



QED OCCTECH LIMITED
ABN 98 057 335 672

**Interim Financial Report
for the Half Year Ended
31 December 2009**

CORPORATE DIRECTORY

Directors

Douglas H Miller – Chairman
Ian P Middlemas
Mark L Pearce

Secretary

Mark L Pearce

Registered and Principal Office

Level 9, BGC Centre
28 The Esplanade
Perth WA 6000

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Facsimile: +61 8 9322 6558

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Australia

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Solicitors

Hardy Bowen, Lawyers

Auditor

PKF

Bankers

Australia and New Zealand Banking Group Limited

Stock Exchange Listing

QED Occtech Limited shares
are listed on Australian Securities Exchange
(Symbol: QED)

Home Exchange: Perth Office
Australian Securities Exchange
2 The Esplanade
Perth WA 6000
Australia

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The Directors of QED Occtech Limited present their report on QED Occtech Limited ("QED" or "the Company") for the half year ended 31 December 2009.

DIRECTORS

The names of the Directors of QED in office during the half year and until the date of this report are:

Mr Douglas H Miller
Mr Ian P Middlemas
Mr Mark L Pearce

Unless otherwise shown, all Directors were in office from the beginning of the half year until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

Operating Results

Net loss after tax for the half year ended 31 December 2009 was \$103,496 (2008: \$97,338).

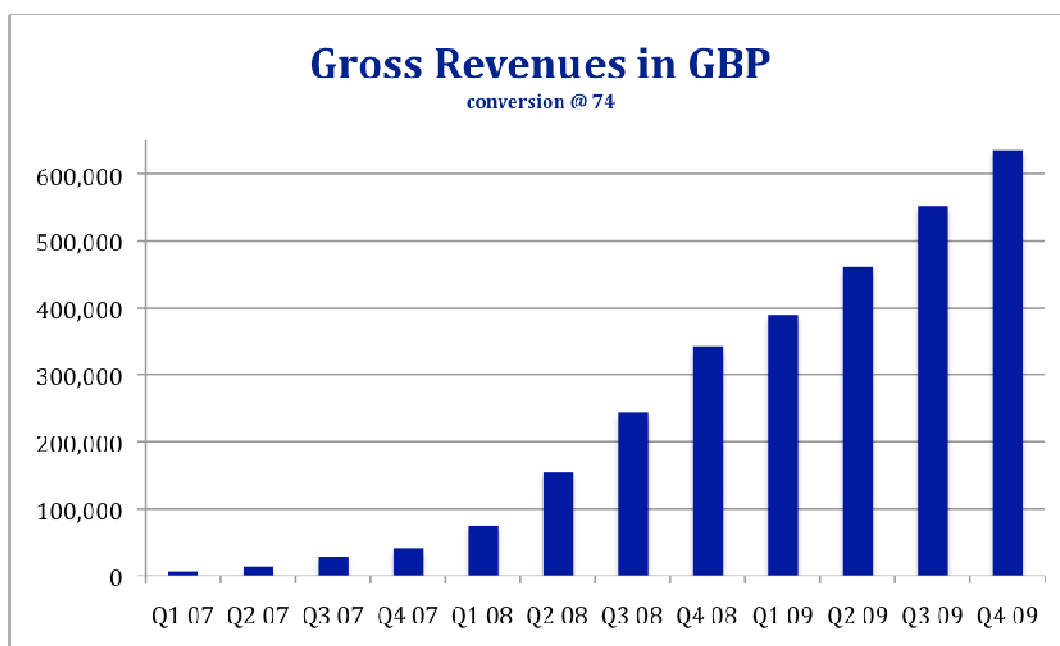
The value of the Company's investment in Transaction Solutions International plc ("TSI") as at 31 December 2009 has been adjusted following a review of its carrying value.

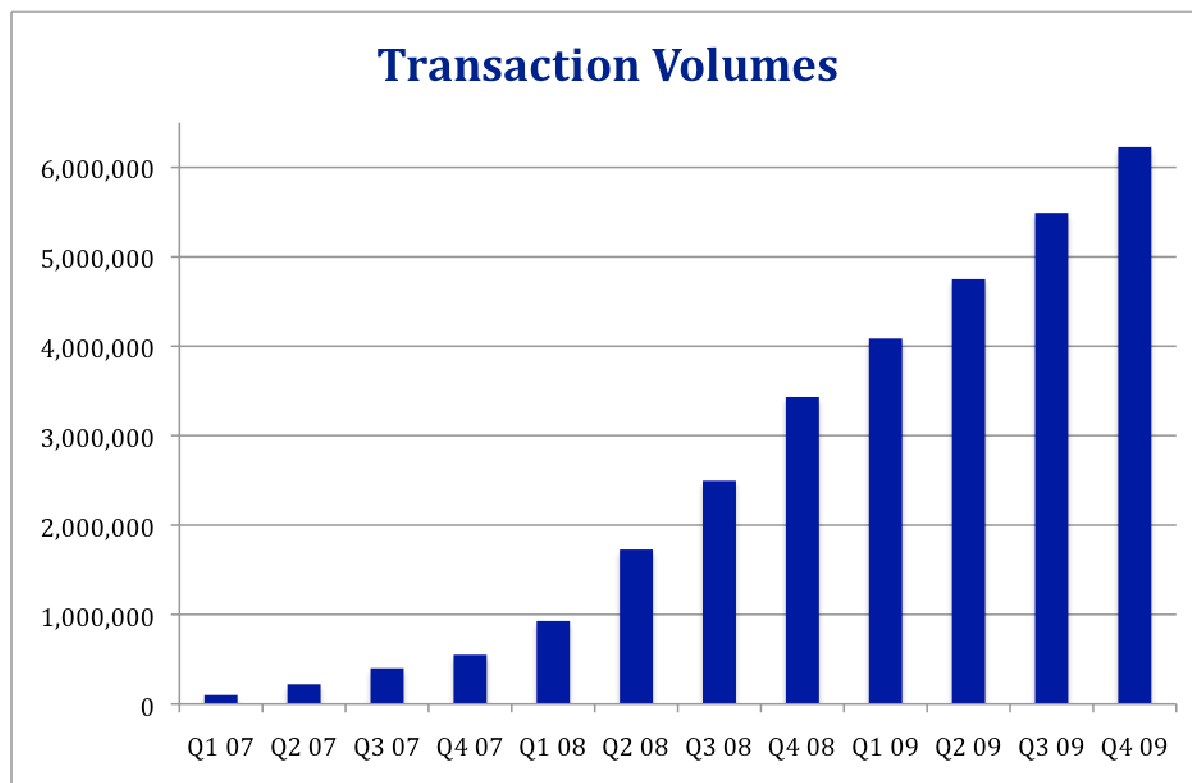
At each balance date, the Board seeks advice on the value of the investment in TSI. Based on this advice, the carrying value of TSI at 31 December 2009 has been recorded at \$3.14m, up from \$2.9m at 30 June 2009. The associated deferred tax liability (net of deferred tax assets) increased from \$46,392 at 30 June 2009 to \$74,036 at 31 December 2009.

See Note 7 for further details on the carrying value of the investment in TSI.

Review of Operations

During the half-year ended 31 December 2009, Transaction Solutions International plc ("TSI"), a company in which QED holds an 18.5% interest (undiluted), continued the development of its electronic payments business in India. Revenues and transaction numbers have continued to increase, as is demonstrated in the following two charts.





About TSI

TSI is a start up business dedicated to the commercialisation and deployment of transaction payments hardware and solutions (including ATMs, Eftpos and bill payments) in the emerging market in India.

TSI's intended activities in the region include the deployment of hardware and operations that allow automated transactions to occur between banks, financial institutions and bank customers through the use of financial debit or credit cards, with TSI receiving a fee per transaction.

QED currently holds 10.77m ordinary shares in TSI, which currently represents 18.50% of TSI's issued capital (undiluted).

Corporate and Financial Position

At 31 December 2009, the Company had cash reserves and receivables of \$763,884. During the period, the Company continued to examine a number of new business development opportunities as well as ways to derive further value from its existing intellectual property.

Post Balance Date Events

Issue of Shares

Following the exercise of 30 million 1.5 cent options over unissued ordinary shares, on 23 February 2010 the Company issued 30 million ordinary shares.

Possible Merger with TSI

As announced to the ASX, QED intends to pursue a merger with Transaction Solutions International plc ("TSI").

Should the merger be completed, it will provide TSI with an enhanced corporate profile and access to new capital markets to further expand its rapidly developing business in India.

Details of the possible merger (including timing, terms and legal form) are expected to be finalised over the coming weeks, and will be subject to agreement by both boards, and the necessary shareholder and other regulatory approvals.

Board Changes

To implement the proposed merger, Messrs Paul Boyatzis, Gary Foster and Simon Cato will be appointed to the Board of QED.

The existing directors of QED, Messrs Ian Middlemas, Doug Miller and Mark Pearce will then resign from the Board. Mr Phillip Macleod will be replacing Mr Mark Pearce as Company Secretary of the Company.

The above changes will occur following lodgement of this 31 December 2009 financial report, and are expected to take effect from 25 February 2010.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, PKF, to provide the directors of QED Occtech Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is on page 4 and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.



Ian Middlemas
Director

Perth, 23 February 2010

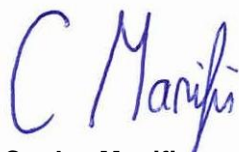
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of QED Occtech Limited for the half year ended 31 December 2009, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



PKF
Chartered Accountants



Conley Manifis
Partner

Dated at Perth, Western Australia this 23rd day of February 2010.

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In accordance with a resolution of the Directors of QED Occtech Limited, I state that:

In the opinion of the Directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) section 304 (compliance with accounting standards and Corporations Regulations 2001); and
 - (ii) section 305 (true and fair view); and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ian Middlemas
Director

Perth, 23 February 2010

**CONDENSED STATEMENT OF
COMPREHENSIVE INCOME**
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Half Year Ended 31 December 2009 \$	Half Year Ended 31 December 2008 \$
Revenue		
Finance income	11,855	33,629
Total revenue	11,855	33,629
Expenses		
Depreciation and amortisation expenses	-	(2,779)
Corporate administrative services	(90,240)	(85,000)
Employee expenses	(33,000)	(33,000)
Other expenses	(36,466)	(51,823)
Loss before income tax	(147,851)	(138,973)
Income tax benefit	44,355	41,635
Loss for the period	(103,496)	(97,338)
Other comprehensive income		
Gain/(loss) on available-for-sale financial assets taken to equity	240,000	(6,100,000)
Income tax on other comprehensive income	(72,000)	1,830,000
Other comprehensive income/(loss) for the period	168,000	(4,270,000)
Total comprehensive income/(loss) for the period	64,504	(4,367,338)
Loss attributable to members of the company	(103,496)	(97,338)
Total comprehensive income/(loss) attributable to members of the company	64,504	(4,367,338)
Loss per share		
Basic loss per share (cents per share)	(0.04 cents)	(0.04 cents)
Diluted loss per share (cents per share)	(0.04 cents)	(0.04 cents)

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF
FINANCIAL POSITION**
AS AT 31 DECEMBER 2009

	Note	31 December 2009 \$	30 June 2009 \$
ASSETS			
Current Assets			
Cash assets		752,519	903,737
Other assets		11,365	13,092
Total Current Assets		763,884	916,829
Non-current Assets			
Other financial assets	7	3,140,000	2,900,000
Plant and equipment		-	-
Intangible assets		-	-
Total Non-current Assets		3,140,000	2,900,000
TOTAL ASSETS		3,903,884	3,816,829
LIABILITIES			
Current Liabilities			
Trade and other payables		57,232	62,325
Total Current Liabilities		57,232	62,325
Non-current Liabilities			
Deferred tax liabilities		74,036	46,392
Total Non-current Liabilities		74,036	46,392
TOTAL LIABILITIES		131,268	108,717
NET ASSETS		3,772,616	3,708,112
EQUITY			
Contributed equity	6	18,075,081	18,075,081
Reserves		2,872,186	2,704,186
Accumulated losses		(17,174,651)	(17,071,155)
TOTAL EQUITY		3,772,616	3,708,112

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF
CASH FLOWS**
FOR THE HALF YEAR ENDED 31 DECEMBER 2009



	Half Year Ended 31 December 2009 \$	Half Year Ended 31 December 2008 \$
Cash flows from operating activities		
Receipts from customers	-	51,150
Payments to suppliers and employees	(179,680)	(184,732)
Refunds of GST	16,607	14,972
Interest received	11,855	33,629
Net cash used in operating activities	(151,218)	(84,981)
Cash flows from investing activities		
Net cash from investing activities	-	-
Cash flows from financing activities		
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	(151,218)	(84,981)
Cash and cash equivalents at 1 July	903,737	1,118,595
Cash and cash equivalents at 31 December	752,519	1,033,614

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF
CHANGES IN EQUITY**
FOR THE HALF YEAR ENDED 31 DECEMBER 2009



	Ordinary Shares	Option Premium Reserve	Available- for-Sale Investments Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2008	18,075,081	1,170,000	5,804,186	(16,884,765)	8,164,502
Total comprehensive income for the period:					
Net loss for the period	-	-	-	(97,338)	(97,338)
Other comprehensive income:					
Net change in fair value of available-for-sale financial assets	-	-	(4,270,000)	-	(4,270,000)
Total other comprehensive loss	-	-	(4,270,000)	-	(4,270,000)
Total comprehensive loss for the period	-	-	(4,270,000)	(97,338)	(4,367,338)
Transactions with owners, recorded directly in equity					
Total transactions with owners	-	-	-	-	-
Balance at 31 December 2008	18,075,081	1,170,000	1,534,186	(16,982,103)	3,797,164
Balance at 1 July 2009	18,075,081	1,170,000	1,534,186	(17,071,155)	3,708,112
Total comprehensive income for the period:					
Net loss for the period	-	-	-	(103,496)	(103,496)
Other comprehensive income:					
Net change in fair value of available-for-sale financial assets	-	-	168,000	-	168,000
Total other comprehensive income	-	-	168,000	-	168,000
Total comprehensive income/(loss) for the period	-	-	168,000	(103,496)	64,504
Transactions with owners, recorded directly in equity					
Total transactions with owners	-	-	-	-	-
Balance at 31 December 2009	18,075,081	1,170,000	1,702,186	(17,174,651)	3,772,616

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

QED Occtech Limited (the "Company") is a company domiciled in Australia. The interim financial report of the Company is as at and for the six months ended 31 December 2009.

The annual financial report of the Company for the year ended 30 June 2009 is available upon request from the Company's registered office.

2. STATEMENT OF COMPLIANCE

The interim financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of QED Occtech Limited for the year ended 30 June 2009 and any public announcements made by QED Occtech Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report was approved by the Board of Directors on 23 February 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2009, other than as detailed below.

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009. The application of these new and revised standards has not resulted in any significant changes to the Company's accounting policies or to the amounts reported for the current or prior periods.

A range of amendments to Standards and Interpretations have been made which are available for early adoption for financial reporting periods beginning on or after 1 July 2009. The Company has decided not to early adopt these amendments and they are not expected to have a significant impact on the financial report of the Company.

4. ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2009.

5. SEGMENT INFORMATION

The Company operates predominantly in one industry, the commercial application of technology solutions, and in one geographic location, namely Australia.

6. ISSUED CAPITAL

	31 Dec 2009 No. of Shares	30 June 2009 No. of Shares	31 Dec 2009 \$	30 June 2009 \$
Ordinary Shares – issued and fully paid	238,047,537	238,047,537	18,075,081	18,075,081

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Directors have sought advice regarding the fair value of the Company's investment in Transactions Solutions International plc ("TSI") as at 31 December 2009. Based on that advice, the Board has determined the fair value to be \$3,140,000 (30 June 2009: \$2,900,000). A deferred tax liability of \$729,509 (30 June 2009: \$657,509) has been recognised in respect of this investment.

The net fair value of the Company's investment in TSI has been determined using a valuation technique, with reference to the issue of converting notes made by TSI in August 2009. The net fair value calculated on this basis has been discounted due to the lack of a liquid market in the TSI shares. The valuation provided for a discount range of 30-35%. At 30 June 2009, the net fair value was further discounted due to the deterioration in capital markets by a discount range of between 30–45%. This discount has not been applied at 31 December 2009.

The Board considered the midpoint of the valuation range to be the most appropriate and this has resulted in the recorded net fair value of \$3.14m. The net increase in fair value during the half-year of \$168,000 (net of an increase in the deferred tax provision of \$72,000) has been taken to the investment fair value reserve. Had the investment been recorded at a higher fair value, the investment asset, investment fair value reserve and the deferred tax liability recorded would all have been correspondingly higher. No amount has been recorded in the profit and loss during the year in respect of this investment.

8. RELATED PARTIES

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2009 Annual Financial Report.

9. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year.

10. SUBSEQUENT EVENTS AFTER BALANCE DATE

Other than as disclosed below, there were no significant events occurring after balance date requiring disclosure.

Issue of Shares

Following the exercise of 30 million 1.5 cent options over unissued ordinary shares, on 23 February 2010 the Company issued 30 million ordinary shares.

Possible Merger with TSI

As announced to the ASX, QED intends to pursue a merger with Transaction Solutions International plc ("TSI").

Should the merger be completed, it will provide TSI with an enhanced corporate profile and access to new capital markets to further expand its rapidly developing business in India.

Details of the possible merger (including timing, terms and legal form) are expected to be finalised over the coming weeks, and will be subject to agreement by both boards, and the necessary shareholder and other regulatory approvals.

Board Changes

To implement the proposed merger, Messrs Paul Boyatzis, Gary Foster and Simon Cato will be appointed to the Board of QED.

The existing directors of QED, Messrs Ian Middlemas, Doug Miller and Mark Pearce will then resign from the Board. Mr Phillip Macleod will be replacing Mr Mark Pearce as Company Secretary of the Company.

The above changes will occur following lodgement of this 31 December 2009 financial report, and are expected to take effect from 25 February 2010.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF QED OCCTECH LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of QED Occtech Limited, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of QED Occtech Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**PKF**

Chartered Accountants

**Conley Manifis**

Partner

Dated in Perth, Western Australia on this 23rd day of February 2010.