ONCARD INTERNATIONAL LIMITED
ACN 084 800 902
AND CONTROLLED ENTITIES

APPENDIX 4E

FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2011

Appendix 4E

Preliminary Final Report

ONCARD INTERNATIONAL LIMITED
ACN 084 800 902

Financial Year Ended 30 June 2011

(Previous Corresponding Period: Year ended 30 June 2010)

Results for announcement to the market				**$'000**
Revenues from ordinary activities	Up	3%	to	10,372
Profit from ordinary activities after tax attributable to owners of OnCard International Limited (i)	Down	34%	to	1,289
Net profit for the period attributable to owners of OnCard International Limited (i)	Down	34%	to	1,289

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

(i) The Group's net profit after tax was directly impacted by withholding taxes associated with the repatriation of prior period profits earned from the investment in Shanghai Smart Service Company Limited ("SmartPASS"); withholding taxes totalling $0.287 million were levied on the $3.287 million repatriated during the period.

Other significant one-off items increasing income tax expense for the period included recognition of deferred tax liabilities for tax timing differences on capitalised software development in China totalling $0.269 million. Adjusted net profit after tax and before any withholding taxes levied on the SmartPASS profits and one-off timing differences was $1.845 million (2010: $1.946 million).
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Net Tangible Assets Per Security

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

	2011	**2010**
Net tangible assets per security	13.72 Cents	14.20 Cents

ONCARD INTERNATIONAL LIMITED

Compliance Statement

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and or other standards acceptable to ASX.
2. This report, and the accounts upon which the report is based, use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. The report is based on accounts which have been audited.
5. The financial report by the auditor is not subject to dispute or qualification.

Sign here: .... Date: 26 August 2011
(Director)

Print name: Peter Abotomey

ONCARD INTERNATIONAL LIMITED

ACN 084 800 902

Annual Financial Report

2011

CORPORATE DIRECTORY

Board of Directors

David Worth (Chairman & Non-Executive Director)

Peter Abotomey (Executive Director & CEO)

Ross Burney (Non-Executive Director)

Company Secretary

Chris Hayes

Registered Office & Principal Place of Business

Level 7, 550 Bourke Street
MELBOURNE 3000 AUSTRALIA

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Facsimile: +61 3 9923 6066

Web: www.oncard.com

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MELBOURNE 3001 AUSTRALIA

Share Registry

Advanced Share Registry Services
Unit 2, 150 Stirling Highway
NEDLANDS 6009 AUSTRALIA

Telephone: +61 8 9389 8033

Facsimile: +61 8 9389 7871

Auditor

PKF
Level 14, 140 William Street
MELBOURNE 3000 AUSTRALIA

Solicitors

DLA Piper
Level 21, 140 William Street
MELBOURNE 3000 AUSTRALIA

Bankers

Australia & New Zealand Banking Group

Stock Exchange Listing

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

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ONCARD INTERNATIONAL LIMITED
CHAIRMAN'S LETTER

Dear Shareholders

In my first year as chairman, I am pleased to report that the company has continued to strengthen its financial position and continues to build our businesses.

Our focus has and will continue to be to develop our Loyalty, Rewards and Payment solutions in Asia, particularly China. These products and services have now been fully adapted to reflect Chinese business requirements and we are well positioned to take advantage of the growth that is expected to occur from increasing consumerism in China.

Our net profit before tax of $1.911 million is slightly below the previous year's result of $2.064 million principally due to additional costs of $0.195 million related to our ongoing strategic review being undertaken with UBS and a $0.287 million negative impact for currency movements versus exchange rates that applied in the previous period. Excluding these impacts, profit before tax in reported terms would have been $2.393 million.

During the year prior period profits of $3.287 million (before Chinese withholding taxes of $0.287 million) were repatriated to Australia from our joint-venture investment in Shanghai Smart Service Co Ltd and our group cash balance has increased by $3.408 million to $18.454 million. The group remains debt free.

As previously advised, the central bank of China announced in June 2010 new regulations governing the operations of Non-Bank Payment Institutions (NBPI) and these regulations will apply to our Prepaid Card and Payment operations. Further announcements were made in December 2010 and May 2011 and most recently our joint venture Shanghai Smart Service Co Ltd was requested on 24 August 2011 to submit a licence application before 31 August 2011 and we are doing so. Notwithstanding, to date no announcement has been made by the China State Council with respect to foreign owned businesses operating as a NBPI. In January 2011 we appointed UBS to assist in the assessment of our options which is currently ongoing. One outcome of the regulation announcements is that we decided to sell our Internet payments business "Bill to Bill".

The OnCard Rewards business, being a multi-merchant independent rewards program, and Buffet Club, our loyalty Dining Club, are not covered by the NBPI regulations. Recently, we have gone live with several large local Chinese merchants with applications available through our website and Smartphone application. These applications may be integrated in the future with our prepaid card businesses or other merchants cards. Our own OnCard Reward points will shortly start to be accumulated and traded by customers. Loyalty programmes of this nature are expected to have significant growth in China in the coming years, similar to what has happened globally.

Buffet Club, which had previously developed its operations in Hong Kong and Singapore, expanded strongly into mainland China during the year to be able to offer recognition benefits to members in over 65 four and five star hotels in 14 cities, including Shanghai, Beijing and Guangzhou. A Purchase Cooperation Agreement signed with China CITIC Bank in January 2011 is planned to deliver a Buffet Club membership increase of over 200,000. Options for extended membership services and integration with the OnCard Rewards business are planned for the future, both in China and other Asian markets.

In summary, we have an experienced and committed management team, cash generating businesses, a strong balance sheet, and multiple products and service capabilities in growth loyalty businesses operating in the fastest growing region in the world.

The directors wish to thank our management team for the excellent job they have done in building the business to enable future growth in the China market.

I would also like to thank the board and shareholders for their support over the past year.

David Worth
Chairman
26 August 2011

ONCARD INTERNATIONAL LIMITED
DIRECTORS REPORT

The Directors of OnCard International Limited submit herewith the annual financial report for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

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

Directors

Mr D Worth	Chairman & Non Executive Director (Director since November 2009 and Chairman since November 2010) Member: Audit Committee and Remuneration & Nomination Committee
Experience and qualifications	David is a Chartered Accountant with over 35 years experience across a range of industries including transport and logistics, property investment and development, information technology, finance, retail and service industries. David is currently a non-executive Director or adviser to a number of private companies. David's qualifications are BEc, CA, and FAICD.
Other Directorships in listed entities:	Nil
Former Directorships in listed entities in last 3 years:	Nil
Interests in Shares and options	301,600 Ordinary shares

Mr P Abotomey	Executive Director and Chief Executive Officer (Director since August 2002) Member: Audit Committee, Remuneration & Nomination Committee and Investment Committee
Experience and qualifications	Peter is a former general manager of the ANZ Banking Group. Peter has extensive experience in the telecommunications, banking and payments and cards, application service provider, outsourcing, electric and gas utilities, food, manufacturing, insurance and construction industries throughout Australia, New Zealand and Asia. Peter holds a degree of BSc in Computer Science and an MBA. He has had published a number of articles in the fields of banking, payments systems, and information technology, and has been a guest lecturer at a number of MBA programmes.
Other Directorships in listed entities	Nil
Former Directorships in listed entities in last 3 years:	Nil
Interests in Shares and options	11,299,648 Ordinary shares

Mr R Burney	Non Executive Director (Director since May 2010) Member: Audit Committee, Remuneration & Nomination Committee and Investment Committee
Experience and qualifications	Ross has over 20 years experience as an accountant and investment manager previously having worked for BDO Chartered Accountants, Brierley Investments Limited and Guinness Peat Group. He is currently the Chief Executive Officer of Taverners Group. He brings to the board extensive experience in investment management, corporate finance and strategy. Ross' qualifications are BEc.
Other Directorships in listed entities:	Customers Limited (since November 2010) & The Maryborough Sugar Factory Limited (since February 2006)
Former Directorships in listed entities in last 3 years:	Turners & Growers Ltd (NZ) – Resigned June 2010
Interests in Shares and options	Nil
Mr D Matthews	Non Executive Director (Appointed October 2007 – Resigned 30 August 2010) Member: Audit Committee & Remuneration Committee
Other Directorships in listed entities	Nil
Interests in Shares and options	Nil
Mr A Fung	Non Executive Director (Appointed 25 August 2009 - Resigned 23 November 2010)
Other Directorships in listed entities	Computech Holdings Limited (listed on the Hong Kong Stock Exchange) (from March 2000 until June 2011)
Interests in Shares and options	Nil

Company Secretary

Mr Chris Hayes	Company Secretary and Chief Financial Officer (Appointed 1 September 2010)
Experience	Chris is a Certified Practising Accountant who has over 15 years experience in auditing and accounting with a varied clientele including numerous small to medium sized listed public companies prior to this appointment.
Mr Ian Riley	Company Secretary and Chief Financial Officer (Company Secretary from January 2007 – Retired 1 September 2010)

Meeting of Directors

The following table sets out the number of meetings of the Company's Directors during the year ended 30 June 2011 and the number of meetings attended by each Director. During the financial year 9 board meetings were held.

DIRECTOR	BOARD MEETING		AUDIT COMMITTEE		INVESTMENT COMMITTEE		REMUNERATION COMMITTEE	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
D Worth	9	9	3	3	n/a	n/a	1	1
P Abotomey	9	9	3	3	4	4	1	1
R Burney	9	9	3	3	4	4	1	1
D Matthews (i)	1	-	1	1	n/a	n/a	n/a	n/a
A Fung (ii)	2	1	n/a	n/a	n/a	n/a	n/a	n/a

(i) D Matthews resigned 30 August 2010
(ii) A Fung resigned 23 November 2010

Principal Activities

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

Operating Results and Financial Position

The Group recorded a profit before income tax of $1.911 million (2010: 2.064 million) and net profit after tax of $1.273 million (2010: $1.918 million) for the financial year. Cash deposits held in China and Hong Kong along with other non-cash assets, including the carrying value of the Group's investment in its joint venture operation Shanghai Smart Service Company Limited (SmartPASS), have been directly impacted by the prevailing exchange rates as at reporting date. The values of the assets, when reported in Australian Dollars, were impacted by unrealised exchange losses of $1.558 million when compared to exchange rates prevailing at 30 June 2010.

The consolidated entity's working capital, being current assets less current liabilities increased by $3.003 million to $17.601 million as at 30 June 2011 compared with $14.598 million at 30 June 2010. The working capital increase was a result of the repatriation of $3.287 million in prior year profits before any withholding taxes from our joint venture investment in Shanghai Smart Service Company Limited ("SmartPASS). The Group's corresponding cash balance has increased by $3.408 million to $18.454 million (2010: $15.046 million).

The net assets of the consolidated entity have decreased by $0.136 million to $36.383 million at 30 June 2011 (30 June 2010: $36.519 million) reflecting principally the impact of adverse foreign exchange movements offsetting the net profit after tax attributable to the owners.

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

ONCARD INTERNATIONAL LIMITED
DIRECTORS REPORT (CONT'D)

Review of Operations

For the purposes of this review, results for the Group are compared to the prior comparable period.

	2011 $ 000's	2010 $ 000's
Operating Income	5,492	5,933
Investment and Equity accounted income	5,090	5,461
Other income	280	163
Total Income	10,862	11,557
Operating Expenses	8,951	9,493
Earnings before Interest and Tax (EBIT)	1,911	2,064
Income Tax (Expense)	(638)	(146)
Net Profit for the Period	1,273	1,918
Net Profit After Tax Attributable to the Owners of OnCard	**1,289**	**1,946**

Our net profit before tax of $1.911 million is slightly below the previous year's result of $2.064 million principally due to additional costs of $0.195 million related to our ongoing strategic review being undertaken with UBS and a $0.287 million negative impact for currency movements versus exchange rates that applied in the previous period. Excluding these impacts, profit before tax in reported terms would have been $2.393 million.

The Group's net profit after tax was directly impacted by withholding taxes associated with the repatriation of prior period profits from our investment in SmartPASS. Withholding taxes totalling $0.287 million were levied on the profits repatriated during the period. Other significant one-off items increasing income tax expense for the period included recognition of deferred tax liabilities for tax timing differences on capitalised software development in China totalling $0.269 million. Adjusted net profit after tax and before any withholding taxes levied on the SmartPASS profits and one-off timing differences was $1.829 million (2010: $1.918 million).

Total expenditure before amortisation and depreciation reduced by $0.637 million to $8.610 million.

During the reporting period the worldwide economy continued to be volatile and uncertain, with economies in the US and Europe continuing to be impacted by the flow on effects of the GFC from 2008 and European sovereign debt concerns. However, in this environment the Group benefitted from the continued strong growth of the Chinese economy where the majority of the Group's operations are located.

Conversely, the strength of the Australian dollar directly impacted upon reported profits as the Australian dollar continued to rise against the Chinese Renminbi.

The central bank of China announced in June 2010 new regulations governing the operations of Non-Bank Payment Institutions (NBPI) and these regulations will apply to our Prepaid Card and Payment operations. Further announcements were made in December 2010 and May 2011 and most recently our joint venture Shanghai Smart Service Co Ltd was requested on 24 August 2011 to submit a licence application before 31 August 2011 and we are doing so. Notwithstanding, to date no announcement has been made by the China State Council with respect to foreign owned businesses operating as a NBPI.

Review of Operations (cont'd)

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

SmartPASS

SmartPASS is our prepaid card Joint Venture (50% ownership interest) operating principally in Shanghai. SmartPASS remains the pre-eminent, independent multi-merchant prepaid card in China. This business generates significant float funds which are invested conservatively, generating investment income in addition to net transactional income.

The growth in the Chinese economy and improvement in interest rates positions SmartPASS well to continue to grow merchants' fees and investment income from the available investable float funds to benefit its conservative cash investment strategy.

OnCard Rewards

Rapidly developing Chinese consumerism is expected to provide the market for OnCard to expand its services providing integrated Loyalty, Rewards and Payment solutions. This capitalises on our experience and technology solutions that have been successfully used both in China and Australasia.

OnCard also continues the development of the Group's new multi-merchant, independent rewards and prepaid program to be operated in China branded as OnCard Rewards.

Product testing on the operational platforms including the OnCard Rewards website and Smartphone application has been successful with live merchants and we have concentrated on adding new merchants and customer accounts to the system. OnCard Rewards is an innovative business initiative which leverages all of the Group's systems and strengths.

OnCard Payments

"Bill to Bill", our local Internet based payments platform, is affected by the new payment regulations and as part of the review of operations underway has been marked for sale. As noted below, subsequent to year end, the Directors made a commercial decision to sell 100% of its equity interest in the "Bill to Bill" business operations.

MarketSMART

MarketSMART continues to trade profitably and provides the intellectual property for use in the Group's wholly owned OnCard Rewards operations in addition to the provision of licensed technology and services to external customers.

Review of Operations (Cont'd)

Buffet Club

Buffet Club, the Group's flagship loyalty programme offering Dining Club memberships across Asia, continued its expansion during the period, having developed and launched new products into the Hong Kong, Singapore and China markets over the past 12 months.

As reported to shareholders in January 2011, OnCard signed a Buffet Club Purchase Cooperation Agreement with China Citic Bank (CITIC) formalising a milestone step for OnCard to significantly expand its Buffet Club business into mainland China.

CITIC is the second largest credit card issuer in China with over 10 million credit cardholders and is China's seventh largest lender in terms of total assets amongst all commercial banks in China. CITIC is listed on the Hong Kong and Shanghai Stock Exchanges.

It is planned that in the first full year of the cooperation agreement, Buffet Club memberships will be issued to more than 200,000 existing CITIC Gold and Platinum credit cardholders.

To date over 78,000 have been issued placing us well on track to meet the 200,000 target following the commencement of issuing cards in May 2011.

As at the date of this report, OnCard has signed in excess of 65 four and five star hotel buffets in China to support the Buffet Club China program. Offering recognition benefits in hotels in major cities (including Shanghai, Beijing and Shenzhen) and provincial cities will also enhance our previously launched program in the Southern China city of Guangzhou. Hotels have been signed in 14 cities and over the next 12 months this will be further expanded.

Recently, testing has been successfully conducted and preparations completed for the operation of an outsourced call centre based in Shanghai in conjunction with CITIC.

Dividends

No dividends were paid or declared during the year and the Directors do not recommend the payment of a dividend.

Significant Change in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

After Balance Date Events

No events have occurred subsequent to balance date that would require adjustment to, or disclosure in, the financial report other than the items disclosed below and in note 28 to the Financial Statements.

Subsequent to year end the Directors agreed to enter into an equity sale agreement to dispose of 100% of its equity in Shanghai Kehai Network Technology Company limited which operates the "Bill to Bill" business forming part of the Group's OnCard Rewards and Payments business segment. The agreement was signed on 2 August 2011 and as at the date of this report, completion of the transaction remains subject to certain conditions precedent being satisfied. Terms of the contract remain confidential until the transaction is completed.

The Directors decision to enter the sale agreement was based upon a commercial decision subsequent to year end to not apply for a Non-Bank Payments Licence for "Bill to Bill". The sale agreement is expected to be completed at the end of August 2011.

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

Indemnity and Insurance of Officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and officers of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and Insurance of Auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Environmental Regulations

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

Shares under Option or Issued on Exercise of Options

There are no options on issue as at the date of the financial report and no shares have been issued as a result of the exercise of options during or since the end of the financial year. (2010: No options on issue).

Proceedings on Behalf of the Company

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

REMUNERATION REPORT (AUDITED)

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

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

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

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

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

Remuneration Structure

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

Non Executive Director Remuneration

Fees and payments to non executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Remuneration Committee considers any advice received from external consultants as well as the fees paid to non executive Directors of comparable companies when undertaking the annual review process.

The Constitution and the ASX Listing Rules requires that the aggregate remuneration of non executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 23 November 2009 when shareholders approved an aggregate remuneration of $400,000.

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

REMUNERATION REPORT (CONT'D)

Senior Management and Executive Director Remuneration

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

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

Fixed Remuneration

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

Variable Remuneration - Short Term Incentive (STI)

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

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

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

Variable Remuneration - Long Term Incentive (LTI)

The objective of the LTI plan is to reward in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against relevant long term performance hurdles. LTI grants to executives are delivered in the form of performance rights over ordinary shares.

REMUNERATION REPORT (CONT'D)

B. Details of Remuneration

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

Key Management Personnel - Directors and Executives

The key management personnel ("KMP") of the consolidated entity consisted of the following Directors and executives of OnCard International Limited:

Director	***Position***
Mr D Worth	Chairman & Non Executive Director
Mr P Abotomey	Executive Director & CEO
Mr R Burney	Non Executive Director
Mr D Matthews (resigned 30 August 2010)	Non Executive Director
Mr A Fung (resigned 23 November 2010)	Non Executive Director
Executives	***Position***
Mr C Hayes (appointed 1 September 2010)	CFO & Company Secretary
Mr I Riley (resigned 1 September 2010)	CFO & Company Secretary
Mr J Zhang	Group General Manager China
Mr T Ru (appointed 17 June 2010)	Group Deputy General Manager China
Mr A Barnet	General Manager Asia

Key Management Personnel – Service Agreements

Mr Peter Abotomey (Executive Director & CEO) appointed 8 August 2002. Mr Abotomey's services are provided via a consultancy agreement between OnCard and his nominated service company Giant Forever Limited. Summary of key terms of this agreement are:

- An agreement currently exists, originally signed in July 2007, which incorporates a 12 month rolling contract, requiring 12 months notice to be given by OnCard or payment in lieu and three months notice to be given by Giant Forever Limited, except in the case of termination as a result of serious misconduct;
- Base remuneration of $482,0000 comprising remuneration as Director and CEO;
- On 8 March 2011, amended by the Remuneration committee to provide for certain cash bonus payments for the achievement of financial performance hurdles and achievement of strategic KPIs. The bonus available is between the range of 0 – 25% of base remuneration.

Mr Chris Hayes (Chief Financial Officer and Company Secretary) appointed 1 September 2010. Mr Hayes was initially remunerated under a 12 month services contract based on an annual package of $175,000. This was subsequently updated when Mr Hayes was appointed as a permanent employee of OnCard International Limited effective 1 January 2011. A summary of the key terms of his employment are:

- No fixed term;
- Base salary for the year ending 31 December 2011 of $225,000 inclusive of superannuation, to be reviewed annually by the Remuneration Committee; and
- Terminable by the company on 3 months notice and terminable by Mr Hayes on 3 months notice.

ONCARD INTERNATIONAL LIMITED
DIRECTORS REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

Mr Ian Riley (Chief Financial Officer and Company Secretary) appointed 3 January 2007 – retired 1 September 2010. Summary of key terms of this agreement are:

- An agreement previously existed between Mr Riley and OnCard, originally signed in July 2007, which incorporated a 12 month rolling contract until Mr Riley resigned in September 2010;
- Remuneration of $126,000 pa; and
- Terminable by the company on 3 months notice and terminable by Mr Riley on 3 months notice.

Mr Riley retired on 1 September 2010 and all remuneration and employee entitlements due and payable were settled on that date. During the period 1 July to 1 September, Mr Riley was providing services on a part time basis only.

Mr Joey Zhang (Group General Manager China) appointed 11 January 2010. Summary of key terms of this agreement are:

- Term is 24 months from 11 January 2010;
- Remuneration of RMB1,500,000 pa;
- Issued with 1,250,000 performance rights in the form of convertible redeemable preference shares converting to ordinary shares at completion of 24 months service on 11 January 2012;
- Terminable by the company on 3 months notice and terminable by Mr Zhang on 3 months notice.

The Australian Dollar value of the above remuneration for the year ended 30 June 2011 is detailed in the table below.

Mr Tianshu Ru (Group Deputy General Manager China) appointed 17 June 2010 and a KMP from 1 July 2010. Summary of key terms of this agreement are:

- Term is 24 months from 17 June 2010;
- Remuneration of RMB1,350,000 pa;
- Issued with 1,000,000 performance rights in the form of convertible redeemable preference shares converting to ordinary shares at completion of 24 months service on 17 June 2012; and
- Terminable by the company on 3 months notice and terminable by Mr Ru on 3 months notice.

The Australian Dollar value of the above remuneration for the year ended 30 June 2011 is detailed in the table below.

Mr Anthony Barnet (General Manager Asia) appointed 1 June 2009. Summary of key terms of this agreement are:

- Term is not defined;
- Remuneration of HK$960,000 pa, HK$780,000 increased to HK$960,000 effective September 2010; and
- Terminable by the company on one month notice and terminable by Mr Barnet on one month notice.

The Australian Dollar value of the above remuneration for the year ended 30 June 2011 is detailed in the table below.

Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate at any time. The Company prohibits executives from entering into arrangements to protect the value of unvested Long Term Incentive awards. This includes entering into contracts to hedge their exposure to performance rights over shares granted as part of their remuneration package.

REMUNERATION REPORT (CONT'D)

Adherence to this policy is monitored informally on an annual basis by the Remuneration Committee requesting confirmation from each of the Executives that no such activity has occurred.

Details of Remuneration for Year Ended 30 June 2011

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

2011	SHORT TERM EMPLOYMENT BENEFITS		POST EMPLOYMENT	SHARE BASED PAYMENTS	TOTAL
	Cash Salary and Fees $	Cash Bonus $	Superannuation Contribution $	Performance Rights CRP Shares $	$
Directors					
Mr D Worth	80,342	-	-	-	80,342
Mr P Abotomey	482,000	65,000	-	-	547,000
Mr R Burney(iii)	50,000	-	-	-	50,000
Mr A Fung (ii)	19,863	-	-	-	19,863
Mr D Matthews(i)	8,356	-	-	-	8,356
Executives					
Mr C Hayes	204,045	-	9,288	-	213,333
Mr I Riley (iv)	10,000	-	-	-	10,000
Mr J Zhang	228,946	-	-	95,875*	324,821
Mr T Ru	206,107	-	-	53,154**	259,261
Mr A Barnet	121,094	-	-	-	121,094
	1,410,753	**65,000**	**9,288**	**149,029**	**1,634,070**

* CRPS granted to Mr Zhang on 11 January 2010 as part of his employment contract. The CRPS convert to ordinary shares on completion of 24 months service after the grant date per his employment contract.

** CRPS granted to Mr Ru on 17 June 2010 as part of his employment contract. The CRPS convert to ordinary shares on completion of 24 months service per his employment contract.

(i) Mr Dean Matthews Director's fees were paid to his employer Collins Business Asset Management Pty Ltd. Mr Matthews resigned on 30 August 2010. No termination benefits were received by Mr Matthews upon his termination.

(ii) Resigned 23 November 2010. No termination benefits were received by Mr Fung upon his termination.

(iii) Mr Ross Burney's Director's fees are paid to his employer Taverners Asset Management Pty Ltd.

(iv) Resigned 1 September 2010. No termination benefits were received by Mr Riley upon his termination.

REMUNERATION REPORT (CONT'D)

Details of Remuneration for Year Ended 30 June 2010

The remuneration for each key management personnel of the consolidated entity receiving the highest remuneration during the year was as follows:

2010	SHORT TERM EMPLOYMENT BENEFITS		POST EMPLOYMENT		SHARE BASED PAYMENTS	TOTAL
	Cash Salary and Fees $	Cash Bonus $	Superannuation Contribution $		Performance Rights CRP Shares $	$
Directors						
Mr P Abotomey	482,000	-	-	-	75,000*	557,000
Mr M Fowler (v)	7,534	-	-	-	-	7,534
Mr D Matthews(i)	50,000	-	-	-	-	50,000
Mr A Fung	42,568	-	-	-	-	42,568
Mr D Worth	30,685	-	-	-	-	30,685
Mr R Burney (ii)	6,850	-	-	-	-	6,850
Executives						
Mr I Riley	104,000	-	-	-	37,500**	141,500
Mr A Barnet	113,188	-	-	-	-	113,188
Mr B Wang (iii)	123,430	-	-	-	37,500**	160,930
Mr J Zhang	142,457	-	-	-	44,654***	187,111
Mr J Wilson (iv)	156,250	-	-	-	-	156,250
	1,258,962	**-**	**-**	**-**	**194,654**	**1,453,616**

* Performance rights granted to Mr Abotomey related to convertible redeemable preference shares (CRPS) issued pursuant to an agreement dated 1 July 2007. The CRPS converted to ordinary shares on 1 January 2010.

** Performance rights granted to Messrs Riley and Wang comprise convertible redeemable preference shares (CRPS) issued pursuant to an agreement dated 1 July 2007. The CRPS converted to ordinary shares on 1 January 2010.

*** CRPS granted to Mr Zhang on 11 January 2010 as part of his employment contract dated 7 December 2009. The CRPS convert to ordinary shares on completion of 24 months service after the grant date per his employment contract.

(i) Mr Dean Matthews Director's fees were paid to his employer Collins Business Asset Management Pty Ltd.
(ii) Mr Ross Burney's Director's fees were paid to his employer Taverners Asset Management Pty Ltd.
(iii) Resigned 30 June 2010. No termination benefits were received by Mr Wang upon his termination.
(iv) Resigned 30 June 2010. No termination benefits were received by Mr Wilson upon his termination.
(v) Resigned 25 August 2009.

ONCARD INTERNATIONAL LIMITED
DIRECTORS REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

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

	Fixed Remuneration		At risk – STI		At risk – LTI	
	2011	2010	2011	2010	2011	2010
Non Executive Directors						
Mr D Worth	100%	100%	-%	-%	-%	-%
Mr R Burney	100%	100%	-%	-%	-%	-%
Mr A Fung (i)	100%	100%	-%	-%	-%	-%
Mr D Matthews (ii)	100%	100%	-%	-%	-%	-%
Executive Directors						
Mr P Abotomey *	75%	100%	25%	-%	-%	-%
Executives						
Mr C Hayes	100%	n/a	-%	n/a	-%	n/a
Mr I Riley (iii)	100%	100%	-%	-%	-%	-%
Mr J Zhang	70.5%	76.1%	-%	-%	29.5%	23.9%
Mr T Ru	79.5%	n/a	-%	n/a	20.5%	n/a
Mr A Barnet	100%	100%	-%	-%	-%	-%
Mr B Wang (iv)	N/A	100%	N/A	-%	N/A	-%
Mr J Wilson (v)	N/A	100%	N/A	-%	N/A	-%

(i) Mr A Fung resigned 23 November 2010
(ii) Mr D Matthews resigned 30 August 2010
(iii) Mr I Riley resigned 1 September 2010
(iv) Mr B Wang resigned 30 June 2010
(v) Mr J Wilson resigned 30 June 2010

* Mr Abotomey's at risk STI all relates to available cash bonus. Mr Abotomey is the only employee entitled to a cash bonus under his contract during the current and prior financial year.

Bonuses included in remuneration

The proportion of cash bonus paid in the current reporting period is detailed in the table below. No cash bonuses or other short term incentives were paid or granted in the previous reporting period.

	Short term incentive bonus (cash)		
2011 **Executive Directors**	Included in Remuneration $ **(a)**	% vested in year	% forfeited in year **(b)**
Mr P Abotomey	65,000	39.4	60.6

(a) Amounts included in remuneration for the financial year represent the amount that vested in the financial year based on achievement of satisfaction of specified performance criteria. No amounts vest in future years in respect of the bonus schemes for the 2011 financial year.
(b) The amounts forfeited are due to the performance criteria not being met in relation to the current financial year.

REMUNERATION REPORT (CONT'D)

C. Share Based Compensation

Issue of Shares

No new shares were issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2011 (2010: Nil).

Options Issued as Part of Remuneration for the Year Ended 30 June 2011

There were no options issued as remuneration during the year ended 30 June 2011 (2010: Nil).

Preference Shares Issued as Part of Remuneration in the Prior Period

As part of the employment contract for Mr Joey Zhang (China Group General Manager), 1,250,000 Convertible Redeemable Preference Shares ("CRPS") were granted with an issue price of AUD$0.20 in the 2010 financial year. On 11 January 2012 the CRPS convert into ordinary OnCard shares for no consideration on the condition that Mr Zhang remains employed under the terms of the employment contract dated 7 December 2009. There are no performance hurdles restricting the conversion and issue of the shares.

The value of the CRPS' granted under the LTI plan to Mr Joey Zhang totalled $191,751 of which $95,875 (2010: $44,654) was expensed in the current period as detailed above. Mr Zhang's CRPS' are directly linked to the completion of his 24 month service period.

The value of the CRPS has been determined based on the volume weighted average price ("VWAP") of OnCard ordinary shares for the 30 trading days prior to the grant on 11 January 2010 (AUD$0.15).

As part of the employment contract for Mr Tianshu Ru (China Group Deputy General Manager), 1,000,000 Convertible Redeemable Preference Shares ("CRPS") were granted with an issue price of AUD$0.20. On 17 June 2012 the CRPS convert into ordinary OnCard shares for no consideration on the condition that Mr Ru remains employed under the terms of the employment contract dated 29 April 2010. There are no performance hurdles restricting the conversion and issue of the shares.

The value of the CRPS' granted under the LTI plan to Mr Tianshu Ru totalled $106,038 of which $53,154 (2010: $1,893) was expensed in the current period as detailed below. Mr Ru's CRPS' are directly linked to his completion of his 24 month service period.

The value of the CRPS has been determined based on the volume weighted average price ("VWAP") of OnCard ordinary shares for the 30 trading days prior to the grant on 17 June 2010 (AUD$0.11).

The CRPS have the same dividend entitlement as ordinary shares. The CRPS are unlisted, however there is no restriction on their transferability.

ONCARD INTERNATIONAL LIMITED
DIRECTORS REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

Total Share Based Payments as Part of Remuneration for the Year Ended 30 June 2011

	Number of Performance Rights CRP Shares	Value of Performance Rights CRP Shares Expensed in the Current Period $	Total Remuneration Represented by Performance Rights %	Total Value of Performance Rights Granted at Grant Date $	Total Value of Performance Rights Forfeited $	Total Value of the Performance Rights Vested** $
Executives						
Mr J Zhang	1,250,000	95,875	20.5%	191,751	-	-
Mr T Ru	1,000,000	53,154	29.5%	106,038	-	-
	2,250,000	**149,029**		**297,789**	**-**	**-**

Total Share Based Payments as Part of Remuneration for the Year Ended 30 June 2010

In the 2010 financial year, new share based payments in the form of CRPS' were granted under the LTI plan to Mr Joey Zhang (China Group General Manager) totalling $191,751 of which $44,654 was expensed in the period as detailed below. Mr Zhang's CRPS' are directly linked to the completion of his 24 month service period.

In the 2010 year, share based payments valued at $150,000 for performance rights granted in a previous year and which vested on 1 January 2010 were recorded. The holders of the performance rights over CRPS were entitled to be issued one (1) ordinary share for no monetary consideration subject to completion of their service contracts.

	Number of Performance Rights CRP Shares	Value of Performance Rights CRP Shares Expensed in the Current Period $	Total Remuneration Represented by Performance Rights %	Total Value of Performance Rights Granted at Grant Date $	Total Value of Performance Rights Forfeited $	Total Value of the Performance Rights Vested** $
Directors						
Mr P Abotomey	1,439,264	75,000	14.79%	375,000	-	375,000
Executives						
Mr M Arnold (i)	719,632	-	-	-	-	-
Mr I Riley	719,632	37,500	26.50%	187,500	-	187,500
Mr B Wang (ii)	719,632	37,500	23.30%	187,500	-	187,500
Mr J Zhang	1,250,000	44,654	23.86%	191,751	-	-
	4,848,160	**194,654**		**941,751**	**-**	**750,000**

(i) Resigned 21 May 2009. Mr Arnold retained his entitlement to CRPS on termination. The value of his entitlements was required to be recognised in the year ended 30 June 2009.

(ii) Resigned 30 June 2010. The value of his entitlements vested in the year ended 30 June 2010.

****** In the 2010 year, share based payments valued at $150,000 for performance rights granted in a previous year and which vested on 1 January 2010 were recorded. Further information on the fair value of the performance rights issued in prior years is set out in Note 17 to the financial statements. The performance rights were converted to ordinary shares on the same date.

ONCARD INTERNATIONAL LIMITED
DIRECTORS REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

D. Additional Information

The earnings of the consolidated entity for the five years to 30 June 2011 are summarised below:

	30 June 2011 $000's	30 June 2010 $000's	30 June 2009 $000's	30 June 2008 $000's	30 June 2007 $000's
Net profit before tax	1,911	2,064	2,504	2,340	1,586
Net profit after tax attributable to the members of OnCard	1,289	1,946	4,628	3,166	1,394

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

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
Share Performance					
Share price at start of year	8.1¢	18.0¢	15.5¢	38.0¢	12.0¢
Share price at end of year	22.0¢	8.1¢	18.0¢	15.5¢	38.0¢
Dividends	-	-	-	-	-
Basic earnings per share	0.73¢	1.1¢	2.8¢	1.9¢	1.0¢
Diluted earnings per share	0.72¢	1.1¢	2.7¢	1.9¢	1.0¢

This concludes the remuneration report, which has been audited.

Non Audit Services

Details of amounts paid or payable to the auditor of the Company and its related practices for audit and non-audit services provided during the year are outlined in Note 22 of the Annual Report.

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

The Directors are of the opinion that the services as disclosed in Note 22 to the financial statements do not compromise the independence to the external auditor's independence for the following reasons:

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included at page 22 of the Annual Report.

ONCARD INTERNATIONAL LIMITED
DIRECTORS REPORT (CONT'D)

Auditor

PKF continues in accordance with section 327 of the Corporations Act 2001.

There are no officers of the company who are former audit partners of PKF.

Rounding

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

Corporate Governance

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

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

On behalf of the Directors

Peter Abotomey
Director

26 August 2011

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of OnCard International Ltd and its controlled entities for the year ended 30 June 2011, I declare that, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

David Garvey

D J Garvey
Partner
PKF

26 August 2011
Melbourne

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ONCARD INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 $'000	2010 $'000
Revenue from continuing operations	4	**5,492**	5,933
Share of profits of investments accounted for using the equity method	12	**490**	1,525
Other income	4	**4,880**	4,099
Total income		**10,862**	11,557
Selling and promotional costs		**(2,671)**	(2,802)
Employment & contractor expense		**(3,515)**	(3,804)
Occupancy costs	5	**(546)**	(728)
Amortisation and depreciation	5	**(341)**	(246)
Finance costs		**(5)**	(42)
Travel & accommodation		**(734)**	(368)
Legal and professional fees	5	**(375)**	(558)
Foreign exchange loss		**(13)**	(156)
Other expenses		**(751)**	(789)
Profit before income tax		**1,911**	2,064
Income tax expense	6	**(638)**	(146)
Net profit for the year		**1,273**	1,918
Other Comprehensive income			
Exchange differences on translation of foreign operations	18(b)	**(1,558)**	(351)
Other comprehensive income for the period net of tax		**(1,558)**	(351)
Total comprehensive income for the period		**(285)**	1,567
Profit for the period is attributable to:			
Non-controlling interest		**(16)**	(28)
Owners of OnCard International Limited		**1,289**	1,946
		1,273	1,918
Total comprehensive income for the period is attributable to:			
Non-controlling interest		**(16)**	(28)
Owners of OnCard International Limited		**(269)**	1,595
		(285)	1,567
Basic earnings per share (cents per share)	27	**0.73 cents**	1.13 cents
Diluted earnings per share (cents per share)	27	**0.72 cents**	1.12 cents

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

ONCARD INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	NOTE	2011 $'000	2010 $'000
Current Assets			
Cash and cash equivalents	7	18,454	15,046
Trade and other receivables	8	1,144	1,031
Other current assets	9	250	247
Total Current Assets		19,848	16,324
Non-Current Assets			
Property, plant and equipment	10	287	362
Equity accounted investments	11	3,276	6,815
Intangible assets - goodwill	12	9,338	9,338
Intangible assets – software	13	2,721	2,048
Deferred tax assets	6	3,409	3,339
Other	14	20	19
Total Non-Current Assets		19,051	21,921
Total Assets		38,899	38,245
Current Liabilities			
Trade and other payables	15	1,960	1,317
Current tax payable	6	59	132
Provisions	16	228	277
Total current liabilities		2,247	1,726
Non-Current Liabilities			
Deferred tax liability	6	269	-
Total Non – Current Liabilities		269	-
Total Liabilities		2,516	1,726
Net Assets		36,383	36,519
Equity			
Equity attributable to members of the parent			
Contributed equity	17	39,374	39,374
Reserves	18	(1,665)	(256)
Accumulated losses	18	(1,549)	(2,838)
Total parent entity interest		36,160	36,280
Non – controlling interest		223	239
Total Equity		36,383	36,519

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

ONCARD INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2011

		Attributable to Owners of OnCard International Ltd.					
	Note	**Contributed Equity $'000**	**Accum. Losses $'000**	**Foreign Currency Translation Reserve $'000**	**Share-based Payments Reserve $'000**	**Non-Controlling Interest $'000**	**Total $'000**
At 1 July 2010		**39,374**	**(2,838)**	**(302)**	**46**	**239**	**36,519**
Profit / (Loss) for the period		-	1,289	-	-	(16)	1,273
Other comprehensive income		-	-	(1,558)	-	-	(1,558)
Total comprehensive income for the period		-	1,289	(1,558)	-	(16)	(285)
Transactions with owners in their capacity as owners:							
Issue of shares and other equity instruments	**18(a)**	-	-	-	149	-	149
As at 30 June 2011		**39,374**	**(1,549)**	**(1,860)**	**195**	**223**	**36,383**
At 1 July 2009		**38,064**	**(4,784)**	**49**	**-**	**(141)**	**33,188**
Profit / (Loss) for the period		-	1,946	-	-	(28)	1,918
Other comprehensive income		-	-	(351)	-	-	(351)
Total comprehensive income for the period		-	1,946	(351)	-	(28)	1,567
Transactions with owners in their capacity as owners:							
Issue of shares and other equity instruments	**17(1)**	1,160	-	-	-	-	1,160
Share based payments	**18(a)**	150	-	-	46	-	196
Non-controlling interests on acquisition of subsidiaries		-	-	-	-	408	408
As at 30 June 2010		**39,374**	**(2,838)**	**(302)**	**46**	**239**	**36,519**

The above statement is to be read in conjunction with the attached notes.

ONCARD INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers		**5,381**	5,251
Payments to suppliers and employees		**(7,867)**	(8,287)
Interest received		**3,100**	625
Finance costs		**(5)**	(42)
Income taxes paid in overseas jurisdictions		**(225)**	(294)
Other revenue		**280**	162
Net cash provided by/(used in) operating activities	**26**	**664**	(2,585)
Cash flows from investing activities			
Proceeds from business acquisitions	**20(a)&(b)**	**-**	521
Payments for business acquisitions	**20(b)**	**-**	(421)
Payments for property, plant & equipment		**(150)**	(253)
Payments for intangible assets		**(946)**	-
Net proceeds from sale of financial assets		**1,500**	3,311
Proceeds from disposal of property, plant & equipment		**58**	-
Profits distributed from equity accounted investments	**11**	**2,999**	-
Net cash provided by investing activities		**3,461**	3,158
Cash flows from financing activities			
Proceeds from capital raising		**-**	-
Net cash (used in)/provided by financing activities		**-**	-
Net increase in cash held		**4,125**	573
Cash and cash equivalents at the beginning of the financial period		**15,046**	14,405
Effects of exchange changes on the balances held in foreign currencies		**(717)**	68
Cash and cash equivalents at the end of the financial period	**7**	**18,454**	15,046

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

1. BASIS OF PREPARATION

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

The financial statements cover *OnCard International Limited* and its *controlled entities* as a consolidated entity for the financial year ended 30 June 2011. *OnCard International Limited* is a company limited by shares, incorporated and domiciled in Australia.

Separate financial statements for OnCard International Limited as an individual entity are no longer presented as a consequence of a change to the *Corporation Act 2001*, however limited financial information for OnCard International Limited as an individual entity is included in Note 19.

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

The financial statements were authorised for issue by the Directors on 26 August 2011.

The company's principal activities are the provision of Loyalty, Rewards and Payment solutions.

(a) Basis of Preparation of the Financial Statements

Compliance with IFRS

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial reporting Standards (AIFRS). The consolidated entity financial statements therefore comply with IFRS.

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies. All amounts are presented in Australian dollars unless otherwise noted.

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the company (the 'parent entity') and its subsidiaries (the 'Group') as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements. Details of the controlled entities are contained in Note 21(d)(i).

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

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

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

1. BASIS OF PREPARATION (CONT'D)

(c) Revenue Recognition

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

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

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

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

(d) Cash and Cash Equivalents

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

(e) Trade and Other Receivables

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

(f) Property, Plant and Equipment

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

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

- **Plant and Equipment**

  Plant and equipment is measured on the cost basis.

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

- **Computer Equipment**

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

(g) Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the asset or the improvement to the company, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 5 years on a straight line basis.

1. BASIS OF PREPARATION (CONT'D)

(h) Leases

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

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

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

(i) Intangibles

Goodwill

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

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

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

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

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

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

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

1. BASIS OF PREPARATION (CONT'D)

(i) Intangibles (Cont'd)

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

Impairment losses recognised for goodwill are not subsequently reversed.

Software Assets

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

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

(j) Impairment of Assets

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

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

(k) Taxes

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

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

1. BASIS OF PREPARATION (CONT'D)

(k) Taxes (Cont'd)

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

Tax Consolidation

OnCard International Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group effective 1 July 2010 under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. No tax sharing or funding arrangements are presently in place.

(l) Employee Benefits

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

(m) Financial Instruments

Classification

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

Financial Assets at Fair Value through Profit or Loss

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

(a) An entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit and loss.

(b) Doing so results in more relevant information, because either:

  (i) It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases.

  (ii) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

1. BASIS OF PREPARATION (CONT'D)

(m) Financial Instruments (Cont'd)

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

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

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

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

Held-to-Maturity Investments

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

Loans and Receivables

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

Available-for-Sale

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss. An impairment loss arising in relation to an "available-for-sale" instrument is recognised directly in profit and loss for the period.

Financial Liabilities

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

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

(n) Foreign Currency

Functional and Presentation Currency

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

Transactions and Balances

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

1. BASIS OF PREPARATION (CONT'D)

(n) Foreign Currency (Cont'd)

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

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

Group Companies

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

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

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

(o) Interests in Joint Ventures and Associates

Jointly Controlled Entities

Interests in jointly controlled entities are accounted for and reported using the equity method whereby an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition change in the share of net assets of the jointly controlled entity. The statement of comprehensive income reflects the share of the results of operations of the jointly controlled entity.

Revenue from expired cash credits on prepaid cards is recognised by the joint venture, two years after the expiry date of the card when the company has a legal right to retain the expired cash credits as revenue.

Investments in Associates

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

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

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

1. BASIS OF PREPARATION (CONT'D)

(o) Interests in Joint Ventures (Cont'd)

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

(p) Investment in Subsidiaries

Investments in subsidiaries held by OnCard International Limited are accounted for at cost in the separate financial statements of the parent company.

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 5 'Non-current Assets Held for sale and Discontinued Operations', which are recognised at fair value less selling costs.

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

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

(q) Borrowing Costs

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

(r) Trade and Other Payables

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

(s) Comparatives

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

1. BASIS OF PREPARATION (CONT'D)

(t) Provisions

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

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

Buffet Club – Hotel Expense

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

(u) Share Based Payment Transactions

Equity Settled Transactions

The Group provides benefits in the form of share-based payments to certain executives and senior management. These benefits relate to the rendering of services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting date has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

1. BASIS OF PREPARATION (CONT'D)

(u) Share-Based Payment Transactions (Cont'd)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding equity settled amounts is reflected as additional share dilution in the computation of earnings per share (see Note 27).

(v) Contributed Equity

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

(w) Earnings Per Share

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

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

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

(x) Rounding Amounts

The company is of a kind referred to in ASIC Class Order Co 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

1. BASIS OF PREPARATION (CONT'D)

(y) New, revised or amending Accounting Standards and Interpretations adopted

The accounting standards that have not been early adopted for the year ended 30 June 2011, but will be applicable to the OnCard Group in future reporting periods, are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods, however they have been considered insignificant to OnCard.

a) Transfer of Financial Assets Disclosures

AASB 2010-6: "Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets" was issued in November 2010. AASB 2010-6 adds and amends existing disclosure requirements for transfers of financial assets in AASB 7: "Financial Instruments: Disclosures".

The amendments increase the disclosure requirements for financial assets that are either (legally) transferred but no derecognised (due to not meeting the accounting requirements) or derecognised but the transferor retains some level of continuing involvement in the financial assets.

The amendments to AASB 7 are applicable to annual reporting periods beginning on or after 1 July 2011, with early adoption permitted. It is anticipated that these amendments will have minimal impact on the Group as the Group do not have complex financial assets.

b) Financial Instruments - Classification, measurement and Derecognition

AASB 9: "Financial Instruments" was re-issued in December 2010 to include the accounting requirements for classifying and measuring financial liabilities and the derecognition requirements for financial assets and liabilities. Two related omnibus standards AASB 2010-7 ; "Amendments to Australian Accounting Standards arising from AASB-9 (December 2010)" and AASB 2009-11: "Amendments to Australian Accounting Standards arising from AASB 9" make a number of amendments to other accounting standards as a result of the amendments to AASB 9 and must be adopted at the same time.

Most of the added requirements on the classification and measurement of financial liabilities and all of the added requirements on the derecognition of financial instruments have been carried forward unchanged from the existing standard AASB 139: "Financial Instruments - Classification and Measurement". The only change made relates to the requirements for the fair value option for financial liabilities, to address the issue of own credit risk. For financial liabilities designated at fair value due to changes in own credit risk now generally must be presented in other comprehensive income, rather than within profit or loss.

The amendments to AASB 9 are applicable to annual reporting periods beginning on or after 1 January 2013, with early adoption permitted. It is anticipated that this change will have minimal impact on the Group.

c) Consolidated Financial Statements

IFRS 10: "Consolidated Financial Statements" was issued by the IASB in May 2011 and replaces both the existing IAS 27: "Consolidated and Separate Financial Statements" and SIC 12: "Consolidation - special Purpose entities". This new standard revises the definition of control and related application guidance so that a single control model can be applied to all entities. This standard will apply to the Group from 1 July 2013 and the Group is currently assessing the impact. Early adoption is permitted.

ONCARD INTERNATIONAL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. BASIS OF PREPARATION (CONT'D)

(y) New, revised or amending Accounting Standards and Interpretations adopted (cont'd)

There have also been consequential amendments to IAS 27: "Consolidated and Separate Financial Statements" resulting from the issuance of IFRS 10. These amendments are applicable from 1 July 2013 and will have no impact on the Group as the Group already comply with the amendments.

d) Joint Arrangements

IFRS 11: "Joint Arrangements" was also issued by the IASB in May 2011 and provides for a more realistic reflection of joint arrangements by focussing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard will apply to the Group from 1 July 2013 and the Group is currently assessing the impact. Early adoption is permitted.

e) Disclosure of Interests in Other Entities

IFRS 12: "Disclosure of Interests in other Entities" was issued by IASB in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is applicable from 1 July 2013 and management is currently assessing the impacts of the standard, which will be limited to disclosure impacts only.

There have also been consequential amendments to IAS 28: "Investment in Associates" as a result of the above new standard. These amendments are applicable from 1 July 2013 and will have no impact on the Group as the Group already comply with the amendments.

Fair Value Measurement

IFRS 13: "Fair Value Measurement" was issued by IASB in May 2011 and provides a precise definition of a fair value, is a single source of fair value measurement and prescribes disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard will apply to OnCard from 1 July 2013, although early adoption is permitted. The Group is currently assessing the impact.

f) Presentation of Items of Other Comprehensive Income (OCI)

AS 1: "Presentation of Financial Statements" was amended by the IASB in June 2011 and provides improvements to the presentation of items of OCI. The main change is the requirement to group items within OCI that will be reclassified to the profit or loss in subsequent periods separately, from items of OCI that will not. The amendments also reaffirm existing requirements that items of OCI and profit or loss can be presented as either a single statement or two consecutive statements. The revised IAS 1 will apply to the Group from 1 July 2012 however, early adoption is permitted. These amendments will have no financial impact on Group as these changes impact disclosure requirements only.

ONCARD INTERNATIONAL LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. BASIS OF PREPARATION (CONT'D)

(y) New, revised or amending Accounting Standards and Interpretations adopted (cont'd)

g) Benefits

IAS 19: "Employee Benefits" was issued by the IASB in June 2011 to replace the existing employee benefits standard. The key changes are as follows:

- Actuarial gains and losses have been renamed to 'remeasurements' and will be recognised immediately in OCI. Actuarial gains or losses will no longer be deferred using the corridor approach or recognised in profit or loss;
- Measurement of defined benefit expense will include net interest income or expense, calculated by applying a discount rate to the net defined benefit asset or liability. The discount rate used is based on either a corporate or government bond rate. This will remove the requirement to include an expected return on plan assets as part of the measurement of the defined benefit expense;
- Presentation of defined benefit cost has been disaggregated into three components; service cost to be presented in profit or loss, net interest on the net defined benefit asset or liability in the profit or loss as part of finance costs and remeasurements to be presented in OCI; and
- Additional disclosures are required about the characteristics of benefit plans, the amounts recognised in the financial statements and the risks arising from defined benefit plans.

The revised IAS 19 will apply to OnCard from 1 July 2013, although early adoption is permitted. The Group is currently assessing the impact.

h) Other

In addition to the above recently issued accounting standards that are applicable in future years, OnCard note the following new accounting standards are applicable in future years:

- AASB 124: "Related Party Disclosures";
- AASB 2009-12: "Amendments to Australian Accounting Standards";
- AASB 2009-14: "Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement";
- AASB 2010-4: "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project";
- AASB 2010-5: "Amendments to Australian Accounting Standards";
- AASB 2010-8: "Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets";
- AASB 2010-9 "Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"; and
- AASB 2011-4 "Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements".

OnCard do not expect these accounting standards to materially impact our financial results upon adoption.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Estimated Impairment of Goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use discounted cash flow methodology. These calculations are based on detailed projected cash flows approved by management covering a period not exceeding five years. Constant growth rates are used beyond the forecast period. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future (see Note 12).

(b) Income Taxes

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

In addition, the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised and that management considers it probable that future tax profits will be available to utilise the unused tax losses. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

(c) Share-Based Payment Transactions

The fair value of performance rights and CRP shares granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the shares vest. The grant date is defined as the date the contract was entered into between the Company and the participant.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

The Group measures the cost of the equity settled transaction (being performance rights and CRP Shares) as the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the underlying share price of the company's shares immediately prior to granting.

3. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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

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

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

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

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

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

	CARRYING AMOUNT		**NET FAIR VALUE**	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Financial Assets				
Cash and cash equivalents	18,454	15,046	18,454	15,046
Trade and other receivables	1,144	1,031	1,144	1,031
Non-Traded Financial Assets	19,598	16,077	19,598	16,077
Financial Liabilities				
Trade and other payables	1,960	1,317	1,960	1,317
Current tax payable	59	132	59	132
Non-Traded Financial Liabilities	2,019	1,449	2,019	1,449

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

Risk Exposures and Responses

Interest Rate Risk

The Group's exposure to market interest rate related primarily to the Group's cash deposits (as disclosed in Note 7).

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian and overseas variable interest rate risks that are not designated as cash flow hedges:

	2011 $'000	2010 $'000
Financial Assets		
Cash & cash equivalents	**18,454**	15,046
Financial Liabilities		
Borrowings	**-**	-
Net exposure	**18,454**	15,046

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

The following sensitivity analysis is based on the interest rate opportunity/risk in existence at balance date.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	2011 $'000	2010 $'000
Judgements of reasonably possible movements:		
+1% (100 basis points)	**185**	150
-1 % (100 basis points)	**(185)**	(150)

The movement in profits are due to higher/lower interest received. As the Group does not have any derivative instruments the movements in equity are those of profit only. A movement of + and – 1% is selected because this historically is within a range of rate movements.

Foreign Currency Risk

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

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

At 30 June, the Group had the following exposure to HKD, SPD, and RMB foreign currency that is not designated as cash flow hedges:

	2011 $'000	2010 $'000
Financial Assets		
Cash & cash equivalents - HKD	**820**	828
Cash & cash equivalents – RMB	**3,991**	3,091
Cash & cash equivalents – SPD	**343**	181
Trade and other receivables - HKD	**22**	68
Trade and other receivables – RMB	**835**	659
Trade & other receivables – SPD	**10**	13
Financial Liabilities		
Trade and other payables - HKD	**(107)**	(128)
Trade and other payables – RMB	**(1,706)**	(983)
Trade and other payables – SPD	**(45)**	(55)
Net Exposure	**4,163**	3,674

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

At 30 June, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	**Post Tax Profit Higher/(Lower)**		**Equity Higher/(Lower)**	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
A$/HKD +10%	**73**	77	**73**	77
A$/RMB +10%	**312**	277	**312**	277
A$/SPD +10%	**31**	14	**31**	14
A$/HKD -10%	**(73)**	(77)	**(73)**	(77)
A$/RMB -10%	**(312)**	(277)	**(312)**	(277)
A$/SPD -10%	**(31)**	(14)	**(31)**	(14)

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

Price Risk

The Group has no assets or liabilities that are exposed to price risk.

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

Other Price Risks – equity accounted investments

The Group is exposed to equity price risks arising from equity accounted investments. Equity accounted investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Other Price Risks – Equity investments

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for trading purposes on a short term basis. The risk is that the value of the equity investment will reduce during the period it is held. The Group did not hold any of these investments at the year end.

Liquidity Risk

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

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

The Group has Total Liabilities of $2.516 million (2010: $1.726 million) of which $2.247 million (2010: 1.726 million) is recorded as current liabilities and Total Current Assets of $19.848 million (2010: $16.324 million) of which $18.454 million (2010: $15.046 million) consists of cash or cash equivalents providing the Board with comfort that the Group is solvent and can meet its payment obligations in full as they fall due.

Credit Risk

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

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

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

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

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

Fair Value

The method for estimating fair value is outlined in the relevant notes to the financial statements.

ONCARD INTERNATIONAL LIMITED
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FOR THE YEAR ENDED 30 JUNE 2011

	2011 $'000	2010 $'000
4. REVENUE		
Revenue from Operations		
Sales Revenue	**5,492**	5,933
	5,492	5,933
Other income		
Interest received	**3,100**	625
Net gain on sale of financial assets	**1,500**	3,311
Gains on re-measurement of equity interest at acquisition fair value date	**-**	102
Rent received	**-**	30
Other	**280**	31
Total other income	**4,880**	4,099

5. EXPENSES

Profit before income tax expense includes the following specific expenses:

	2011 $'000	2010 $'000
Employee benefits expense		
Salaries and wages	**1,944**	2,089
Superannuation expense (defined contribution)	**9**	-
Share based payment expense	**149**	150
	2,102	2,239
Rental expense relating to operating leases	**546**	728
Depreciation of property, plant and equipment	**173**	153
Amortisation of software	**168**	93
Total depreciation and amortisation expense	**341**	246
Audit fees and expenses	**248**	229
Other accounting fees	**40**	22
Other professional fees and services	**87**	307
	375	558

ONCARD INTERNATIONAL LIMITED
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6. INCOME TAX EXPENSE

	2011 $'000	2010 $'000
Income tax expense (benefit)		
Current tax	**460**	68
Deferred tax	**178**	78
	638	146
Income tax expense (benefit) is attributable to:		
Profit from continuing operations	**638**	146
Aggregate income tax expense		
Deferred Income tax (revenue) expenses included in income tax comprises:		
(Increase) in deferred tax assets	**(91)**	(66)
Increase in deferred tax liabilities	**269**	-
	178	(66)
Reconciliation of income tax expense to prima facie tax on accounting profit/loss		
Profit from continuing operations before income tax expense	**1,911**	2,064
Tax expense at Australian tax rate of 30% (2010: 30%)	**573**	619
Tax effect of amounts which are not taxable in calculating taxable income	**(147)**	(522)
Withholding tax paid in foreign jurisdiction	**335**	-
	761	97
Difference in overseas tax rates	**(66)**	(31)
Adjustments for current tax of prior periods	**(7)**	6
Tax losses not recognised	**36**	87
Previously unrecognised tax losses now recognised	**(86)**	(13)
Income Tax Expense for the Period	**638**	146
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	**-**	39
Potential tax benefit at 30%	**-**	12
Current Tax Liabilities		
Income tax payable attributable to:		
Parent Entity	**-**	-
Other entities not in the tax consolidated group	**59**	132
	59	132

6. INCOME TAX EXPENSE (CONT'D)

Non-current assets – deferred tax assets

Movements	**Tax Losses $000's**	**Other $000's**	**Total $000's**
At 1 July 2009	3,250	23	3,273
Credited to the statement of comprehensive income	66	-	66
At 30 June 2010	**3,316**	23	**3,339**
Credited to the statement of comprehensive income	82	9	91
Adjustments for effects of changes in foreign currency exchange rates	(21)	-	(21)
At 30 June 2011	**3,377**	32	**3,409**

Non-current liabilities – deferred tax liabilities

Movements	**Other $000's**	**Total $000's**
At 1 July 2009	-	-
Debited to the statement of comprehensive income	-	-
At 30 June 2010	-	**-**
Debited to the statement of comprehensive income	(269)	(269)
At 30 June 2011	(269)	**(269)**

	2011 $'000	2010 $'000
7. CASH & CASH EQUIVALENTS		
Cash at bank and on hand	**18,454**	15,046

The above figures are shown in the cash flow statement.

8. TRADE & OTHER RECEIVABLES

	2011 $'000	2010 $'000
Trade receivables	**355**	132
Allowance for doubtful debts	**-**	-
	355	132
Other receivables	**789**	899
	1,144	1,031

Trade and other receivables at balance date includes the following unhedged amounts in foreign currencies:		
HKD 177,910 (2010: 455,635)	22	68
SPD 12,901 (2010: 16,018)	10	13
RMB 5,721,132 (2010:3,831,391)	835	659

Trade receivables aging is as follows:	2011		2010	
	Debtor $'000	**Allowance $'000**	**Debtor $'000**	**Allowance $'000**
0 to 30 days	**174**	**-**	132	-
Ageing of past due but not impaired:		**-**		-
31 to 60 days	**104**	**-**	-	-
61 + days	**77**	**-**	-	-
	355	**-**	132	-

An allowance is made for estimated irrecoverable trade receivables amounts for those companies in the Group offering credit terms, arising from the past rendering of services, determined by reference to past default experience. Before accepting new customers, the companies check credit standing and apply limits to customers. These arrangements are reviewed periodically. At the balance date no allowance has been considered necessary (2010: Nil). Past due balances are all considered recoverable and therefore not impaired.

9. OTHER CURRENT ASSETS

	2011 $'000	2010 $'000
Prepayments and deposits	**250**	247

10. PROPERTY, PLANT AND EQUIPMENT

	2011 $'000	2010 $'000
Plant and equipment – at cost	**188**	741
Less accumulated depreciation	**(165)**	(599)
	23	142
Computer equipment – at cost	**638**	838
Less accumulated depreciation	**(374)**	(618)
	264	220
Total Assets	**287**	362

Reconciliations

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

	2011 Plant & Equipment $'000	2011 Computer Equipment $'000	2011 Total $'000	2010 Plant & Equipment $'000	2010 Computer Equipment $'000	2010 Total $'000
Carrying amount opening balance	**142**	**220**	**362**	148	196	344
Additions	**25**	**125**	**150**	204	175	379
Disposals	**(16)**	**(41)**	**(57)**	(180)	(54)	(234)
Depreciation/ amortisation expense	**(106)**	**(15)**	**(121)**	(30)	(97)	(127)
Adjustment for effects of changes in foreign exchange rates	**(22)**	**(25)**	**(47)**	-	-	-
Carrying amount closing balance	**23**	**264**	**287**	142	220	362

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2011 $'000	2010 $'000
Investments in jointly controlled entities	**3,276**	6,815
	3,276	6,815

Reconciliation of movement in investments accounted for using the equity method.

	2011 $'000	2010 $'000
Balance at 1 July	**6,815**	6,268
Disposed in the year (i)	**-**	(582)
Share of profit for the year (ii)	**490**	1,525
Share of movement in foreign exchange reserve	**(742)**	(396)
	6,563	6,815
Profits repatriated during the year	**(3,287)**	-
	3,276	6,815

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

Interests are held in the following:

NAME	PRINCIPLE ACTIVITY	COUNTRY OF INCORP-ORATION	OWNER-SHIP INTEREST 2011 %	OWNERSHIP INTEREST 2010 %	CARRYING AMOUNT OF INTEREST 2011 $'000	CARRYING AMOUNT OF INTEREST 2010 $'000
Joint Venture:						
Shanghai Smart Service Co Ltd	Prepaid cards	China	**50**	50	**3,106**	6,639
Associates:						
OnCard Malaysia Sdn Bhd	Loyalty Program	Malaysia	**50**	50	**170**	176
					3,276	6,815

(i) In the prior period, OnCard International Limited increased its holding in BAPCO to a controlling interest of 80.2% (2009: 49.2% see note 20(b). This investment in now consolidated as a controlled entity.

(ii) **Summarised financial information in respect of the Group's jointly controlled entities is set out below:**

	2011 $'000	2010 $'000
Financial position		
Current assets	**226,873**	291,314
Non-current assets	**352**	488
Current liabilities	**(221,013)**	(278,549)
Non-current liabilities	**-**	-
Net assets	**6,212**	13,253
Financial Performance		
Revenue	**6,527**	9,770
Expenses	**(5,548)**	(6,720)
Total profit for the year	**979**	3,050
Group's share of jointly controlled entities profit	**490**	1,525

Dividends Received from Associates and Joint Ventures

During the year, the Group repatriated profits of $3,286,770 (2010: Nil) from its joint venture investment in Shanghai Smart Service Company Ltd. The amount received net of withholding tax was $2,999,642. A further profit repatriation of $1,164,261 was received subsequent to balance date as detailed at Note 28.

No dividends were received from associates.

Contingent Liabilities and Commitments

The Group's share of other expenditure commitments of associates and jointly controlled entities is disclosed in Note 24.

12. INTANGIBLE ASSETS - GOODWILL

	2011 $'000	2010 $'000
(a) Carrying Value		
Goodwill on acquisition	**9,338**	9,338
Total net carrying amounts	**9,338**	9,338
(b) Reconciliations		
Carrying amount at beginning net of impairment	**9,338**	9,338
Movements during the period	**-**	-
Carrying amount at end net of impairment	**9,338**	9,338

Goodwill is subject to annual impairment testing.

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

OnCard Buffet Club Group	**8,731**	8,731
MarketSMART	**601**	601
OneRewards	**6**	6
	9,338	9,338

Allocation of Goodwill to Cash-Generating Units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- OnCard Buffet Club group
- MarketSMART
- OneRewards

The carrying amount of goodwill allocated to the OneRewards unit is immaterial.

OnCard Buffet Club Group

The recoverable amount of this cash-generating unit (CGU) is determined based on a value in use calculation which uses, in accordance with AASB 136, pre tax cash flow projections based on financial budgets approved by management covering a five year period, using a pre-tax discount rate of 17% (2010: 17%). After the five year period a constant growth rate of 2% is used in the forecast, which is deemed conservative for the industry as it is lower than forecast GDP growth rates for the countries the CGU operates.

Discounted cash flow results in an NPV including residual values of $9.025 million. For the OnCard Buffet Club Group, there are possible changes in the key assumptions on which the recoverable amount is based that could cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU. The actual recoverable amount based upon the assumptions noted above exceeds the carrying amount by $0.294 million. A reduction in long term growth rates after year five from 2% to 1% combined with an increase in the discount rate from 17% to 18% would have to occur for the recoverable amount to fall below its carrying amount.

12. INTANGIBLE ASSETS - GOODWILL (CONT'D)

The key assumptions used in preparing in the Buffet Club Group forecasts are set out below and summarised by location, being Asia and China.

Asia (includes operations in Hong Kong, Singapore and Malaysia)

The key assumptions incorporated in the forecasts for Buffet Club Asia is sales revenue and profit before tax (PBT) including the following:

Hong Kong:

- During the current reporting period the HK result was lower than the corresponding 2010 reporting period due to restructure of in-house call-centre operation and loss of experienced callcentre staff in the current reporting period. Forecasts for the calendar year ended 31 December 2011 and the year ending 31 December 2012 reflect recovery of sales and PBT to historical levels experienced in the 2010 year.
- Forecasts in year two and three of the forecast period for existing operations in Hong Kong have been based on growth in revenue and profit of 5% and 10% year on year. Management are of the opinion that the growth rates are achievable as they reflect growth and revenue rates below those actually achieved in prior years. Forecasts after 2013 are conservatively based upon 5% growth rate for 2014 and 2015 calendar years, followed by terminal growth rates after year 5 of 2%.
- Additionally, significant cost savings and product price increases have been achieved over the last 12 months and sales volumes are strengthening following the restructuring of in-house callcentre operations and replacement of experienced callcentre operators whom left OnCard during the reporting period.

Singapore:

- Forecasts for the calendar year ended 31 December 2011 reflect an increase in revenue and PBT due to the execution of a new strategic sales plan in addition to the existing in-house and outsourced call centre operations which is expected to result in strong growth in revenues and profit increase into year two for the forecast.
- Forecasts in year two and three of the forecast period for existing operations in Singapore have been based on growth in revenue and profit of between 10 and 20% year on year following on from introduction of the strategic sales plan. Forecasts after 2013 are conservatively based upon 5% growth rate for 2014 and 2015 calendar years, followed by terminal growth rates after year 5 of 2%.
- Additionally, significant cost savings and product price increases have been achieved over the last 12 months and sales volumes are strengthening following the restructuring of in-house callcentre operations and replacement of experienced callcentre operators whom left OnCard during the reporting period.

Malaysia:

- The Malaysian Buffet Club operations have been restructured under a revised business plan with OnCard's Malaysian joint venture partner. This will result in increased sale price agreed with the outsource callcentre provider effective September 2011. Forecasts in revenue and PBT for the calendar year ended 31 December 2011 and the year ending 31 December 2012 are consistent with historical revenue and PBT experienced in the Asia component of Buffet Club Asia. OnCard management expect that the business growth rates will reflect historical growth and revenue rates similar to those experienced and forecast in Hong Kong and Singapore for years two and three of the forecast period.

12. INTANGIBLE ASSETS - GOODWILL (CONT'D)

China

The key assumption used in preparing the Buffet Club Asia forecasts are a growth in membership numbers and include the following:

- Forecasts for the Group's buffet club expansion into China are based upon significant membership growth rates achieved as part of the cooperation agreement announced in January 2011 with China CITIC Bank. The membership target of 200,000 is expected to be met in mid 2012. Total memberships across the Asia operations noted above is less the 50,000, The CITIC cooperation agreement provides a substantial membership base for revenue and profit growth in the China Buffet Club operation.
- The acquisition of partner hotels in China has exceeded 65 at date of this report. This exceeds the total hotels for all the Asia operations providing a substantial hotel network for China buffet club members to access.
- Revenue and EBIT growth are expected to grow significantly in calendar years 2012 and 2013 as additional programs are introduced across China including a cooperative outsourced call centre operation with CITIC. Forecasts after 2013 are conservatively based upon 5% growth rate for 2014 and 2015 calendar years, followed by terminal growth rates after year 5 of 2%.

For both Buffet Club Asia and China, cash flows used in impairment testing calculations have been sensitised and are consequently based on 70% of actual forecast gross profit prepared by management to reflect the possibility of slower than expected growth rates due to continued volatility and uncertainty, with economies in the US and Europe continuing to be impacted by the flow on effects of the GFC from 2008 and European sovereign debt concerns.

MarketSMART

The recoverable amount of this cash-generating unit (CGU) is determined based on a value in use calculation which uses, in accordance with AASB 136, pre tax cash flow projections based on financial budgets approved by management and the Directors covering a five year period, and a pre-tax discount rate of 17%. After the five year period the forecast uses a constant growth rate of 2% which is considered appropriate to the industry.

Cash flows used in impairment testing calculations have been sensitised and are consequently based on 80% of actual forecast earnings before interest and tax prepared by management and to reflect the possibility of slower than expected growth rates due to continued volatility and uncertainty, with economies in the US and Europe continuing to be impacted by the flow on effects of the GFC from 2008 and European sovereign debt concerns.

Discounted cash flows including residual values result in an NPV of $2.24 million. The actual recoverable amount based upon the assumptions noted above exceeds the carrying amount by $1,823 million.

Management believes that no reasonably possible changes in the key assumptions on which the recoverable amount is based would cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

13. INTANGIBLE ASSETS – SOFTWARE

	2011 $'000	2010 $'000
Software acquired – at cost	**2,315**	1,774
Less accumulated depreciation	**(294)**	(117)
	2,021	1,657
Software assets–under development (ii)	**700**	391
	2,721	2,048

Reconciliations

Reconciliations of the carrying amounts of software assets at the beginning and end of the financial year are set out below:

	2011		2010	
	Software Assets $'000	**Total $'000**	**Software Assets $'000**	**Total $'000**
Carrying amount opening balance	**2,048**	**2,048**	-	-
Additions	**946**	**946**	446	446
Additions as part of business acquisition (i)	**-**	**-**	1,720	1,720
Amortisation expense	**(184)**	**(184)**	(118)	(118)
Adjustment for effects of changes in foreign exchange rates	**(89)**	**(89)**	-	-
Carrying amount closing balance	**2,721**	**2,721**	2,048	2,048

(i) Represents software acquired as part of business combinations during the previous reporting period. Full details of the fair value of the acquired intangible software assets is detailed in Note 20 (a – b). In accordance with the Group's policy in relation to intangible assets with finite lives, the asset will be amortised over 10 years from the date of acquisition.

(ii) Represents the development of commercial software for business operation which is expected to be operational in the fourth quarter of the 2011 financial year on completion of development testing. In accordance with the Group's policy in relation to intangible assets with finite lives, the asset will be amortised over 10 years from the date it is approved for commercial use.

	2011 $'000	2010 $'000
14. OTHER NON-CURRENT ASSETS		
Other	**20**	19
	20	19

	2011 $'000	2010 $'000
15. TRADE AND OTHER PAYABLES		
Trade and other payables	**1,960**	1,317
	1,960	1,317
Trade and other payables includes amounts payable at balance date in foreign currencies:		
HKD 880,732 (2010: 854,333)	**107**	128
SPD 58,516 (2010: 65,561)	**45**	55
RMB11,685,387 (2010: 5,715,301)	**1,706**	983

Due to the short term nature of these payables, their carrying value is assumed to approximate fair value.

For the year ended 30 June 2011 the Group has not provided any financial guarantees.

	2011 $'000	2010 $'000
16. PROVISIONS		
Rewards cards – hotel expense provision (Note 16(a))	**157**	192
Employee entitlements – annual leave	**71**	85
	228	277
(a) Movements in Buffet Club hotel expense provision (Note 1(t)):		
Carrying amount at beginning of the period	**192**	267
(Credited) / Charged to the statement of comprehensive income	**(35)**	(75)
Carrying amount at end of the period	**157**	192

	NUMBER OF SHARES 2011	NUMBER OF SHARES 2010	SHARE CAPITAL 2011 $'000	SHARE CAPITAL 2010 $'000
17. CONTRIBUTED EQUITY				
Share Capital				
Ordinary shares – fully paid (no par value) *Note 17(1)*	**177,223,304**	177,223,304	**39,374**	39,374
Convertible redeemable preference shares and performance rights *Note 17(2)*	**2,250,000**	2,250,000	**-**	-
Total Share Capital			**39,374**	39,374

17. CONTRIBUTED EQUITY (CONT'D)

(1) Movements in ordinary share capital:

DATE	DETAILS	ORDINARY SHARES	ISSUE PRICE	$'000
01/07/09	Balance beginning of period	167,825,143		37,307
18/08/09	Ordinary shares (a)	2,900,000	$0.20	580
05/01/10	Ordinary shares (Note 17(2))	3,598,160		907
28/02/10	Ordinary shares (a)	2,900,000	$0.20	580
30/06/10	Balance at end of period	177,223,303		39,374
	Issued in current period	Nil	N/A	Nil
30/6/11	Balance at end of period	177,223,303		39,374

(a) Shares issued in respect of an equity transfer agreement with "BilltoBill" HK Company Limited for the acquisition of its assets, intellectual property, trading names, contracts and customers and 100% equity interest in Yin Chan Information Technology Co. Ltd. OnCard assumed financial control of the acquired assets and Yin Chan on 1 July 2009. Total consideration of $1,160,000 was satisfied by the issued in two tranches of shares totalling 5.8 million shares at AUD$0.20 per share. (Note 20(a)).

(2) Movements in Convertible Redeemable Preference Shares:

DATE	DETAILS	CONVERTIBLE REDEEMABLE PREFERENCE SHARES	ISSUE PRICE	$'000
01/07/09	Balance at beginning of the period	3,598,160	$0.11	757
31/12/09	Share based payments *(Note 18(a))*	-		150
01/01/10	CRPS converted to ordinary Shares *(Note 18(a))*			
11/01/10	Share based payments *(Note 18(a))*	(3,598,160)		(907)
17/06/10		1,250,000	-	-
	Share based payments *(Note 18(a))*	1,000,000	-	-
30/06/10	Balance at end of period	2,250,000		-
	Issued in current period	-	-	-
30/06/11	Balance at end of period	2,250,000	-	-

17. CONTRIBUTED EQUITY (CONT'D)

Terms and Conditions of Issued Capital

Ordinary Shares

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

Convertible Redeemable Preference Shares (CRPS)

- CRPS will rank equally on conversion to ordinary shares
- CRPS rank for dividends equally with the holders of all non preference shares but must be paid before holders of ordinary shares are paid their dividends
- The holders of CRPS may only vote in the following circumstances:
    - i. During a period during which a dividend (or part of a dividend) in respect of the share is in arrears.
    - ii. On a proposal to reduce the Company's share capital.
    - iii. On a resolution to approve the terms of a buy-back agreement.
    - iv. On a proposal that affects rights attached to the share.
    - v. On a proposal to wind up the Company.
    - vi. On a proposal for the disposal of the whole of the Company's property, business and undertaking, and
    - vii. During the winding up of the Company.

Participation in surplus
The holders of the CRPS do not participate in distributions of surplus assets or profits of the Company except as specifically set out in the Company's constitution.

Options

There were no options on issue during the financial year or as at 30 June 2011 (30 June 2010: Nil).

	Notes	2011 $'000	2010 $'000
18. RESERVES AND ACCUMULATED LOSSES			
Share-based payment reserve	18(a)	**195**	46
Foreign currency translation reserve	18(b)	**(1,860)**	(302)
		(1,665)	(256)
Accumulated losses	18(c)	**(1,549)**	(2,838)

(a) Share-Based Payment Reserve

(i) Nature and Purpose of Reserve

This reserve is used to record the value of equity benefits provided as part of agreements entered into by the company during the year. Refer to Note 18(a)(2) and the remuneration section of the Director's Report for details.

	2011 $'000	2010 $'000
(ii) Movements in Reserve		
Balance at the beginning of year	**46**	-
Share based payment expense over CRPS:	**149**	196
Shares issued during the year (Note 17(2))	**-**	(150)
Balance at end of year	**195**	46

Share Based Payments – Performance Rights over Convertible Redeemable Preference Shares

	2011 Number of Performance Rights*(1)*	**2010 Number of Performance Rights*(2)***
Balance at beginning of the Year	2,250,000	3,598,160
Granted during the Year	-	2,250,000
Forfeited during the Year	-	-
Expired during the Year	-	-
Issued Shares during the Year	-	(3,598,160)
Balance at end of the Year	2,250,000	2,250,000

1) Preference Shares Issued as Part of Remuneration for the Year Ended 30 June 2011

No performance rights were granted or issued in the 2011 year.

2) Preference Shares Issued as Part of Remuneration in prior period

Preference Shares Issued as Part of Remuneration in the Prior Period

As part of the employment contract for Mr Joey Zhang (China Group General Manager), 1,250,000 Convertible Redeemable Preference Shares ("CRPS") were granted with an issue price of AUD$0.20 in the 2010 financial year. On 11 January 2012 the CRPS convert into ordinary OnCard shares for no consideration on the condition that Mr Zhang remains employed under the terms of the employment contract dated 7 December 2009. There are no performance hurdles restricting the conversion and issue of the shares.

18. RESERVES AND ACCUMULATED LOSSES (CONT'D)

Preference Shares Issued as Part of Remuneration in the Prior Period (Cont'd)

The value of CRPS' granted under the LTI plan to Mr Joey Zhang totalled $191,751 of which $95,875 (2010: $44,654) was expensed in the current period as detailed above. Mr Zhang's CRPS' are directly linked to the completion of his 24 month service period.

The value of the CRPS has been determined based on the volume weighted average price ("VWAP") of OnCard ordinary shares for the 30 trading days prior to the grant on 11 January 2010 (AUD$0.15).

As part of the employment contract for Mr Tianshu Ru (China Group Deputy General Manager), 1,000,000 Convertible Redeemable Preference Shares ("CRPS") were granted with an issue price of AUD$0.20. On 17 June 2012 the CRPS convert into ordinary OnCard shares for no consideration on the condition that Mr Ru remains employed under the terms of the employment contract dated 29 April 2010. There are no performance hurdles restricting the conversion and issue of the shares.

The value of CRPS' granted under the LTI plan to Mr Tianshu Ru totalled $106,038 of which $53,154 (2010: $1,893) was expensed in the current period as detailed below. Mr Ru's CRPS' are directly linked to his completion of his 24 month service period.

The value of the CRPS has been determined based on the volume weighted average price ("VWAP") of OnCard ordinary shares for the 30 trading days prior to the grant on 17 June 2010 (AUD$0.11).

The CRPS have the same dividend entitlement as ordinary shares. The CRPS are unlisted, however there is no restriction on their transferability.

(b) Foreign Currency Translation Reserve

(i) Nature and Purpose of Reserve

This reserve is used to record the exchange differences arising on translation of foreign operations where the foreign operations functional currency is different from the Group's presentation currency.

	2011 $'000	2010 $'000
(ii) Movements in Reserve		
Balance at the beginning of year	**(302)**	49
Movement during the year	**(1,558)**	(351)
Balance at end of year	**(1,860)**	(302)

(c) Accumulated Losses

	2011 $'000	2010 $'000
Balance at the beginning of year	**(2,838)**	(4,784)
Net profit for the period attributable to the owners of OnCard International Limited	**1,289**	1,946
Total available for appropriation	**(1,549)**	(2,838)
Dividends paid	**-**	-
Balance at end of year	**(1,549)**	(2,838)

19. PARENT ENTITY INFORMATION

Information relating to OnCard International Limited:

	2011 $'000	2010 $'000
Financial position		
Current assets	**13,880**	11,387
Non – current assets	**18,605**	18,649
Total assets	**32,485**	30,036
Current liabilities	**(70)**	(206)
Total liabilities	**(70)**	(206)
Net assets	**32,415**	29,830
Contributed equity	**39,374**	39,374
Reserves	**195**	46
Accumulated Losses	**(7,154)**	(9,590)
Net assets	**32,415**	29,830
Financial performance		
Total revenue	**4,653**	1,435
Profit/(loss) for the period	**2,430**	(231)
Comprehensive income/(loss) for the period	**2,430**	(231)

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

Capital Commitments

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

Finance Leases

There are no commitments in relation to finance leases.

Contingent Liabilities

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

20. BUSINESS COMBINATIONS – PRIOR PERIOD

(a) Acquisition BilltoBill HK asset and subsidiaries

On 1 June 2009 Payment Services China Limited ("PSC"), wholly owned by OnCard International Limited ("ONC"), entered into an equity transfer agreement with BilltoBill HK Company Limited ("BHKCL") for the acquisition of BHKCL's assets, intellectual property, trading names, contracts, customers and 100% equity interest in Yin Chan Information Technology Co. Limited, a wholly owned foreign enterprise incorporated in People's Republic of China, for consideration of $1,160,000 which was satisfied by ONC, the ultimate holding company of PSC, issuing a total of 5.8 million ordinary shares in the capital of ONC based upon the market value of the shares per the ASX on 1 July 2009. ONC assumed financial and operational control of the above asset on 1 July 2009.

On 18 August 2009 the first tranche of 2.9 million shares were issued as consideration. The remaining 2.9 million shares (total 5.8 million shares) were issued on 17 February 2010.

Assets and Liabilities Acquired

The assets and liabilities arising from the acquisition, are as follows:

	FAIR VALUE $'000	ACQUIREE'S CARRYING VALUE $'000
Cash and cash equivalents	59	59
Property, plant and equipment	105	45
Intangible asset – software	858	1,032
Receivables	146	146
Payables	(8)	(8)
Net identifiable assets acquired	1,160	1,274
Goodwill	-	
Purchase consideration – shares issued (Note 17)	580	
Purchase consideration – shares issued (Note 17)	580	
	1,160	

20. BUSINESS COMBINATION (CONT'D)

(b) Acquisition of Beijing All Payments Company Limited ("BAPCO")

On 28 December 2009 Payment Services China Limited ("PSC"), wholly owned by OnCard International Limited ("ONC"), acquired a further 31.2% of Beijing All Payments Company Limited (BAPCO) a foreign enterprise incorporated in People's Republic of China, by payment of consideration of $421,000 (RMB 2,476,656). After the additional equity purchase, PSC holds 80.2% of BAPCO.

Assets and Liabilities Acquired

	BAPCO $'000
Equity accounted investment being 49% of the issued voting capital of BAPCO prior to acquisition of additional 31.2% equity interest:	582
Gain on re-measurement of equity interest at acquisition date fair value	102
Equity accounted investment at fair value prior to acquisition of additional 31.2% equity interest	684
Additional investment on 28 December 2009 to obtain 80.2% of BAPCO	421
Net investment in BAPCO as at 30 June 2010	1,105

Fair value of assets acquired:
The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

	BAPCO Balance Sheet $'000
Cash and cash equivalents	461
Property, plant and equipment	81
Intangible asset – software	862
Receivables	22
Other Current Assets	14
Payables	(63)
Net identifiable assets acquired	1,377
80.2% interest in net identifiable assets	1,105
Goodwill on consolidation	
Purchase consideration is made up of the following:	
Cash and cash equivalents – current period	421
Cash and cash equivalents – prior period	684
	1,105
Outflow of cash to acquire business, net of cash acquired:	
Cash and cash equivalents	461
Less: Balances acquired	(421)
	40

21. RELATED PARTY DISCLOSURES

(a) Details of Key Management Personnel

The names of persons who were key management personnel of the Group at any time during the financial year are as follows:

Non - Executive Directors
Mr D Worth (Chairman)
Mr R Burney
Mr D Matthews (resigned 30 August 2010)
Mr A Fung (resigned 23 November 2010)

Executives	**Position**
Mr P Abotomey	Executive Director & CEO
Mr C Hayes (appointed 1 September 2010)	CFO & Company Secretary
Mr I Riley (resigned 1 September 2010)	CFO & Company Secretary
Mr J Zhang	Group General Manager China
Mr T Ru (appointed 17 June 2010)	Group Deputy General Manager China
Mr A Barnet	General Manager Asia

Management Personnel

Total remuneration payments and equity issued to Directors and Key Management personnel are summarised below:

Elements of Directors and executives remuneration:

- Short term employments benefits
- Post employment benefits – superannuation
- Share based payments – Convertible redeemable preference shares

(b) Key Management Personnel Compensation

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

	2011	2010
	$	$
Short term employment benefits	**1,475,753**	1,258,962
Post employment benefits	**9,288**	-
Share based payments	**149,029**	194,654
	1,634,070	1,453,616

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

ONCARD INTERNATIONAL LIMITED
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21. RELATED PARTY DISCLOSURES (CONT'D)

(c) Shareholdings by Key Management Personnel

Ordinary shares held in OnCard International Limited (number) 30 June 2011	Balance 1 July 2010	Shares Issued on Conversion of Performance Rights as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2011
Directors					
Mr D Worth	101,600	-	-	200,000	301,600
Mr P Abotomey	11,299,648	-	-	-	11,299,648
Mr R Burney	-	-	-	-	-
Executives					
Mr C Hayes (i)	34,225	-	-	49,357	83,582
Mr J Zhang	215,500	-	-	-	215,500
Mr T Ru (ii)	-	-	-	-	-
Mr A Barnet	87,400	-	-	(87,400)	-
	11,738,373	-	-	161,957	11,900,330

(i) C Hayes appointed 1 September 2010. I Riley resigned 1 September 2010. At the date of resignation, there were no changes in the number of shares held by Mr Riley between 30 June 2010 and 1 September 2010.
(ii) T Ru appointed 17 June 2010 and designated as Key Management Personnel from July 2010.

Ordinary shares held in OnCard International Limited (number) 30 June 2010	Balance 1 July 2009	Shares Issued on Conversion of Performance Rights as Remuneration**	On Exercise of Options	Net Change Other	Balance 30 June 2010
Directors					
Mr P Abotomey	9,860,384	1,439,264	-	-	11,299,648
Mr D Matthews (i)	-	-	-	-	-
Mr A Fung (ii)	-	-	-	-	-
Mr D Worth (iii)	-	-	-	101,600	101,600
Mr R Burney (iv)	-	-	-	-	-
Executives					
Mr I Riley	65,000	719,632	-	-	784,632
Mr B Wang (v)	-	719,632	-	-	719,632
Mr A Barnet	87,400	-	-	-	87,400
Mr J Zhang (vi)	-	-	-	215,500	215,500
Mr J Wilson (v)	-	-	-	325,000	325,000
	10,012,784	2,878,528	-	642,100	13,533,412

(i) D Matthews resigned 30 August 2010
(ii) A Fung resigned 23 November 2010
(iii) D Worth appointed 19 November 2009
(iv) R Burney appointed 17 May 2010
(v) B Wang & J Wilson resigned 30 June 2010
(vi) J Zhang appointed 11 January 2010

****** The performance rights over CRPS were converted to ordinary shares on 1 January 2010 relating to performance rights issued in a previous financial period (Note 17(a)).

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21. RELATED PARTY DISCLOSURES (CONT'D)

Convertible Redeemable Preference Shares held by Key Management Personnel

CRPS shares held in OnCard International Limited (number) 30 June 2011	Balance 1 July 2010	Performance Rights as Remuneration	Conversion to ordinary shares	Balance 30 June 2011*
Directors				
Mr P Abotomey	-			
Mr D Worth	-			
Mr R Burney	-			
Executives				
Mr C Hayes	-	-	-	-
Mr J Zhang	1,250,000	-	-	1,250,000
Mr T Ru**	1,000,000	-	-	1,000,000
Mr A Barnet	-	-	-	-
	2,250,000	-	-	2,250,000

*The performance rights do not vest until certain conditions are satisfied under the respective employment contracts (Note 18(2)).
** T Ru appointed 17 June 2010 and designated as Key Management Personnel from July 2010.

CRPS shares held in OnCard International Limited (number) 30 June 2010	Balance 1 July 2009	Performance Rights as Remuneration	Conversion to ordinary shares **	Balance 30 June 2010*
Directors				
Mr P Abotomey	1,439,264	-	(1,439,264)	-
Mr D Matthews	-	-	-	-
Mr A Fung	-	-	-	-
Mr D Worth	-	-	-	-
Mr R Burney	-	-	-	-
Executives				
Mr I Riley	719,632	-	(719,632)	-
Mr B Wang	719,632	-	(719,632)	-
Mr J Zhang	-	1,250,000	-	1,250,000
Mr J Wilson	-	-	-	-
	2,878,528	1,250,000	(2,878,828)	1,250,000

***** The performance rights do not vest until certain conditions are satisfied under the respective employment contracts (Note 18(2)).
****** The performance rights over CRPS were converted to ordinary shares on 1 January 2010 relating to performance rights issued in a previous financial period (Note 18(a)).

ONCARD INTERNATIONAL LIMITED
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21. RELATED PARTY DISCLOSURES (CONT'D)

(d) Loan Transactions Group Companies

(i) Investments in Controlled Entities:

NAME OF ENTITY		COUNTRY OF INCORP-ORATION	CLASS OF SHARES	EQUITY HOLDINGS 2011 %	EQUITY HOLDINGS 2010 %	PARENT ENTITY INVESTMENT 2011 $'000	PARENT ENTITY INVESTMENT 2010 $'000
OnCard Australia Pty Ltd		Australia	Ordinary	**100**	100	**-**	-
MarketSMART International Pty Limited		Australia	Ordinary	**100**	100	**1,351**	1,351
Mainstreet Marketing Group Limited	**A**	New Zealand	Ordinary	**100**	100	**-**	-
OnCard Ltd		Hong Kong	Ordinary	**100**	100	**9,265**	9,265
OnCard (China) HK Ltd		Hong Kong	Ordinary	**100**	100	**-**	-
OneRewards Ltd		Hong Kong	Ordinary	**100**	100	**8**	8
Consolidated Payment Services Limited	**D**	Hong Kong	Ordinary	**100**	100	**-**	-
Payment Services China Limited	**D**	Hong Kong	Ordinary	**100**	100	**-**	-
OnCard Pte Ltd	**B**	Singapore	Ordinary	**100**	100	**-**	-
OnCard Consulting Services Shanghai Ltd	**C**	China	Ordinary	**100**	-	**195**	46
Shanghai Kehai Network Technology Co. Ltd	**E**	China	Ordinary	**100**	100	**-**	-
Shanghai Yifutong Information Technology Co. Ltd	**E**	China	Ordinary	**100**	100	**-**	-
Yin Chang Information Technology Co. Ltd	**E**	China	Ordinary	**100**	100	**-**	-
OnCard Shanxi Ltd	**F**	China	Ordinary	**100**	-	**-**	-
Beijing All Payments Company Limited *(Note 20(b))*	**G**	China	Ordinary	**80.2**	80.2	**-**	-
						10,819	10,670

A: Mainstreet Marketing is dormant and in the process of de-registration in New Zealand.
B: OnCard Pte Ltd is a wholly owned subsidiary of OnCard Limited (HK).
C: OnCard Consulting Services Shanghai Ltd is a wholly owned subsidiary of OnCard (China) HK Ltd.
D: Payment Services China Limited is wholly owned by Consolidated Payment Services Limited.
E: Kehai, Yin Chang and Yifutong are wholly owned subsidiaries of Payment Services China Limited.
F: OnCard Shanxi is a wholly owned subsidiary of Yin Chang Information Technology Co. Limited.
G: Beijing All Payments Company is a controlled subsidiary of Payment Services China Limited.

21. RELATED PARTY DISCLOSURES (CONT'D)

(ii) Parent Entity

	PARENT ENTITY	
	2011	2010
	$'000	$'000
Loans to Controlled Entities		
MarketSMART International Pty Ltd	**512**	390
OneRewards Ltd	**212**	262
OnCard (China) HK Limited	**148**	183
Consolidated Payment services Limited	**2,226**	2,376
	3,098	3,211

(iii) Joint Venture Entities

During the course of the year the company's joint venture investment, Shanghai Smart Service Co Ltd gave short term advances in equal proportions to OnCard Shanghai Consulting Services Ltd and to the other joint venture party. Interest is charged by Shanghai Smart Service Co Ltd at the rate of 1.35% per annum. Interest of RMB4,074 (AUD$622) was paid to the joint venture during the year (2010: $40,929).

Prior period profits totalling $3,286,770 (2010: Nil) were repatriated during the year by Shanghai Smart Service Co Ltd to OnCard International Limited.

(vii) Transactions with Subsidiary Companies

The following transactions were entered into between companies in the Group.

Management and consulting fees charged by OnCard International Limited during the year to:

- OnCard Limited (HK): $383,140 (2010: $900,000)
- OnCard Shanghai Consulting Services Ltd: $375,951 (2010: $95,538)

Consulting fees charged by MarketSmart International Pty Ltd during the year to:

- OnCard Shanghai Consulting Services Ltd: $Nil (2010: $69,771)

Consulting fees charged by OnCard Limited (HK) during the year to:

- OnCard Shanghai Consulting Services Ltd: $241,269 (2010: $Nil)

Consulting fees charged by OnCard Shanghai Consulting Services Ltd during the year to:

- Shanghai Smart Service Company Limited: $91,603 (2010: $Nil)

Consulting fees charged by Yin Chang Information Technology Co. Ltd during the year to:

- Shanghai Smart Service Company Limited: $274,809 (2010: $Nil)

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22. REMUNERATION OF AUDITORS

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

	2011	2010
	$	$
Auditors of the parent entity:		
Auditing the financial report (a)	**92,500**	100,482
Non-audit services (b)	**54,590**	1,750
	147,090	102,232
Other PKF offices (c)		
Auditing the financial report – subsidiary companies	**101,228**	127,290
Non-audit services - subsidiary companies	**-**	-
	248,318	229,522

(a) PKF Chartered Accountants are the auditors of OnCard International Limited.

(b) It is the Group's policy to employ PKF on assignments additional to their statutory audit duties where PKF expertise and experience with the Group are important. These assignments relate principally to tax compliance advice.

(c) Audit services provide by PKF (HK) in relation to subsidiary company audits located in Hong Kong, Singapore and audit services provided by PKF Daxin to subsidiary company audits located in China.

23. CAPITAL MANAGEMENT

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

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

The Company did not pay any dividends in 2011 or 2010.

There has been no change to the strategy adopted by management to control the capital of the entity.

The gearing ratios for the year ended 30 June 2011 and 30 June 2010 are as follows:

	2011	2010
	$'000	$'000
Borrowings	**-**	-
Trade and other payables	**1,960**	1,317
Total	**1,960**	1,317
Less cash and cash equivalents	**18,454**	15,046
Net debt/(cash)	**(16,494)**	(13,729)
Total equity	**36,383**	36,519
Total capital	**39,374**	39,374
Gearing Ratio (debt/equity)	**5.3%**	3.6%

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

24. COMMITMENTS FOR EXPENDITURE

Capital Commitments

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

Finance Leases

There are no commitments in relation to finance leases.

	2011 $'000	2010 $'000
Operating Premises Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable- minimum lease payments		
- not later than 12 months	232	582
- between 12 months and 5 years	51	422
Jointly Controlled Entities – Shanghai Smart Service Company Limited		
Payable - minimum lease payments		
- not later than 12 months	71	82
- between 12 months and 5 years	9	31

25. SEGMENT INFORMATION

The principal business of the group is the provision of Loyalty, Rewards and Payment solutions in Australia, Asia, and China.

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

The Loyalty and Rewards solutions segment in Australia consists of the MarketSmart loyalty system which provides services to a significant customer which in turn manages customer loyalty programmes.

The Loyalty solution segment in Asia and China consists of the Dining Club segment which incorporates Buffett Club and Munhon Club where dining cards are sold to consumers in return for discounted fine dining.

The Payments solutions segment in China comprises the OnCard China Payments business unit which combines the acquired Bill-to-Bill assets and controlled entities and BAPCO in which OnCard obtained a controlling interest in the previous period. The OnCard China Payments business combines an inward payments receipting business and an outward payments processing business.

The OnCard Rewards and Payments ("China") reporting segment also includes the joint venture ownership in Shanghai Smart Service Company. Corporate includes all costs which are not attributable to the Loyalty and Rewards solutions segment or the Payments solutions segment.

ONCARD INTERNATIONAL LIMITED
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25. SEGMENT INFORMATION (CONT'D)

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

Year Ended 30 June 2011	Buffet Club		OnCard Payments & Rewards			
	Asia	China	Australia/NZ	China	Corporate	Total
	$000's	$000's	$000's	$000's	$000's	$000's
Segment Revenue						
Membership sales & service	2,341	527	646	2,219	-	5,733
Investment revenue	-	-	14	3,983	603	4,600
Other	229	-	-	46	764	1,039
Joint Venture Investment	-	-	-	490	-	490
Total revenue	2,570	527	660	6,738	1,367	11,862
Less: Inter-segment revenue (i)	(215)	-	-	(26)	(759)	(1,000)
Revenue (external sources)	2,355	527	660	6,712	608	10,862

Segment Expenses						
Selling & promotion costs	(1,823)	(159)	-	(1,303)	-	(3,285)
Depreciation & amortisation	(7)	-	-	(302)	(13)	(322)
Finance costs	(4)	-	-	(1)	-	(5)
Other expenses	(615)	(182)	(235)	(3,707)	(1,600)	(6,339)
Total Expenses	(2,449)	(341)	(235)	(5,313)	(1,613)	(9,951)
Less: Inter-segment expense (i)	215	-	-	409	376	1,000
Expenses (from external sources)	(2,234)	(341)	(235)	(4,904)	(1,237)	(8,951)
Profit before tax including segment transactions	121	186	425	1,425	(246)	1,911
Adjusted profit (excluding intersegment transactions)	121	186	425	1,808	(629)	1,911
Group Income tax expense	(1)	-	(116)	(391)	(130)	(638)
Net Profit After tax	120	186	309	1,417	(759)	1,273
Total segment assets	10,437	-	2,479	9,503	16,480	38,899
Total segment liabilities	(299)	-	(32)	(2,115)	(70)	(2,516)
Additions to Non-Current Assets:						
Intangible assets (ii)	-	-	-	946	-	946

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

(ii) Software asset development for the OnCard Rewards programme.

The income earned by the Australian segment of the OnCard Payments and Rewards is directly attributable to one customer effective from March 2010. A licence agreement exists between the customer and OnCard for use of OnCard's loyalty program software systems. The agreement is currently in the process of being re-negotiated to extend the licence agreement terms.

ONCARD INTERNATIONAL LIMITED
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25. SEGMENT INFORMATION (CONT'D)

Year Ended 30 June 2010	Buffet Club		OnCard Payments & Rewards			
	Asia	China	Australia/NZ	China	Corporate	Total
	$000's	$000's	$000's	$000's	$000's	$000's
Segment Revenue						
Membership sales & service	3,832	88	659	1,355	-	5,933
Investment revenue	5	-	-	3,490	439	3,935
Other	168	-	5	(87)	1,135	1,221
Joint Venture Investment	-	-	-	1,525	-	1,525
Total revenue	4,005	88	664	6,282	1,574	12,614
Less: Inter-segment revenue (i)	-	-	-	-	(1,057)	(1,057)
Revenue (external sources)	4,005	88	664	6,282	517	11,557
Segment Expenses						
Selling & promotion costs	(1,979)	(31)	-	(823)	-	(2,833)
Depreciation & amortisation	(12)			(223)	(11)	(246)
Finance costs	-	-	-	(42)	-	(42)
Other expenses	(1,854)	(21)	(643)	(3,117)	(1,793)	(7,429)
Total Expenses	(3,845)	(52)	(643)	(4,205)	(1,804)	(10,550)
Less: Inter-segment expense (i)	900	-	-	157	-	1,057
Expenses (from external sources)	(2,945)	(52)	(643)	(4,048)	(1,804)	(9,493)
Profit before tax including segment transactions	161	35	21	2,077	(230)	2,064
Adjusted profit (excluding intersegment transactions)	1,061	35	21	2,234	(1,287)	2,064
Group Income tax expense	(22)	(9)	-	(263)	148	(146)
Net Profit After tax	1,039	26	21	1,971	(1,139)	1,918
Total segment assets	10,641	55	1,144	12,570	13,835	38,245
Total segment liabilities	372	-	390	758	206	1,726
Additions to Non-Current Assets:						
Intangible assets (ii)				1,720		

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

(ii) In the 30 June 2010 period, the Group acquired software assets as part of business combinations detailed at Note 20 (a-b)

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

26. RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2011 $'000	2010 $'000
Operating profit after income tax:	1,273	1,918
Depreciation and amortisation	341	246
Unrealised foreign exchange losses	-	156
Share based payments	149	196
Share of joint venture (profit)	(490)	(1,525)
Net gain on sale of financial assets	(1,500)	(3,311)
Withholding tax on repatriated profits	287	-
Change in net operating assets and liabilities:		
(Increase) in trade debtors	(223)	(682)
Decrease/(Increase) in other debtors	107	(188)
Decrease/(Increase) in deferred tax assets	199	(148)
Increase in trade and other payables	643	96
(Decrease)/Increase in tax liability	(73)	664
(Decrease) in provisions	(49)	(7)
Net cash inflow (outflow) from operating activities	664	(2,585)

There are no non-cash financing or investing activities other than certain business combinations entered into by the Group in the prior period that are disclosed at Note 20.

27. EARNINGS PER SHARE

	2011 CENTS	2010 CENTS
Basic earnings per share	0.73	1.13
Diluted earnings per share	0.72	1.12

	2011 $'000	2010 $'000
Net profit attributable to the Owners of OnCard International Ltd used in calculation of basic and diluted earnings per share	1,289	1,946

	Number	Number
Basic		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	177,223,304	173,050,005
Diluted		
Weighted average number of ordinary shares and convertible redeemable cumulative preference shares outstanding and performance rights during the year used in the calculation of basic earnings per share	179,473,304	173,674,663

27. EARNINGS PER SHARE (CONT'D)

Information Concerning the Classification of Securities

(a) Ordinary shares held in escrow:

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

(b) Potential ordinary shares

There were no options at 30 June 2011 (2010: Nil). Other potential ordinary shares outstanding included in the calculation of Diluted Earnings Per Share are the Convertible Redeemable Preference Shares granted during the current period as detailed at Note 18.

28. EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to balance date, OnCard International Limited repatriated additional profits of $1,164,261 net of withholding taxes from its joint venture investment in Shanghai Smart Service Company Limited.

Subsequent to year end the Directors agreed to enter into an equity sale agreement to dispose of 100% of its equity in Shanghai Kehai Network Technology Company limited which operates the "Bill to Bill" business forming part of the Group's OnCard Rewards and Payments business segment. The agreement was signed on 2 August 2011 and as at the date of this report, completion of the transaction remains subject to certain conditions precedent being satisfied. Terms of the contract remain confidential until the transaction is completed.

The Directors decision to enter the sale agreement was based upon a commercial decision subsequent to year end to not apply for a Non-Bank Payments Licence for "Bill to Bill". The sale agreement is expected to be completed at the end of August 2011.

29. CONTINGENT LIABILITIES

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

DIRECTORS DECLARATION

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

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

      (i) Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
      (ii) Complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

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

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

3. This declaration has been made after receiving the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2011.

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

Peter Abotomey
Director

26 August 2011

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ONCARD INTERNATIONAL LIMITED

Chartered Accountants
& Business Advisers

Report on the Financial Statements

We have audited the accompanying financial report of OnCard International Limited which comprises the statement of financial position as at 30 June 2011, 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, other explanatory information and the directors' declaration of the consolidated entity comprising OnCard International Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from misstatements, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 statements are 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

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

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Chartered Accountants
& Business Advisers

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 21 of the directors' report for the year ended 30 June 2011. The directors of OnCard International Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of OnCard International Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF

26 August 2011
Melbourne

D J Garvey
Partner

ONCARD INTERNATIONAL LIMITED
SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 23 August 2011.

A. Distribution of Equity Securities

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

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 - 1,000	1,509	536,436	0.303%
1,001 - 5,000	839	2,117,392	1.195%
5,001 - 10,000	261	2,239,590	1.264%
10,001 - 100,000	599	21,037,209	11.870%
100,001 and over	132	151,292,676	85.368%
TOTAL	**3,340**	**177,223,303**	**100.00%**

The number of shareholders with less than a marketable parcel is 1,388.

B. Equity Security Holders

Twenty largest quoted equity security holders.

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

NAME	ORDINARY SHARES NUMBER HELD	% OF ISSUED SHARES
CI No 2 Pty Ltd & CT TWO Limited	55,585,423	31.36
Michael Piperoglou & Piperoglou Pension A/C	15,438,440	8.71
Peter Kingsley Abotomey & Abotomey Super Fund	11,299,648	6.38
Venn Milner Superannuation Fund	5,000,000	2.82
UBS Wealth Management Aus Nominees Pty Ltd	4,861,572	2.74
HSBC Custody Nominees (Aus) Ltd	4,814,281	2.72
RUBI Holdings Pty Ltd	4,313,869	2.43
Northbank Group Pty Ltd	2,800,000	1.58
3rd Pulitano Incorporation Pty Ltd	2,243,096	1.27
Robert Edward McCleave	2,100,000	1.18
Mutual Trust Pty Ltd	2,035,500	1.15
J P Morgan Nominees Limited	1,503,449	0.85
Dr Hedley & Mrs Beverley Sandler	1,436,730	0.81
Park Street Investments Pty Ltd	1,372,000	0.77
Fishgills Pty Ltd	1,337,152	0.75
Seafirst Nominees Pty Ltd	1,200,000	0.68
Golden Arch (QLD) Pty Ltd	1,137,393	0.64
Ingot Capital Investments Pty Ltd	1,008,688	0.57
Fralara Pty Ltd	1,000,000	0.56
Paul & Lesley Harper	860,000	0.49

As at 23 August 2011, the 20 largest shareholders held ordinary shares representing 68.46% of the issued share capital.

ONCARD INTERNATIONAL LIMITED
SHAREHOLDER INFORMATION (CONT'D)

C. Substantial Shareholders

Substantial holders in the company are set out below:

NAME	NUMBER OF SHARES HELD	%
CI No 2 Pty Ltd & CT TWO Limited	55,585,423	31.36
Michael Piperoglou & Piperoglou Pension A/C	15,438,440	8.71
Peter Kinglsey Abotomey & Abotomey Super Fund	11,299,648	6.38

D. Voting Rights

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

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

E. Use of Cash

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

ONCARD INTERNATIONAL LIMITED
CORPORATE GOVERNANCE STATEMENT

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

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

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

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

The Directors support and are committed to maintaining best practice in corporate governance principles and the following description of the governance arrangements for the year ended 30 June 2011 addresses those principles set out in the 2nd edition of the ASX Corporate Governance Principles and Recommendations (Revised Recommendations).

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

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

ASX RECOMMENDATION	COMPLIANCE	EXPLANATORY COMMENT
		(d) Selecting, appointing and regularly evaluating the performance of, determining the remuneration of, and planning for the succession of the Chief Executive Officer. (e) Approving the company's major human resources policies and overseeing development strategies for senior and high performing executives. (f) Allotment of securities in the company. (g) Performing such other functions as are prescribed by law, or assigned to the board. (h) Ensuring that appropriate procedures are in place so that the business of the company is conducted in an honest, open and ethical manner. (i) Establishing a formal and transparent procedure for the selection and appointment of new Directors to the board. (j) Regularly reviewing the succession plans in place for membership of the board to ensure that an appropriate balance of skills, experience and expertise is maintained. (k) Instituting internal procedures for evaluating the performance of: - The board; - Individual Directors; and - The board committees. Reviewing the time commitment required from a Director and whether Directors are meeting this requirement.
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	The executive director/CEO is evaluated against performance targets for the company as a whole. All senior executives are evaluated against the company's financial outcome in the relevant country of operation, and their performance is subject to continuous monitoring by the executive chairman.
1.3 Companies should provide certain required information.	Yes	The company complies with recommendations and provides the information required: (a) the executive director/CEO has conducted a performance evaluation for each senior executive. (b) matters reserved for the board are disclosed in the Board Charter.
2. Structure the board to add value. 2.1 A majority of the board should be independent Directors	No	The recommendations describe an independent Director as one who: (a) Does not hold an executive position. (b) Is not a substantial shareholder of the company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the company. (c) Has not within the last 3 years been employed in an executive capacity by the company or another group member or been a Director after ceasing to hold such employment. (d) Is not a principal of a professional adviser to the company or another group member.

ASX RECOMMENDATION	COMPLIANCE	EXPLANATORY COMMENT
		(e) Is not a significant supplier to or customer of the company or another group member, or an officer of, or otherwise associated directly or indirectly with a significant supplier or customer, (f) Has no significant contractual relationship with the company or any other group member other than as a Director of the company. (g) Is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the company. OnCard considers that a majority of independent Directors is not the optimal composition to add value to your company. At this stage in its growth cycle, the board considers that the interests of shareholders are best served by a board which can add value on a daily basis and whose members bring directly relevant experience to effective decision-making. All Directors are paid by the company and all are fully conversant with the operations of the company, as is increasingly demanded by the courts and as is implied by the amount of knowledge of the company's activities, intercourse with its senior executives, participation in training and time spent on company business which is expected by the ASX.
2.2 The chair should be an independent Director	Yes	The chair is an independent non executive Director and the board considers that the chairman is well qualified and experienced for that role.
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	Yes	The roles of chair and chief executive are filled by separate people. The board considers that this structure is optimal for the company's current size and growth aspirations.
2.4 The board should establish a nomination committee	Yes	The remuneration and nomination committee meets at least annually to review board composition and consider whether the board structure is adequate to meet the company's business needs and corporate objectives. Nomination matters are kept under review by the committee to determine whether additional core strengths are required. The Board regularly reviews its composition and representation..
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.	Yes	The process of evaluating the performance of the board as a whole is the responsibility of the board under the direction of the chairman. This evaluation involves the setting of annual board objectives and an assessment by the board at the conclusion of the year of the extent to which the board achieved these objectives.

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

ASX RECOMMENDATION	COMPLIANCE	EXPLANATORY COMMENT
		(h) OnCard's guideline to deal with the giving and receiving of gifts/hospitality is "what you can eat and drink at one sitting". All Directors and senior executives are informed of OnCard's code of conduct.
3.2 Companies should establish a policy concerning trading in company securities by Directors, senior executives and employees, and disclose the policy or a summary of it	Yes	The Securities Trading Policy states that the board of directors of OnCard International Ltd considers it essential to ensure that no trading in the company's shares could be considered to have had the benefit of inside knowledge. Thus: (a) There is a complete embargo on board member/employee trading in company shares for a period of six weeks before the due date for half-yearly and annual results announcements. The embargo extends until the announcement has appeared on the ASX website. (b) Because the company is aiming for further growth by suitable acquisition, there may be other periods of sensitivity. Accordingly, any board member or executive who wishes to purchase or sell securities must discuss their intentions with the company secretary. From time to time, some employees of the company may receive a part of their remuneration in the form of shares in the company. Such share issue is designed to align the financial interests of the employee with the financial interests of the company. To this end, it is expected that the shares will be held as an investment. A no-trading period will be established with each such share issue, and the period will apply even if the employment contract is terminated.
3.3 Companies should provide certain required information.	Yes	The required information is: (a) The code of conduct may be viewed on the company's website. (b) The securities trading policy may be viewed on the company's website.
4. Safeguard integrity in financial reporting. 4.1 The board should establish an audit committee.	Yes	Three board members currently sit as the audit committee.

ASX RECOMMENDATION	COMPLIANCE	EXPLANATORY COMMENT
4.2 The audit committee should be structured so that it consists only of non-executive Directors of whom a majority are independent Directors, is chaired by an independent Director who is not chairman of the board, and has at least three members.	No	OnCard considers that a majority of independent Directors is not the optimal composition of the board to add value to the company. . The chairman of the audit committee is also currently the chairman of the board and is considered to be an independent director and is an experienced chartered accountant.
4.3 The audit committee should have a formal charter.	Yes	The audit committee has a formal charter.
4.4 Companies should provide certain required information.	Yes	The required information is: (a) The names and qualifications of those who sit on the audit committee, and a record of the number of audit committee meetings, appear in the annual report. (b) explanation of any departures from the recommendations has been provided. (c) the audit committee charter may be viewed on the company's website. (d) a statement on the selection and appointment of the external auditor is contained in the audit committee charter.
5. Make timely and balanced disclosures. 5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The company's policy of continuous disclosure states: (a) OnCard is committed to keeping the market fully informed on its activities and decisions, especially those which could be expected to affect its share price. (b) All board members and senior executives are fully conversant with their obligations in relation to the confidentiality of material until it is released to the ASX. (c) All board members and senior executives are required to alert the chairman immediately on becoming aware of any unanticipated development which might affect the share price. (d) The company secretary has primary responsibility for ensuring that the company complies with its disclosure obligations. (e) The chairman is responsible for deciding what information will be disclosed. (f) All external communication such as analyst briefings and media contact is handled by the chairman or Executive Director. (g) Shareholders may direct questions to the chairman at the annual general meeting or to the company secretary by email at any time. None will receive information which is not available to all shareholders

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

ASX RECOMMENDATION	COMPLIANCE	EXPLANATORY COMMENT
		All board members and senior executives are required each year to confirm that they have complied with the code of conduct.
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Management reports to the board on the effectiveness of the company's management of its material business risks.
7.3 The board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	The board receives annually, the assurances from the chief executive officer and chief financial officer by signed declaration.
7.4 Companies should provide certain information.	Yes	(a) There have been no departures from the recommendations for the recognition and management of risk. (b) Management reports to the board, the effectiveness of the company's management of its material risks. (c) The declaration required in accordance with section

ASX RECOMMENDATION	COMPLIANCE	EXPLANATORY COMMENT
		295A of the Corporations Act is received by the board annually, from the chief executive officer and chief financial officer. (d) The risk management policy may be viewed on the company's website.
8. Remunerate fairly and responsibly 8.1 The board should establish a remuneration committee, consisting of a majority of independent Directors	Yes	OnCard has established a remuneration and nomination committee. OnCard's remuneration policy is designed to: (a) Motivate senior executives to pursue the success of the company through the identification and profitable integration of growth opportunities. (b) Demonstrate a clear relationship between senior executives' performance and remuneration. The board is responsible for: (a) The company's recruitment, retention and termination procedures for senior executives. (b) Senior executives' remuneration and incentives. (c) Superannuation arrangements. (d) The remuneration framework for Directors. The board may seek information from specialist consultants as needed.
8.2 Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	No	The structure of non executive Director, executive Director and senior manager remuneration is separate and distinct.
8.3 Companies should provide certain information.	Yes	The information required is: (a) The existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive Directors. There are no such schemes. (b) Departures from recommendations to remunerate fairly and responsibly are explained in the explanatory comments.