPORT

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## **Elana Rubin**

Non-Executive Director



Elana Rubin was appointed to the Board of the Company in January 2015.

Elana Rubin has been a longstanding director of a number of public and private companies, with extensive experience in property and financial services. Elana is currently a Non-Executive Director of Mirvac Limited and several NAB Limited life insurance and asset management subsidiaries. Elana was previously a Non-Executive Director of TAL Life Limited and was a director of Bravura Solutions. Elana was the former Chair of Australian Super and the Victorian WorkCover Authority.

Elana has over 20 years' experience in the property and financial services sector.

## **Duncan Saville**

Non-Executive Director



Duncan Saville was appointed to the Board of the Company in October 2011.

Duncan is a chartered accountant and is currently Chairman of ICM Limited, an international fund manager. In addition, he is Chairman of Vix Investments Limited, Non-executive Director of Infratil Limited, New Zealand Oil and Gas Limited, Somers Limited and West Hamilton Holdings Limited. He is an experienced Non-executive Director having previously been a Non-Executive Director of a number of listed utility and investment companies. Due to Duncan's significant shareholding in Touch he is not considered independent.

Duncan has in excess of 30 years of public company and finance experience.

# DIRECTORS' REPORT

**Hatim Tyabji**  
Non-Executive Director



Hatim Tyabji was appointed to the Board of the Company in September 2004.

Hatim holds a Bachelor of Science and a Master of Science in Electrical Engineering, and a Master of Business and Administration in International Business. He was awarded an honorary doctorate by the State University of New York.

Hatim currently serves as Chairman of Jasper Networks Inc, and a director of the Missile Defense Advocacy Alliance. Previously, he was Chairman of Best Buy (NYSE), Executive Chairman of Bytemobile, and Chairman and CEO of VeriFone (NYSE), and later served as Chairman of Datacard Group. Prior to joining Bytemobile, Hatim was founding Chairman and CEO of Saraide, and he held several positions at Sperry Corporation, the last being President, Information Systems – the number-three position in the 77,000-person company.

**Sophie Karzis (B. Juris, LLB)**  
Company Secretary



Ms. Karzis is a practicing lawyer with over 15 years' experience as a corporate and commercial lawyer, and company secretary and general counsel for a number of private and public companies. Sophie is the principal of Corporate Counsel, a corporate law practice with a focus on equity capital markets, mergers and acquisitions, corporate governance for ASX-listed entities, as well as the more general aspects of corporate and commercial law. Sophie is the company secretary of a number of ASX-listed and unlisted entities, and is a member of the Law Institute of Victoria as well as the Governance Institute of Australia.



# DIRECTORS' REPORT

## FINANCIAL PERFORMANCE

### Revenue and Profit Performance

Revenue for Touchcorp Limited and its controlled entities (the Group) for the half year ended 30 June 2016 (H1 FY 2016) increased by 20% compared to the corresponding period last year. Touchcorp's statutory profit after tax increased by \$5,558,965 to \$9,918,781 when the one off capital raising costs are excluded from the FY 2015 base calculation (in statutory form the profit increased from \$795,000 in FY 2015 to \$9,918,781 in FY 2016).

### Transactional revenue growing in existing and new contracts

Transactional revenue from continuing contracts continues to grow and the Company added additional transaction revenue producing contracts with existing customers and new customers during H1 FY 2016. The full value of these additions is expected to be realised during FY 2017.

### Expanded service range

In the period under review the Company expanded its range of services and the market segments it serves. The Company now serves businesses in the general retail, convenience retail, utility, insurance, consumer finance, telecommunications and banking sectors. The Company's potential market in each of its business segments has been significantly expanded. Progress has been made in developing the Company's business in Europe, Asia and Australia.

### Afterpay

Through two years of intensive development Touchcorp has delivered the Afterpay on-line and in-store services and has generated significant shareholder value through its direct ownership in Afterpay, as well as established an already significant and rapidly growing long-term recurring revenue stream from its processing of Afterpay on-line and in-store transactions.

### Change Up

The conclusion of the initial Change Up Application service deployment has led to additional shareholder value creation through the Company's equity holding in Change Up Holdings Limited (Change Up) and is expected to deliver significant and rapidly growing high margin transactional revenue stream in FY 2017 and beyond.

## REVIEW OF OPERATIONS

During H1 FY 2016 Touchcorp continued to develop its Touch System Platform. Touchcorp has identified and is pursuing an expanding range of opportunities in Europe, Asia and the Australia Pacific regions.

The Group has increased staff levels from 93 to 103 in the period and is continuing to recruit additional staff to service a range of well advanced opportunities. Staff numbers are expected to grow over the next twelve months to approximately 120 with additional staff members deployed in Europe, Asia and Australia Pacific.

Touchcorp believes there is significant scope for the Group to grow revenue and profitability from its business strategy. The Company's growth strategy is to expand its business by increasing the number of transactions that it carries for a fee. Touchcorp is observing that its business expansion strategy will be achieved by:

- > Organic growth in the size of the businesses that it currently serves, as customers' businesses generate larger numbers of paying transactions, a trend that is being clearly observed.
- > Increasing the number of existing service modules used by existing customers. Over time it is usual to see initial customer engagements expanded by the delegation of additional tasks to Touchcorp necessitating the use of additional service modules.

# DIRECTORS' REPORT

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- > Increasing the range of service modules offered to customers; the Company continues to invest in developing the capabilities of each service module and to improve the ease of accessibility to customers of each service module; and
- > Increasing the number of customers and countries in which Touchcorp operates through direct marketing efforts and assisting existing customers to expand into new geographies.

## Some specific H1 FY 2016 Achievements

Cornèr Bank Limited has appointed Touchcorp to be the provider of secure online recharge platform for Cornèrcard (across its multiple brands), one the several businesses of the Bank.

Although no revenue from Cornèrcard has been reported in the H1 FY 2016 results, the services have been launched and are generating transactional revenue, which is expected to grow to be a significant contributor to the Group's gross revenue in FY 2017 and beyond.

During the period Touchcorp;

- > Connected more than 500 new on-line merchants to the Afterpay on-line service resulting in rapidly growing transaction counts being processed by Touchcorp for Afterpay.
- > Completed development of the Afterpay In-Store service and completed a successful pilot. Currently more than 100 outlets are using the service and rapid growth in user numbers is expected to lead to significant recurring transaction processing revenue for Touchcorp.
- > Recognised revenue of \$11.1 million in respect of work undertaken for Change Up pursuant to the Software Development and Transaction Services Agreement. Subsequent to 30 June 2016, Change Up completed a capital raising, issuing 25.0 million shares at \$0.50 each and paid the Group the cash component of the development fee of \$6.3 million and issued 10 million shares to Touchcorp (representing 15.4% of the issued capital of Change Up). The equity consideration is recognised as service revenue in the Group's financial statements for the period ended 30 June 2016. The cash and equity components of the development fee are included in trade and other receivables as at 30 June 2016.
- > Has worked with Once in Spain to deliver required software and other systems to support the current pilot and on successful completion of the pilot expects to see the Touch System Platform deployed across the substantial Once network and to deliver a significant new transactional revenue stream to the Group.

## FUTURE PROSPECTS

The developments in the Group's business model have enabled it to significantly expand its addressable market and revenue base. The Company continues to invest in the development of its core technologies and intellectual property suite, enabling it to maintain and grow its key customer relationships and to develop relationships with customers in new categories. The Company intends to continue this approach and in doing so, maintain and expand relationships with its core customers, as well as winning new customers, through offering a broad range of products, services and support. Touchcorp's market in FY 2016 is significantly larger than it was in FY 2015 and access to this much expanded market is allowing the Company to continue its long-term revenue and profit growth trends.

## SUMMARY OF THE TOUCH SYSTEM PLATFORM

The Touch System Platform enables the electronic delivery of non-physical products, services and entitlements to their end-users and facilitates the delivery of physical goods and services through multiple consumer service

# DIRECTORS' REPORT

points, whether in-store (retail) or through self service (consumers' own devices) methods.

Touchcorp achieves this by establishing connectivity between suppliers, merchants and consumers. Consumers can either access or purchase these electronic products and services from retailers or directly from Touchcorp on behalf of suppliers, using self-service methods.

The Touch System is used by blue-chip corporates in the retail, convenience retail, insurance, consumer finance, banking, utility and telecommunications sectors. Touchcorp's business is technology-driven with a strong focus on research and development. The Touch System Platform is an integrated, cloud-based, end-to-end electronic product delivery and payment platform that connects product and service owners, retailers and consumers, through retail outlets or through self-service channels. The Group currently offers 11 Service Modules to an expanded customer group including companies in general retail, convenience retail, telecommunications, insurance, utilities, toll operators, consumer finance and banking. The Company's revenue opportunity (addressable market) is the product of the expanded capabilities of the Touch System Platform.

The Touch System Platform is globally accessible and in the month ended June 2016, Touchcorp processed consumer self-service transactions originating from 131 countries. As at 30 June 2016, Touchcorp had three offices and five data centres with an additional office being established in Amsterdam to support expanded European engagements.

Touchcorp generates revenue from three main sources:

- > Transaction fees for the delivery of electronic products and services delivered on behalf of product and service owners and retailers to consumers through the Touch System Platform;
- > Integration fees for the connection of new customers to the Touch System Platform; and
- > Integration fees for granting existing customers access to additional service modules.

The use of the Touch System Platform by customers is predominantly on a recurring 'per successful transaction' fee basis, meaning the customer pays Touchcorp a fee in the event of each successfully completed transaction. Revenue is recurring in that transactions occur frequently over the course of the customer contracts. Transaction fees are typically paid by retailers for in-store sales of electronic products and by product and service owners in the case of sales through self-service channels.

Touchcorp's strategic objective is to deliver high long-term shareholder returns, through strong revenue growth resulting in growing profitability for the business. The Company's focus is to increase the number of transactions processed for a fee by working with companies (established or new) that have the capacity to deliver large scale transaction numbers.

## AUDITOR INDEPENDENCE

A copy of the Auditors' Independence Declaration in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the Directors.



**Michael Jefferies**

Chairman

Melbourne

19 August 2016



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## Auditor's Independence Declaration to the Directors of Touchcorp Limited

As lead auditor for the review of Touchcorp Limited for the half-year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

David Petersen  
Partner  
19 August 2016

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# STATEMENT OF COMPREHENSIVE INCOME

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2016

	NOTE	CONSOLIDATED	
		30 JUNE 2016	30 JUNE 2015
		\$	\$
Rendering of services		22,175,620	18,424,481
<b>Revenue</b>		<b>22,175,620</b>	<b>18,424,481</b>
Cost of sales		(4,567,912)	(3,232,717)
<b>Gross profit</b>		<b>17,807,708</b>	<b>15,191,764</b>
Rental income		-	40,500
Other income		225,668	-
Government grants		62,615	71,776
<b>Total other income</b>		<b>288,283</b>	<b>112,276</b>
Depreciation		(573,661)	(446,244)
Amortisation		(1,087,962)	(9,833)
Employee benefits expense	2(b)	(3,528,461)	(4,131,791)
Doubtful debts expense		(15,058)	(18,244)
Rental expenses		(459,290)	(366,368)
Advertising expenses		(288,421)	(381,850)
Customer development expenses		(2,823,000)	(2,823,000)
Insurance expense		(67,885)	(61,098)
Legal expenses		(334,857)	(184,314)
Contractor expenses		(195,798)	(419,517)
Corporate & compliance expenses		(380,538)	(392,108)
Travel & accommodation expenses		(279,569)	(462,361)
Capital raising expenses		-	(3,568,027)
Other expenses	2(a)	(1,234,478)	(1,334,942)
<b>Operating Profit</b>		<b>6,627,013</b>	<b>704,343</b>
Interest expense		(77,458)	(4,240)
Interest revenue		26,769	91,685
Share of gain from an associate	9	5,679,915	-
<b>Profit before tax</b>		<b>12,256,239</b>	<b>791,788</b>
Income tax expense		(2,337,458)	-
<b>Profit after tax</b>		<b>9,918,781</b>	<b>791,788</b>
<b>Earnings per share</b>	8		
Basic, profit for the year attributable to ordinary equity holders of the Parent		\$0.09	\$0.01
Diluted, profit for the year attributable to ordinary equity holders of the Parent		\$0.09	\$0.01

THE ABOVE STATEMENT OF COMPREHENSIVE INCOME SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

# STATEMENT OF FINANCIAL POSITION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	NOTE	CONSOLIDATED	
		30 JUNE 2016	31 DECEMBER 2015
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	3,237,247	9,496,095
Trade and other receivables	6	23,089,211	13,095,586
Other current assets	4	8,855,758	9,571,750
<b>Total Current Assets</b>		<b>35,182,216</b>	<b>32,163,431</b>
<b>Non-current Assets</b>			
Deferred tax asset		5,385,131	7,722,589
Other non-current assets	5	1,875,000	-
Property, plant and equipment		2,268,957	2,099,552
Intangible assets		13,786,791	10,796,103
Investment in associates		11,907,747	6,227,833
<b>Total Non-current Assets</b>		<b>35,223,626</b>	<b>26,846,077</b>
<b>TOTAL ASSETS</b>		<b>70,405,842</b>	<b>59,009,508</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		14,255,303	13,778,905
Annual leave provision		933,072	817,677
Long service leave provision		356,134	323,610
<b>Total Current Liabilities</b>		<b>15,544,509</b>	<b>14,920,192</b>
<b>Non-current Liabilities</b>			
Long service leave provision		96,660	70,307
<b>Total Non-current Liabilities</b>		<b>96,660</b>	<b>70,307</b>
<b>TOTAL LIABILITIES</b>		<b>15,841,169</b>	<b>14,990,499</b>
<b>NET ASSETS</b>		<b>54,564,673</b>	<b>44,019,009</b>
<b>EQUITY</b>			
Issued capital		58,540,471	58,491,021
Accumulated losses		(4,629,332)	(14,548,113)
Reserves		653,534	76,101
<b>TOTAL EQUITY</b>		<b>54,564,673</b>	<b>44,019,009</b>

THE ABOVE STATEMENT OF FINANCIAL POSITION SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

# STATEMENT OF CHANGES IN EQUITY

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 JUNE 2016

	CONSOLIDATED			
	ISSUED	ACCUMULATED		
	CAPITAL	LOSSES	RESERVES	TOTAL
	\$	\$	\$	\$
<b>At 1 January 2016</b>	<b>58,491,021</b>	<b>(14,548,113)</b>	<b>76,101</b>	<b>44,019,009</b>
Profit for the period	-	9,918,781	-	9,918,781
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>9,918,781</b>	<b>-</b>	<b>9,918,781</b>
<b>Transactions with employees and executives</b>				
Issue of share capital	24,725	-	-	24,725
Share options exercised	24,725	-	(24,725)	-
Share based payment expenses	-	-	602,158	602,158
<b>At 30 June 2016</b>	<b>58,540,471</b>	<b>(4,629,332)</b>	<b>653,534</b>	<b>54,564,673</b>

	CONSOLIDATED			
	ISSUED	ACCUMULATED		
	CAPITAL	LOSSES	RESERVES	TOTAL
	\$	\$	\$	\$
<b>At 1 January 2015</b>	<b>37,212,869</b>	<b>(23,935,574)</b>	<b>271,276</b>	<b>13,548,571</b>
Profit for the period	-	791,788	-	791,788
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>791,788</b>	<b>-</b>	<b>791,788</b>
<b>Transactions with employees and executives</b>				
Issue of share capital	23,400,000	-	-	23,400,000
Transaction costs	(2,377,777)	-	-	(2,377,777)
Share options exercised	229,000	-	(229,000)	-
Share based payment expenses	-	-	33,870	33,870
<b>At 30 June 2015</b>	<b>58,464,092</b>	<b>(23,143,786)</b>	<b>76,146</b>	<b>35,396,452</b>

THE ABOVE STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

# STATEMENT OF CASHFLOWS

## CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE HALF-YEAR ENDED 30 JUNE 2016

	NOTE	CONSOLIDATED	
		30 JUNE 2016	30 JUNE 2015
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		149,216,904	132,523,858
Payments to employees		(2,787,582)	(4,539,435)
Payments to suppliers (inclusive of GST)		(147,917,948)	(135,278,524)
<b>Net cash flows used in operating activities</b>		<b>(1,488,626)</b>	<b>(7,294,101)</b>
<b>Cash flows from investing activities</b>			
Interest received		26,769	91,685
Purchase of intangibles		(4,088,483)	(1,572,338)
Purchase of plant and equipment		(733,233)	(971,738)
<b>Net cash flows used in investing activities</b>		<b>(4,794,947)</b>	<b>(2,452,391)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	22,400,000
Payments from issue of shares (*)		-	(2,377,777)
Capital raising expenses (*)		-	(3,568,027)
Proceeds from exercise of shares options		24,725	1,000,000
<b>Net cash flows from financing activities</b>		<b>24,725</b>	<b>17,454,196</b>
Net (decrease) / increase in cash and cash equivalents		(6,258,848)	7,707,704
Cash and cash equivalents at beginning of period		9,496,095	2,653,602
<b>Cash and cash equivalents at end of period</b>	<b>3</b>	<b>3,237,247</b>	<b>10,361,306</b>

(\*) THE TOTAL CAPITAL RAISING COSTS WERE \$5,947,481. THE AMOUNT OF \$3,568,027 WAS EXPENSED AS IT RELATED TO THE SELL DOWN OF SHARES BY EXISTING SHAREHOLDERS INTO THE INITIAL PUBLIC OFFERING ('IPO'), AND \$2,377,777 WAS CAPITALISED AS IT RELATED TO THE ISSUE OF NEW SHARES BY THE COMPANY UNDER THE IPO.

THE ABOVE STATEMENT OF CASH FLOWS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES



# NOTE 1

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

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### **BASIS OF PREPARATION**

This interim condensed financial report for the half-year ended 30 June 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting.

Touchcorp Limited (Touchcorp) is a company limited by shares incorporated in Bermuda whose shares are publicly traded on the Australian Securities Exchange. The interim condensed consolidated financial statements of the company as at, and for the half-year ended 30 June 2016 incorporate the financial statements of the company and its subsidiaries.

The interim condensed consolidated financial report for the half-year was authorised for issue by the directors on 19 August 2015.

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

It is recommended that the half-year report be read in conjunction with the Touchcorp annual report for the year ended 31 December 2015, and considered together with any public announcements made by Touchcorp during the half-year ended 30 June 2016.

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

### **CHANGES IN ACCOUNTING POLICY**

The company has adopted the applicable changes in accounting standards and are of the view that adoption of these standards did not have any effect on the financial position or the performance of the Group. In addition, the group has not elected to adopt any new standards or amendments that are issued but not yet effective.

## NOTE 2 EXPENSES

	CONSOLIDATED	
	30 JUNE 2016	30 JUNE 2015
	\$	\$
<b>(a) Lease payments and other expenses included in income statement</b>		
Bank fees	64,991	47,518
Computer equipment and maintenance	243,007	188,174
Telephone & data expenses	114,537	116,986
Staff procurement	125,750	36,732
Staff amenities	185,973	142,384
Rental of equipment	45,638	56,009
Entertainment	27,309	22,387
Minor assets not capitalised	45,016	25,566
Conference costs	21,062	455,084
ASX fees	46,923	173,093
Other expenses	314,272	71,009
<b>Total</b>	<b>1,234,478</b>	<b>1,334,942</b>
<b>(b) Employee benefits expense</b>		
Wages and salaries	6,026,330	5,192,565
Less capitalised wages and salaries	(3,708,140)	(1,550,491)
Fringe Benefits tax	135,000	16,656
Share based payments expense	602,158	33,870
Workers' compensation costs	13,430	15,389
Superannuation costs	459,683	423,802
<b>Total</b>	<b>3,528,461</b>	<b>4,131,791</b>

## NOTE 3 CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	30 JUNE 2016	31 DECEMBER 2015
	\$	\$
<b>CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	3,237,247	9,496,095
	<u>3,237,247</u>	<u>9,496,095</u>

## NOTE 4 OTHER CURRENT ASSETS

	CONSOLIDATED	
	30 JUNE 2016	31 DECEMBER 2015
	\$	\$
<b>OTHER CURRENT ASSETS</b>		
Funds on deposit	1,254,244	1,248,576
Prepaid electronic pins	2,722,822	3,756,251
Prepayments to suppliers	3,734,138	3,348,095
Prepaid insurance premiums	19,727	73,912
Prepaid software licence & maintenance expenses	396,106	304,162
Security bonds	639,390	624,583
Other prepaid expenses	89,331	216,171
	<u>8,855,758</u>	<u>9,571,750</u>

## NOTE 5 OTHER NON-CURRENT ASSETS

	CONSOLIDATED	
	30 JUNE 2016	31 DECEMBER 2015
	\$	\$
<b>OTHER NON-CURRENT ASSETS</b>		
Prepayments	1,875,000	-
	1,875,000	-

## NOTE 6 EVENTS AFTER THE BALANCE SHEET DATE

During the period, the Touchcorp group recognised revenue of \$11.1 million in respect of work undertaken for Change Up Holdings Limited (“Change Up”) pursuant to the Software Development and Transaction Services Agreement. Subsequent to 30 June 2016, Change Up completed a capital raising, issuing 25.0 million shares at \$0.50 each and paid the cash fee instalment of \$6.3 million. Change Up has issued 10 million shares to the Touchcorp group (representing 15.4% of the issued capital of Change Up). The fair value of the equity component at \$0.50 per share has been determined with reference to the capital raising exercise conducted by Change Up. Shares in Change Up Holdings Limited are not listed on any securities exchange, and no quoted price in an active market exists. Therefore, the equity consideration has been classified within the Level 3 fair value hierarchy. The equity consideration is recognised as service revenue in the group’s financial statements for the period ended 30 June 2016. The cash and equity components are included in trade and other receivables as at 30 June 2016.

## NOTE 7 SEGMENT INFORMATION

	30 JUNE 2016	30 JUNE 2015
	\$	\$
<b>Australia and Pacific revenue</b>		
Retail Services	4,865,980	5,467,908
Health & Government	962,576	1,115,366
Mobility Services (Self Service)	12,353,194	10,580,767
<b>Total Australia and Pacific revenue</b>	<b>18,181,750</b>	<b>17,164,041</b>
<b>International revenue</b>		
Retail Services	3,993,870	1,260,440
<b>Total International revenue</b>	<b>3,993,870</b>	<b>1,260,440</b>
<b>Total segment revenue</b>	<b>22,175,620</b>	<b>18,424,481</b>
<b>Direct costs</b>		
Australia & Pacific	(4,055,224)	(2,810,571)
International	(512,688)	(422,146)
<b>Total Direct costs</b>	<b>(4,567,912)</b>	<b>(3,232,717)</b>
<b>Segment result</b>		
Australia & Pacific	14,126,526	14,353,470
International	3,481,182	838,294
<b>Total segment result</b>	<b>17,607,708</b>	<b>15,191,764</b>
<b>Government grants and other income</b>	<b>288,283</b>	<b>112,276</b>
<b>Indirect expenses</b>	<b>(6,182,197)</b>	<b>(7,718,723)</b>
<b>Capital raising expenses</b>	<b>-</b>	<b>(3,568,027)</b>
<b>Customer development expenses</b>	<b>(2,823,000)</b>	<b>(2,823,000)</b>
<b>Share of gain from an associate</b>	<b>5,679,915</b>	<b>-</b>
<b>Depreciation &amp; amortisation expense</b>	<b>(1,661,623)</b>	<b>(456,077)</b>
<b>Share based payment expense</b>	<b>(602,158)</b>	<b>(33,870)</b>
<b>Interest revenue</b>	<b>26,769</b>	<b>91,685</b>
<b>Interest expense</b>	<b>(77,458)</b>	<b>(4,240)</b>
<b>Profit before tax</b>	<b>12,256,239</b>	<b>791,788</b>
<b>Income tax expense</b>	<b>(2,337,458)</b>	<b>-</b>
<b>Profit for the period</b>	<b>9,918,781</b>	<b>791,788</b>

The reporting segments of Australia & Pacific and International have been chosen as these segments are those in which the chief operating decision maker receives information for the purpose of resource allocation and assessment of segment performance. Touch's primary reporting format is geographical segments as its growth and outlook, risks and rates of return are predominantly affected by having operations in different countries, along with revenue segmentation between Retail Services, Health and Government and Mobility Services. Also, Group financing (including finance costs and finance income), income taxes and indirect expenses such as employee benefits expense, customer development expenses, corporate and compliance expenses, legal and travel and accommodation expenses are managed on a Group basis and are not allocated to operating segments.

## NOTE 8 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent by the sum of the weighted average number of ordinary shares outstanding during the year and the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS calculations

	30 JUNE 2016	30 JUNE 2015
	\$	\$
Profit attributable to ordinary equity holders of the Parent for basic earnings	9,918,781	791,788
	<b>NUMBER</b>	<b>NUMBER</b>
Weighted average number of ordinary shares for basic EPS	115,963,568	106,083,348
Effects of dilution from:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	115,963,568	106,083,348

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

## NOTE 9 SHARE OF GAIN FROM AN ASSOCIATE

	30 JUNE 2016	30 JUNE 2015
	\$	\$
Share of loss of an associate	(488,449)	-
Gain on deemed disposal of an associate	6,168,364	-
	5,679,915	-

During the period, the investment in associate (AfterPay Holdings Limited) undertook an IPO in which it raised additional equity. Touch's interest in the associate was reduced from 35.7% to 30.3%, and has recorded a gain on the deemed disposal.

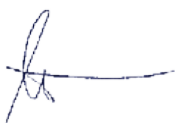
# DIRECTORS' DECLARATION

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In accordance with a resolution of the directors of Touchcorp Limited, I state that:

1. In the opinion of the directors:
  - a. The financial statements and notes of the consolidated entity are presented fairly, including:
    - (i) The Company's and consolidated entities financial position as at 30 June 2016 and of their performance for the half-year ended on that date.
    - (ii) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting.
  - b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



**Adrian Cleeve**  
Managing Director  
Melbourne  
19 August 2016



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8 Exhibition Street  
Melbourne VIC 3000 Australia  
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## Independent auditor's report to the members of Touchcorp Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Touchcorp Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period end or from time to time during the period.

#### Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Touchcorp Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

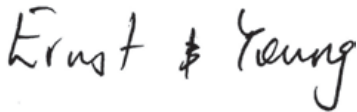
In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Touchcorp Limited is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial positions as at 30 June 2016 and of their performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



David Petersen  
Partner  
Melbourne  
19 August 2016

# CORPORATE INFORMATION

## **TOUCHCORP LIMITED**

ARBN 603 731 184

### **Board of Directors**

Michael Jefferies (Non-Executive Chairman)

Adrian Cleeve (Managing Director)

Elana Rubin (Non-Executive Director)

Duncan Saville (Non-Executive Director)

Hatim Tyabji (Non-Executive Director)

### **Registered Office**

34 Bermudiana Road,  
Hamilton HM11, Bermuda

### **Australian principal place of business**

Level 16, 380 La Trobe Street  
Melbourne VIC 3000 Australia

Phone: +61 3 9018 6824

Fax: +61 3 9018 6899

### **Company Secretary**

Sophie Karzis

Corporate Counsel

Level 1, 61 Spring Street

Melbourne VIC 3000

Phone: +61 3 9286 7500

### **Solicitors – Australia**

Clayton Utz

Level 18, 333 Collins Street

Melbourne VIC 3000

### **Auditor**

Ernst & Young

Ernst & Young Building

8 Exhibition Street

Melbourne VIC 3000

### **Share Registry**

Computershare Investor Services

Yarra Falls

452 Johnston Street

Abbotsford Victoria 3067

Phone: 1300 137 328

[web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

### **Stock exchange listing**

Touchcorp Limited shares are listed  
on the Australian Securities Exchange  
(ASX: TCH)

**TOUCHCORP LIMITED**  
ARBN 603 731 184

