



**BPS**

Technology

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**BPS TECHNOLOGY LTD**

ABN 43 167 603 992

# FINANCIAL REPORT

For the year ended  
30 June 2016

**2016**

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## Contents

Chairman and CEO's Report	1
Section 1   Operating and Financial Review	3
Section 2   Corporate Governance Statement	9
Section 3   Directors' Report	17
Section 4   Remuneration Report	23
Section 5   Auditor's Independence Declaration	27
Section 6   Financial Statements	29
Section 7   Directors' Declaration	65
Section 8   Independent Auditor's Report	67
Section 9   Additional ASX Disclosures	71

# Chairman and CEO's Report



MURRAY d'ALMEIDA  
CHAIRMAN

TREVOR DIETZ  
CHIEF EXECUTIVE OFFICER

Dear Investor

In our second year of operation since listing on the ASX in September 2014, the Board set some ambitious goals for BPS in 2016. The Company is pleased to report:

- Record levels of revenue, with a 4% increase to \$50.2 million – breaking the \$50 million barrier for the first time.
- A 3% growth in gross profit to \$38.6 million, driven by development of new and existing Bartercard territories.
- The introduction of a new Bartercard sales model resulting in increased network activity, and a 25% year-on-year growth in Australian new members.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$9.5 million, \$0.5 million lower than last year as a result of investment in the Company's salesforce and optimising the Bartercard sales model.
- Dividends paid to shareholders of 4.0 cents per share (comprising a 2.0 cent unfranked interim dividend and a 2.0 cent fully franked final dividend).
- \$5 million in convertible notes raised in December 2015, set to be repaid in December 2016 following the Company's recent successful capital raising.

In September 2016, BPS successfully completed a \$27.5 million capital raising to institutional investors, fully underwritten by Moelis & Company. BPS is proud to welcome a further 15 leading Australian institutions to the register. The success of this significantly oversubscribed institutional placement enabled the Company to acquire Entertainment Publications of Australia Pty Ltd and Entertainment Publications Limited in New Zealand ("Entertainment"), a leading business-to-consumer (B2C) platform in Australia and New Zealand. This combination brings together two proven, profitable and scalable businesses with significant growth potential. The transaction completed and settled on 15 September 2016.

This transformative acquisition is expected to make a significant impact on the financial profile of BPS. Excluding revenue and cost synergies, the Company projects FY17 revenue growth of 118% to \$109 million, driving projected EBITDA growth of 49% to \$14.2 million.

Adding the Entertainment Division extends the Company's reach to more than 36,000 SMEs and 18,000 not-for-profits (NFPs), taking BPS into more than 550,000 homes across Australia and New Zealand. Management is optimistic that the planned integration of the full-year result reflects a sustained focus on the Bartercard Division. Management is optimistic that the planned integration of bucqi's payments and transactional platform into the Entertainment's digital app will yield positive results in the short to medium term. We are excited about the new growth potential of this integration, and look forward to continuing to deliver value to BPS shareholders.

### Operational highlights

Among the many business development highlights for the year to 30 June 2016 the Company has:

- Executed a landmark agreement with online retail giant SmartTrans Holdings Ltd (ASX: SMA) a trading partner of Alibaba to gain preferential entry into China for the Company's Australian members.
- Signed a \$2 million distribution agreement with functional food innovator Morlife into China via SmartTrans and Alibaba.
- Expanded Bartercard's US operations to 10 sites, opening three new franchises in California, Tennessee and Georgia in the last quarter, with significant further expansion planned in early FY17.
- Completed the acquisition of two major Australian Bartercard franchises, bringing 70% of members under Company control.
- Embarked upon a commercial partnership with digital marketing and mobile payment specialist Gruden Group Ltd (ASX: GGL).
- Opened a new sales channel offering travel and business insurance products to our merchants through Honan Insurance Group, automating a low-touch, high-margin revenue stream for BPS while providing its merchants with critical products at affordable rates.
- Appointed Chief Technology Officer, Andrew McIntyre.
- Launched bucqi in Australia (Southeast Queensland) and New Zealand (Wellington) in March quarter. By 30 June 2016, achieved installation of bucqi into approximately 340 merchants with around 3,400 consumers having downloaded the bucqi app.

The Board of Directors has declared a final dividend of 2.0 cents per share fully franked, taking the full year dividend to 4.0 cents per share. The Company will pay the final dividend to shareholders on October 20th 2016.

The Board of Directors remains alert to further opportunities to expand the Company's revenue streams via channel enablement. The Company expects to capitalise on those opportunities in the coming year.

The Board would like to thank all investors for their continued faith in BPS Technology and would like to take this opportunity to recognise the efforts of the Company's management team and all of its hardworking staff around the world.

The Company looks forward to continuing to reward investors' faith in the year ahead.

Yours sincerely



Murray d'Almeida  
Chairman



Trevor Dietz  
Chief Executive Officer

## 1.0



### PRINCIPAL ACTIVITIES

The principal activities of the consolidated group during the financial year were to provide and licence technology platforms that drive customers to merchants. The group earns fees from members that transact on these platforms.

The operations are conducted in Australia, UK, New Zealand and the USA.

### SIGNIFICANT CHANGES TO ACTIVITIES

There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

### BUSINESS MODEL AND OBJECTIVES

The BPS Technology Limited "BPS" business model provides payment, loyalty and reward platforms to merchants to attract customers. BPS charges a transactional and monthly fee to merchants for the use of the platforms.

BPS have developed and launched three platforms to merchants. These platforms cover Business to Business (B2B) through Bartercard, Business to Consumer (B2C) through bucqj, and Exchange to Exchange (X2X) through TESS (Trade Exchange Software Services).

BPS attracts new merchants to its merchant network via a direct sales force but also via online and phone sales. BPS has more than 24,000 active fee paying merchants, more than 50,000 card holders and generates more than \$600 million in annual transaction value in ten countries.

BPS owns the operations in Australia, New Zealand, United Kingdom and the United States. The operations are licenced in Thailand, UAE, Cyprus, South Africa, India and China. BPS receives an upfront licence fee and monthly service fees based on the revenues generated by licensees. BPS is not dependent on any single merchant, customer or licensee.

The objective of BPS is to substantially grow the merchant base and geographical footprint. This will

lead to growth in transactions and consequently growth in revenues, profits and dividends to Shareholders.

Between admission and 30 June 2016 the consolidated entity has used its cash and other assets readily convertible to cash in a manner which is consistent with its business objectives.

#### About Bartercard

Bartercard is the world's largest trade exchange. It allows small to medium sized businesses to conduct business transactions without cash. There are more than 50,000 card holders in ten countries. Bartercard transactions can be conducted on-line, via its mobile app or across more than 7,000 bank EFTPOS terminals.

#### About bucqj

bucqj is a disruptive technology based around a loyalty platform designed for SMEs which is combined with a robust and innovative mobile payment app for both merchants and consumers. The platform took two years to develop and has a number of patents pending. It allows consumers to easily pay for goods and services without taking out their wallet or swiping their credit card. They can earn and redeem reward points from a wide range of participating suppliers.

#### About TESS

TESS (Trade Exchange Software Services) is a software platform which was developed to support all trade exchanges globally. It is the only software recognised and recommended as preferred by the International Reciprocal Trade Association ('IRTA') - the largest professional body representing the industry globally. Different versions of TESS Software service small, medium, large and enterprise level exchanges.

### OPERATING RESULTS

The consolidated profit of the Consolidated Group amounted to \$7.34 million (2015: \$7.89 million), after providing for income tax.

## REVIEW OF OPERATIONS

BPS Technology Limited "BPS" or "the Group" exceeded its budgeted revenue expectations during the year which grew 4% to exceed \$50 million for the first time. This was achieved mainly through investment in a strong salesforce and an increase in trading income on the previous year. In FY16 the Group processed transactions through its various platforms worth in excess of \$600 million and earned revenues of \$50.2 million.

### bucqi

bucqi has been launched in three Queensland regional areas and in Wellington, New Zealand, 3,400 consumers have downloaded the app and 340 merchants have installed the bucqi software..

### Bartercard

Bartercard, the B2B platform of the Group, expanded its geographical footprint in 2015 from seven countries to ten by signing new licences for India, South Africa, and China. Operations commenced in South Africa and China during the 2016 financial year, with India to commence in 2017.

At the start of the financial year BPS replaced the upfront joining fees with an increased monthly fee to reduce the friction for members joining in larger numbers. The Company completed the acquisition of two further major franchises in Australia which are now company-owned assets. This new sales model and company-owned operations created an opportunity to enlarge the salesforce which directly contributed to a 25% increase in new members joining. This new investment in the enlarged salesforce led to an increase in employee costs resulting in the 6.9% decline in profits.

Management expects that the increased monthly fee of \$99 and the strengthened salesforce will yield attractive returns in the medium to long term.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$9.5 million, \$0.5 million lower than the previous period as a result of the Company's investment in strengthening its salesforce and optimising the Bartercard sales model.

### Trade Exchange Software Services (TESS)

The Trade Exchange Software Services (TESS) platform has been fully developed, tested and is now being rolled out with the assistance of our partner - the global trade exchange body IRTA. IRTA have adopted the TESS software platform as its "interchange program". This is being used by IRTA to allow different member exchanges to trade between themselves thus expanding the trading opportunities of all exchanges. This is a first in the 18 year history of IRTA and it is made possible by the TESS platform. IRTA will now start marketing the TESS platform to its members.

## Investment Activities

BPS invested cash resources into the growth areas of the Group. The main cash investments during the year were as follows:

- \$2.3 million was invested in the TESS software technology;
- \$1.8 million was invested in the development of franchise platforms in new territories;
- \$1.5 million was invested in the acquisition of shares in our Indian licensee;
- \$2.2 million was invested in the acquisition of Bartercard franchises from franchisees.

## FINANCIAL POSITION

The net assets of the Consolidated Group have increased by \$4.0 million in the year ended 30 June 2016. This increase was largely due to the following factors:

- generation of a profit after tax for the year of \$7.34 million, from operations acquired;
- payment of dividends to Shareholders of \$3.07 million during the year.

The Consolidated Group has bank borrowings as at 30 June 2016 of \$3.6 million, and a cash balance of \$0.9 million. The Group has current assets surplus of \$6.98 million. This represents a significant improvement from 2015 where there was a surplus of \$5.6 million.

Significant efforts have been made to expand the global presence of the Group. The UK operation has advanced the development of the Bartercard platform in Europe, and the number of US franchise sites has grown to ten.

The Directors believe the Group's financial position is sound and the Group will expand and grow in accordance with its strategic plan.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group in 2016.

## EVENTS AFTER THE REPORTING PERIOD

During August 2016, BPS successfully completed a \$27.5 million capital raising to institutional investors, fully underwritten by Moelis & Company.

BPS utilised the funds from the capital raising to effect the acquisition of Entertainment Publications of Australia Pty Ltd and Entertainment Publications Limited in New Zealand (Entertainment). The acquisition took place on 15 September 2016. The purchase price is \$25 million and is payable \$22.5

million in cash and \$2.5 million in BPS shares at 94 cents per share. Entertainment is a leading B2C deals platform that has been operating for 21 years with a network of 12,000 business customers, and 18,000 not-for-profit distributors, to 550,000 paying household members.

Additional shares were issued as part of the capital raising process, further details of which can be found in note 27.

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Board of Directors have identified the following core strategies for the Group for the 2017 financial year:

- integrate Entertainment with a view to realising synergies and drive digital engagement strategies;
- continue to build the BPS Technology Platform to utilise the large amounts of consumer data and behaviour information provided by the integration of Bartercard and Entertainment;
- build bucqi's presence by tapping into the Bartercard and Entertainment networks;
- organically grow the Bartercard network with new members;
- further expand the Bartercard global footprint;
- market the TESS platform as the preferred technology of the Trade Exchange Industry;
- expand the bucqi platform throughout Australia and New Zealand; and
- focus on technological capabilities and leveraging SME networks to maximise transactions on its platforms.

Bartercard plan to expand into new territories during the next year to operate in a total of 12 countries. Additional franchises are planned to be sold and operated in the USA, United Kingdom and Europe.

In addition to this organic growth the Board will be alert to acquisition prospects in the marketplace and will take advantage of this growth path as opportunities become apparent.

bucqi is currently being implemented in selected regional centres in Australia.

The 2017 financial year is expected to be a year in which substantial roll out of our platforms will occur domestically and in the larger global network.

## BUSINESS RISKS

The Company operates in a unique market place that has a number of identified risks. The Company has

an appropriate risk mitigation procedure in place. The following risks have been identified:

### • Changes in Law and Government Policy

With the rise in digital currencies like Bitcoin, there is increasing risk of changes to laws and regulations in relation to digital currencies. While this may work in BPS' favour (as the TESS Platform is a long-standing, well-established software platform of a Trade Exchange for digital currencies), there is a risk such changes could impact on BPS' ability to offer its platforms or result in penalties and other liabilities in the event that BPS fails to take account of such laws and regulations.

BPS has developed a strategy to ensure it places its concerns in front of any Government body seeking to implement changes which may adversely affect the Company's operations.

BPS could also be negatively impacted by any failure to gain approval from the regulatory authorities in foreign countries to allow the bucqi mobile payment system to operate in the relevant country.

### • Competition – BPS is a Technology Business

New technologies are constantly emerging in each of the areas in which BPS operates and the cost of developing, launching and bringing to market these competing technologies continues to fall. The payments space is particularly competitive with many well-funded international competitors. Failure to compete successfully in other countries against current or future competitors would limit new sales of the TESS Platform and/or the bucqi Platform and materially impact BPS' business.

BPS may not be able to efficiently upgrade the TESS Platform and the bucqi Platform without incurring substantial expense that may not be able to be passed on to customers. An inability to adapt to technological advances may negatively impact the ability to attract retail customers and have a material adverse effect on the business of BPS.

### • Exchange Rate Risk

BPS is forecast to derive substantial income from operations in other countries and this may increase as the Company expands its operations. Movements in the value of the Australian dollar may have a material negative impact on the Company's earnings.

### • Personnel

BPS' success, in part, depends upon the continued performance, efforts, abilities and expertise of its key management personnel, (particularly its Chief Executive Officer, Managing Director, Head of Software Innovation and Development and the

General Manager of Mobile Payment Systems) as well as other management and technical personnel that are employed by or contracted to BPS. The loss of the services of certain of these personnel without replacement could have an adverse impact on the successful operation, management and promotion of the Bartercard Trade Exchanges, the development of the TESS Platform and its roll out to non-Bartercard trade exchanges and the development of buccqi Platform and the marketing of those platforms.

Further, a substantial increase in labour costs for employees or contractors may have an adverse impact on the financial performance and/or financial position of BPS.

- **Intellectual Property Risk**

Whilst every effort has been made to secure the technology supporting BPS' various platforms with the exception of the buccqi software, BPS does not intend to apply to register patents for all the intellectual property associated with the Bartercard and TESS platforms. Other parties may claim infringement of patents or alternatively other parties may develop and patent other very similar, potentially substitutable products, processes or technologies.

- **Third Party Failure**

BPS is reliant on a number of third party contractors. These third parties provide essential services on an outsourced basis including software and product development activities. Accordingly, BPS is reliant on contractors properly performing their contractual obligations. Performance failures may have an adverse effect on BPS.

BPS is also an extensive user of third party provided IT hardware and software platforms, systems and infrastructure. BPS is reliant on these suppliers to properly perform their contractual obligations. Performance failures and unreasonable price increases may have a material adverse effect on BPS.

A failure by any of these suppliers to provide those services or a failure of their systems, may adversely affect the Company's ability to provide services to its customers.

- **Service Delivery Failure**

BPS relies on its intellectual property to provide its customers with its service. There may be a failure to deliver the service as a result of numerous factors including human error, power loss, improper building maintenance by landlords in leased or licensed premises, earthquake, flood and other natural disasters, industrial disruption, sabotage, vandalism and other factors. Any material failure

in service delivery will have a material adverse effect on the business of BPS.

- **Internet/Hosting**

BPS is reliant on continued access to the internet and on the parties that host BPS' cloud based platforms. Should internet or hosting services be disrupted for prolonged periods, then the service that BPS provides to its customers will be compromised. This in turn could impact BPS.

- **Security and Unauthorised Use**

Security risks are a factor in all internet-based systems. Any breach of security could result in the non-performance of the platforms, the loss of confidential information or damage to the reputation of BPS platforms.

BPS has invested significantly in acquiring the Bartercard brand name, the TESS Platform and the buccqi Platform. The laws relating to trade secrets, copyright and trade marks assist to protect its proprietary rights. Despite these measures there can be no guarantee that unauthorised use or copying of technology owned or developed by BPS will not occur.

Any such claims could impact BPS' ability to license its platforms in their current form or require BPS to pay damages and / or licence fees to the party claiming infringement.

## ENVIRONMENTAL ISSUES

The Consolidated Group's operations are not subject to significant environmental regulations under the laws of the Commonwealth or state.



### International leadership team

Chris Cleator (BCSA), Atul Bhakta (BCCH), John Scott (BCNZ), Clive van Deventer (BCAU), Rae Wattanurak (BCTH), Paul Bolte (BCUSA), Puneesh Mehra (BCIN), Phil Ciniglio (BCUK)

Antonie Wiese (CFO), Trevor Dietz (CEO), Brian Hall (CEO Bartercard Operations)





# 2.0

## BPS TECHNOLOGY LTD - CORPORATE GOVERNANCE ARRANGEMENTS

The Board of BPS Technology Limited (“the Company”, “BPS”) is committed to the highest standards of corporate governance and enhancing Shareholders value. The Board’s guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, with a view to building sustainable value for the Shareholders and in the interest of employees and other stakeholders.

The Board’s broad function is to:

- chart strategy and set financial targets for the Company;
- monitor the implementation and execution of strategy and performance against financial and non-financial targets; and
- appoint and oversee the performance of Executive Management and generally to take and fulfil an effective leadership role.

### COMPOSITION OF BOARD

The Board performs its roles and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

- the Board should comprise at least three Directors with a maximum of nine Directors;
- where circumstances allow, to have a majority of independent Directors and an independent Chairman; and
- Directors will be elected for a three year term.

The Board comprises four Directors, two of whom are Non-Executive and independent. The Chairman is a Non-Executive Director. At the date of this report, the Board comprised the following:

	ROLE
Murray d’Almeida	- Non-Executive Director - Independent - Chairman
Anthony Lally	- Non-Executive Director - Independent
Trevor Dietz	- Chief Executive Officer - Executive Director
Antonie Wiese	- Chief Financial Officer - Executive Director - Company Secretary

## COMPLIANCE WITH ASX CORPORATE GOVERNANCE GUIDELINES AND RECOMMENDATIONS

The Directors of BPS are responsible for the overall corporate governance practices of the Company and are committed to the implementation of the highest standards of ethical behaviour and accountability in its decision making and the Company’s operations. In determining these standards the Board refers to and applies, to the greatest extent possible, the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations 3rd Edition (“the Principles”).

BPS’ corporate governance practices are largely consistent with the ASX Principles. These practices are detailed in the following internal documents, copies of which are available on the Company’s website at [www.bpstechnology.com](http://www.bpstechnology.com):

- Board Charter;
- Audit and Risk Committee Charter;
- Remuneration and Nomination Committee Charter;
- Code of Conduct;
- Securities Trading Policy;
- External Communication Policy;
- Risk Management Policy;
- Privacy Policy;
- Whistle-blowers Policy.

Where BPS has not applied a principle or recommendation, the explanation for non-compliance is detailed below. The corporate governance statement is current at the date of this report and has been approved by the Board.

### PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board is responsible for overall oversight of the management of BPS. In doing so, they are responsible for guiding and monitoring the activities of BPS on behalf of Shareholders, determining the strategic direction and objectives of the Company and overseeing management’s achievements against these.

#### BOARD CHARTER

Consistent with the functions outlined above, power and authority in certain areas is specifically reserved to the Board. These are listed in the Board Charter which will be kept under review and amended from time to time as the Board may consider appropriate. The purpose of this document is to give formal recognition to the scope, responsibility and composition of the Board. The Charter sets out various other matters that are important for effective corporate governance including the following:

- a detailed definition of "independence" for purposes of appointment of Directors;
- a framework for annual performance review and evaluation;
- criteria for monitoring and evaluating the performance of senior Executives;
- monitoring capital management and major capital expenditure;
- frequency of Board meetings;
- ethical standards and values - ensuring compliance with the Company's governing documents and code of conduct;
- risk management - identifying risks, reviewing and ratifying the Company's systems of internal compliance and control;
- establishment of Board committees;
- including the Audit and Risk Committee and the Remuneration and Nominations Committee;
- framework for the selection of candidates for appointment to the Board;
- transparency of the role and responsibilities of Directors, the Chairman and Managing Director;
- the implementation of a formal and detailed code for securities transactions designed to ensure fair and transparent trading by Directors, management, employees and others (the Board has implemented a separate securities trading policy); and
- communications with Shareholders and the market.

A copy of the Board Charter is available on the Company's website ([www.bpstechnology.com](http://www.bpstechnology.com)).

#### BOARD SUB-COMMITTEES

The Board delegates specific responsibilities to various Board sub-committees. The Board has established:

- an Audit and Risk Committee which is responsible for overseeing the external and internal audit functions of the Company and advising and assisting the Board in assessing risk factors associated with the operation of the Company; and
- a combined Remuneration and Nominations Committee which is responsible for making recommendations to the Board on remuneration packages and nominations after consideration of all relevant information.

Through regular and frequent communication between the Board and Management and by monitoring management's activities, reports and performance, the Board ensures that management is aware of and responsive to the risks, opportunities and priorities recognised by the Board.

#### DIRECTOR/EXECUTIVE SERVICE AGREEMENTS

In addition to the Board Charter, BPS has entered into service agreements with the three Executive Directors which detail the terms and conditions of their service, including matters relating to confidentiality, restraint on competition, the retention of intellectual property and termination. These agreements continue until terminated which may occur with the giving of six months notice.

BPS has also issued letters of appointment for Non-Executive Directors which set out the key terms, conditions and responsibilities of their position.

#### ACCOUNTABILITY OF COMPANY SECRETARY

The Company Secretary has an important role within the organisation and is responsible for providing guidance to the Board and its Committees on governance matters, and monitoring that Board and Committee policy and procedures are followed.

The Company Secretary attends all Board and Committee meetings and circulates the minutes of meetings to Board members. The Board Charter prescribes that all Directors have access to the Company Secretary, who is accountable to the Board on governance matters, through the Chairman.

#### DIVERSITY POLICY

BPS does not currently have a diversity policy. The Board considers that it does not have the resources and infrastructure to set measurable objectives for achieving diversity and to monitor or report on such objectives. The Board however, recognises the benefits of diversity representation across the organisation and in leadership positions, being reflective of the populations in which the Company does business.

BPS has established appropriate ethical standards and is committed to recruiting individuals with the appropriate skills and qualifications required for the role. This process is pursued giving consideration to the Code of Conduct and the Remuneration and Nominations Committee Charter which specifically includes policies against discrimination.

#### EVALUATION OF BOARD AND SENIOR EXECUTIVE PERFORMANCE

The Board has adopted a process to review its performance on an annual basis or more frequently should the Chair consider it to be appropriate. This review is to be undertaken by the Remuneration and Nominations Committee which consists of Non-Executive Directors, the majority of whom are independent.

This review evaluates the performance of the Board as a whole, as well as each Director and includes an assessment of whether individual Directors have devoted sufficient time to their duties.

Although the criteria for the review of performance of Senior Executives is set by the Board, the Remuneration and Nomination Committee has responsibility for the review of Senior Executives and Executive Directors. This review is to be performed at least annually.

#### PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

##### BOARD ATTRIBUTES AND SKILLS

The Board is comprised of individuals with a range of knowledge, skills and experience that are appropriate to the Company's activities and objectives. The Board believes the Company as a whole benefits from the experience of its Directors, who bring quality and independent judgement to all relevant issues falling within the scope of the role.

The collective skills of the Board include:

- Finance
  - risk management
  - transactions (M&A)
  - financial accounting
  - capital markets
  - funds management
  - banking
  - taxation
  - disclosure
- Strategy
- Human Resources
- Health and Safety
- International business
- Executive leadership
- Actuarial
- Public board experience
- Industry knowledge
  - digital currencies
  - payment systems
  - loyalty systems
  - retail
  - marketing
  - information technology
  - superannuation
  - logistics/supply chain
  - transportation
  - not-for-profit

##### DIRECTOR INDEPENDENCE

The Board considers that fundamentally, the independence of Directors is based on their capacity to put the best interests of BPS and its Shareholders ahead of all other interests, so that the Directors are capable of exercising objective independent judgement. Given the size of the Company, the Board believes that it has an appropriate size and mix of skills to provide independent and transparent

decisions for the benefit of BPS despite not having the recommended majority Independent Directors as outlined in the Principles.

Instead, the Board has implemented several policies and practices to enable it to make transparent and independent decisions. For example, Directors are not allowed to be present during discussions or decision making on matters in which they have or could be seen to potentially have a material conflict of interest. In addition, Directors are excluded from taking part in the appointment of third party service providers where the Director has an interest. Such policies provide further separation and safeguards to independence.

With the prior approval of the Chairman, which may not be unreasonably withheld, each Director has the right to seek independent professional advice at the cost of the Company, concerning any aspect of BPS' operations in order to fulfil their duties and responsibilities as Directors and to ensure independent decision making.

##### DIRECTOR INDUCTION AND TRAINING

The Company Secretary is responsible for arranging for any new Director to undertake an induction program to enable them to gain an understanding of:

- the Company's operations;
- the culture and values of the Company;
- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities; and
- any other relevant information.

As part of this induction program, a new Director will meet with all incumbent Directors and senior management to gain an understanding of the duties and responsibilities of the Director within the Company.

##### REMUNERATION AND NOMINATIONS COMMITTEE

The purpose of this Committee is to assist the Board and make recommendations to it in relation to the appointment and remuneration of new Directors (both Executive and Non-Executive) and Senior Executives. At any time the composition of the Board permits, the Committee shall also consist only of Non-Executive Directors and a majority of Independent Directors, and will be chaired by an Independent Chairman appointed by the Board. Committee members are appointed for periods of no more than one year, with members being generally eligible for re-appointment so long as they remain Directors of the Board. At the date of this report the committee comprises the following members:

- Anthony Lally as Chairman
- Murray d'Almeida

The majority of the committee are considered independent.

Functions performed by the Committee include:

- providing advice in relation to remuneration packages of Senior Executives, Non-Executive Directors and Executive Directors, equity-based incentive plans and other employee benefit programmes;
- reviewing BPS' recruitment, retention and termination policies;
- reviewing BPS' superannuation arrangements;
- reviewing succession plans of Senior Executives and Executive Directors;
- recommending individuals for nomination as members of the Board and its committees;
- ensuring the performance of Senior Executives and members of the Board are reviewed at least annually;
- considering those aspects of BPS' remuneration policies and packages, including equity-based incentives, which should be subject to Shareholders approval; and
- monitoring the size and composition of the Board.

The Remuneration and Nominations Committee meets at least twice a year and more often as considered necessary. The Chairman may invite other persons such as internal specialists or external advisors to attend meetings if appropriate.

The Committee members' attendance at meetings as compared to total meetings held, are detailed in the Directors' Report.

### PRINCIPLE 3 - ACT ETHICALLY AND RESPONSIBLY

The Board acknowledges the need for the highest standards of corporate governance practice and ethical conduct by all Directors, employees, consultants and contractors of BPS.

### CODE OF CONDUCT

The Board has adopted a Code of Conduct setting out the ethical standards expected of all personnel. Breaches of the Code may result in disciplinary action including dismissal in serious cases. The Code, which is to be reviewed annually, establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct.

The Company's Code of Conduct is available on BPS' website ([www.bpstechnology.com](http://www.bpstechnology.com)).

### SHARE TRADING POLICY

Recognising that individuals connected with the Company will sometimes be in possession of market-sensitive information, BPS has a Securities Trading Policy. Compliant with ASX Listing Rule 12.9, this policy also restricts any transactions in BPS shares by Company Directors, officers, consultants, senior management and other employees and related persons who in the course of their interactions with the Company, are in possession of such market-sensitive information.

A copy of the Company's policy on the trading of Company securities by key management personnel is available on the website ([www.bpstechnology.com](http://www.bpstechnology.com)).

### PRINCIPLE 4 - SAFEGUARD INTEGRITY IN CORPORATE REPORTING

#### AUDIT AND RISK COMMITTEE

The Company has established an Audit and Risk Committee to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reports and financial reporting process, internal control structure, risk management systems (financial and non-financial - such as operational, environmental, sustainability, compliance, reputation or brand, project, technological, product or service quality, human capital and market related risks).

The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter, a copy of which is available on the Company's website ([www.bpstechnology.com](http://www.bpstechnology.com)). This Charter is reviewed by the Committee at least annually.

The Committee is to include at least three members and an Independent Chairman who shall not be the chairperson of the Board. At any time the composition of the board permits, the Committee shall consist of only Non-Executive Directors and a majority of Independent Directors. At least one member is to have significant, recent and relevant financial management experience and some members shall have an understanding of the industries in which the Company operates. The current members of the Committee comprise:

- Anthony Lally, as Chairman
- Murray d'Almeida
- Antonie Wiese

Anthony Lally is the independent Chairman of the Audit and Risk Committee being an independent Non-Executive Director applying the criteria published by the ASX Corporate Governance Council.

Given the size of the Board and in an attempt to ensure an effective division of responsibilities, it has not been possible to comply with the Principle

recommendation that all Directors are Non-Executive with a majority also being independent.

Antonie Wiese is an Executive Director of the Company, however in his role as Chief Financial Officer, he brings the significant financial experience required of a Committee member. Together with Murray d'Almeida, Mr Wiese has many years of experience in the industries in which BPS operates.

Further details of the experience and expertise of the members of the Committee are detailed in the Directors' Report.

The Committee performs a variety of functions relevant to internal and external reporting and reports to the Board following each meeting. Other matters for which the Committee is responsible include:

- review with senior management and the external auditor and make recommendations to the Board in relation to the approval of financial statements and reports intended for publication;
- review the adequacy and effectiveness of the Company's policies and procedures for assessment, monitoring and management of financial and non-financial risks;
- review any legal matters which could significantly impact the Company's compliance and risk management systems and any significant compliance and reporting issues;
- review the effectiveness of the compliance function at least annually, including the system for monitoring compliance with law and regulations and the results of management's investigations of any fraudulent acts or non-compliance; and
- monitor and review the external audit function including matters concerning appointment and remuneration, effectiveness, independence and non-audit services.

The Committee also has a process to review representation letters on behalf of senior management, being the Chief Executive Officer and the Chief Financial Officer, to ensure all relevant matters are addressed, including the declaration required by s295A of the *Corporations Act 2001* and Recommendation 4.2 of the Principles.

The Committee meets at least half yearly, with further meetings to be convened as required or as requested by the Chair of the Committee or the Board. At the discretion of the Chair of the Committee, relevant members of management and the external auditor may be required to attend meetings.

The Audit and Risk Committee members' attendance at meetings as compared to total meetings held are detailed in the Directors' Report.

### EXTERNAL AUDITOR

The external auditor will attend the committee meetings at least twice a year and on other occasions where circumstances warrant. Pursuant to the Company's External Communications Policy, the external auditor will also be available at the Company's Annual General Meeting to answer Shareholder's questions about the conduct of the audit and the preparation and content of the audit report.

A copy of the External Communication Policy is located on the Company website: ([www.bpstechnology.com](http://www.bpstechnology.com)).

### PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

BPS is committed to promoting investor confidence and ensuring that Shareholders and the market are provided with timely and balanced disclosure of all material matters concerning the Company, as well as ensuring that all Shareholders have equal and timely access to externally available information issued by the Company.

BPS has adopted an External Communications Policy which outlines its policies and procedures aimed at meeting its responsibilities in relation to disclosing information to the market and Shareholders, and to ensure compliance with the continuous disclosure regime under the ASX Listing Rules and the *Corporations Act 2001*. A copy of this policy is available on the Company's website ([www.bpstechnology.com](http://www.bpstechnology.com)).

### PRINCIPLE 6 - RESPECT THE RIGHTS OF SHAREHOLDERS

BPS is committed to providing Shareholders with the necessary information and facilities to allow them to exercise their rights effectively, including:

- providing Shareholders with ready access to information about the Company and its governance;
- communicating openly and honestly with them; and
- encouraging and facilitating Shareholder participation in Shareholders meetings.

To this end BPS has adopted an External Communications Policy which details its policies and procedures with respect to Shareholder Communication (refer [www.bpstechnology.com](http://www.bpstechnology.com)). These policies have been designed to ensure that Shareholders have access to balanced and understandable information about the Company and its activities. The External Communications Policy is reviewed on an annual basis.

The Company uses its website ([www.bpstechnology.com](http://www.bpstechnology.com)) as its primary communication tool for distribution of the annual report, market announcements and media disclosures. Annual reports for the Company are

available in hard copy to all Shareholders who have specifically requested this format. Half yearly and annual reports, as well as media releases etc are also available on the Company's website. Shareholders have the option of electing to receive all Shareholders communications, including notification of annual report availability, notices of meetings and dividend payment statements, by email by notifying the Share Registry.

External communication which may have a material effect on the price or value of the Company's securities is not released unless it has been announced previously to the ASX in compliance with its obligations under the ASX Listing Rules.

Shareholders participation at the AGM is welcomed and encouraged by the Company, either in person, by proxy or other legally appointed representative, or any other means adopted by the Board. Shareholders who are unable to attend the Annual General Meeting are given the opportunity to submit questions and comments ahead of the meeting and where appropriate, those questions will be answered at the meeting.

#### **PRINCIPLE 7 - RECOGNISE AND MANAGE RISK**

##### **EXPOSURE TO ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS**

The Board does not consider it has any material exposure to environmental or social sustainability risks.

The Board has however, identified the risks which may impact upon its economic sustainability. This risk analysis is detailed in the Operating and Financial Review in Section 1.0 of this report.

##### **RISK MANAGEMENT POLICY**

The Board has established policies for the oversight and management of material business risks. The Audit and Risk Committee assists the Board in carrying out this function and is focussed on ensuring that the Company maintains an effective system of internal control and risk management. The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter and the Risk Management Policy (refer [www.bpstechnology.com](http://www.bpstechnology.com)).

The members of the Committee and their attendance at Committee meetings during the year are detailed in the Directors' Report.

The Audit and Risk Committee meets at least twice a year and keeps minutes of its meetings which are included for review at the following board meeting. Both the Risk Management Policy and the Audit and Risk Charter are reviewed at least annually.

The Company's risk management policy is based upon the standard for Risk Management, AS/NZS

ISO 3100:2009. The risk management process consists of the following main elements:

- communicate and consult;
- establish the context;
- identify risks;
- record risks;
- analyse risks;
- evaluate risks;
- treat risks; and
- monitor and review.

Risks are managed by the Company through the effective implementation of various controls which include:

- board approved risk management framework;
- documented policies and procedures;
- maintenance of registers;
- implementation of risk-based systems and processes;
- ongoing monitoring of regulatory obligations;
- ongoing supervision of representatives; and
- internal and external reporting.

At scheduled Audit and Risk Committee meetings, the risk management framework and risk register are reviewed. In the event that there are material changes to the Register through the year, these are brought to the Committee's attention as soon as practicable.

Implementation of the risk management framework is the responsibility of the Chief Executive Officer, with the assistance of senior management as required. In fulfilling the duties of risk management, the Chief Executive Officer has unrestricted access to Company employees, contractors, and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has undertaken a review of the Company's risk management framework and is satisfied that it continues to be sound and that the entity is operating within the risk framework set by the Board.

BPS does not have an internal audit function, however the Board is of the opinion that the processes and procedures adopted to manage risk and which are referred to above, are appropriate to evaluate and continually improve the effectiveness of its risk management and internal control procedures.

#### **PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY**

The Remuneration and Nominations Committee is tasked with ensuring that the Company has remuneration policies and practices which enable it to attract and retain Directors and Executives who will best contribute towards achieving positive outcomes for Shareholders, employees and

other stakeholders. A copy of the Committee's charter is detailed on the Company's website ([www.bpstechnology.com](http://www.bpstechnology.com)).

Details of the membership and charter of the Committee are set out under Principle two above. The attendance of Committee members at meetings during the year are detailed in the Directors' Report.

##### **REMUNERATION OF SENIOR EXECUTIVES AND EXECUTIVE DIRECTORS**

The Board has delegated responsibility to the Remuneration and Nominations Committee for:

- regularly reviewing and making recommendations to the Board with respect to an appropriate remuneration policy including retirement benefits and termination payments for Senior Executives and Executive Directors;
- regularly reviewing and making recommendations to the Board regarding remuneration packages of Senior Executives and Executive Directors, including fixed, performance based and equity based remuneration, reflecting the long term performance objectives appropriate to the Company's circumstances and goals; and
- making recommendations to the Board with respect to the quantum of short term incentives (if any) to be paid to Senior Executives.

Details of the current remuneration policy and remuneration paid to Senior Executives and Executive Directors are set out in the Remuneration Report.

In 2016 a policy for the payment of either performance based remuneration or equity based incentives to Key Management Personnel was introduced. Further information can be found in the Remuneration Report.

##### **REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The Remuneration and Nominations Committee is also responsible for:

- making recommendations as to the structure of remuneration for Non-Executive Directors; and
- ensuring that the fees paid to Non-Executive Directors are within the aggregate amount approved by Shareholders and making recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's Annual General Meeting.

All remuneration paid to Directors and the Executives is valued at cost to the Company and expensed.

**DIRECTORS' REPORT**

The Directors present their report on the consolidated entity BPS Technology Limited and its controlled entities ("BPS") for the financial year ended 30 June 2016. The information in the Operating and Financial Review forms part of this Directors' Report for the financial year ended 30 June 2016 and is to be read in conjunction with this Section of the report.

**GENERAL INFORMATION****DIRECTORS'**

The following persons were Directors of BPS Technology Limited during or since the end of the financial year up to the date of this report:

- Murray d'Almeida
- Anthony Lally
- Andrew Pipolo (resigned 26 April 2016)
- Trevor Dietz
- Brian Hall (resigned 24 May 2016)
- Antonie Wiese

Particulars of each Director's experience and qualifications are set out later in this report.

**DIVIDENDS PAID OR DECLARED**

Dividends paid or declared for payment during the financial year are as follows:

	\$000
Dividend of 3.25c per share paid on 23 October 2015	1,901
Dividend of 2.00c per share paid on 22 April 2016	1,170

On 18 August 2016 the Board declared a further fully franked dividend of 2.00c per share, payable on 20 October 2016. This dividend is not reflected in these financial statements.

**INDEMNIFYING DIRECTORS AND OFFICERS**

During or since the end of the financial year, the Company has paid premiums to insure the Directors and Officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The premium for this policy is \$68,000.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of the Court 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.

**NON-AUDIT SERVICES**

The Board of Directors, pursuant to advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Pilot Partners for non-audit services provided during the year ended 30 June 2016:

	\$000
Taxation services	110
Other	103
	<b>213</b>

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found at Section 5.0 of the annual report.

**OPTIONS**

At the date of this report, the unissued ordinary shares in BPS Technology Ltd under option are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE \$	NUMBER UNDER OPTION
9 September 2014	8 September 2017	1.15	300,000

Option holders do not have any rights to participate in any issue of shares or other interests of the company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

**ASIC INSTRUMENT 2016 / 191 ROUNDING IN FINANCIAL STATEMENTS /DIRECTORS' REPORTS**

The Company is an entity to which ASIC Instrument 2016 / 191 applies. Accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

## INFORMATION RELATING TO DIRECTORS AND COMPANY SECRETARY

### QUALIFICATIONS

Accountant

### EXPERIENCE

Murray has over 35 years of diverse national and international business experience. Murray began his career as an accountant in Perth. He founded Retail Food Group Limited (ASX: RFG) and led its global expansion.

Murray's current board roles include;

- Chairman of Management Resource Solutions Plc;
- Chairman of Barrack St Investments Ltd;
- Director of Pacific Environment Ltd;
- Member Gold Coast Light Rail Business Advisory Board;
- Councillor of Southern Cross University;
- Director of Tasmania Magnesite NL;
- Trustee of Currumbin Wildlife Foundation;
- Chairman of the Bartercard Charity Foundation.



**MURRAY D'ALMEIDA**  
Director (Non-Executive)

**Interest in Shares and Options**  
5,000 ordinary shares in BPS Technology Ltd

#### Special Responsibilities

Chairman  
Member of the Remuneration and Nominations Committee

#### Directorships held in other listed entities during the three years prior to the current year

Pacific Environment Ltd,  
Barrack St Investment Ltd,  
Management Resource Solutions Plc (UK)



**ANTHONY LALLY**  
Director (Non-Executive)

**Interest in Shares and Options**  
50,000 ordinary shares in BPS Technology Ltd

#### Special Responsibilities

Chairman of the Audit and Risk Committee  
Chairman of the Remuneration and Nominations Committee

#### Directorships held in other listed entities during the three years prior to the current year

None

### QUALIFICATIONS

Fellow of the Institute of Actuaries (Australia & UK)

### EXPERIENCE

Anthony has 30 years senior executive experience in the financial services sector, most recently, as Chief Executive Officer of Sunsuper, the third largest Superannuation fund in Australia. Anthony has extensive experience in funds management and led Australia's largest retail funds management business at Commonwealth Bank (1993-2000). He was Head of Retail for Asia Pacific at Deutsche Asset Management, based in Tokyo (2000-2002) and later a Partner at Deloitte (2003-2005). A key feature of his career has been building successful businesses.

### QUALIFICATIONS

Fellow of the Institute of Public Accountants

Master of Science (HRM)

### EXPERIENCE

Trevor has over 30 years experience in retail, corporate and international banking, finance and human resource management. He was previously Chief Operating Officer for the Bartercard International Group and Managing Director of Bartercard Australia from 2005 until 2009. Before joining Bartercard, Trevor was Chief Executive Officer of the Institute of Public Accountants.

Trevor is the Non-Executive Director of the Institute of Business Leaders and Deputy Chair of the Advisory Board to the School of Business at Bond University, he is also a Founder and Director of the Bartercard Charity Foundation.



**TREVOR DIETZ**  
Executive Director, Chief Executive Officer

**Interest in Shares and Options**  
10,504,000 ordinary shares in BPS Technology Ltd

#### Special Responsibilities

Chief Executive Officer

#### Directorships held in other listed entities during the three years prior to the current year

None

### QUALIFICATIONS

Bachelor of Commerce

Bachelor of Accounting Honours

Chartered Accountant

### EXPERIENCE

Antonie is a Chartered Accountant with 25 years experience in financial and executive management.

Antonie founded and listed the Onelogix Group Limited, a logistics and supply chain company in South Africa. Antonie held the role of Chief Executive Officer with this company for three years prior to moving to Australia. Prior to this he helped to build and became an Executive Director of the publicly listed South African transport group Super Group Limited. Antonie was the Chief Executive Officer of the Rental and Logistics Division of Super Group Limited which included 12 subsidiary companies.



**ANTONIE WIESE**  
Executive Director and Company Secretary

**Interest in Shares and Options**  
10,000,000 ordinary shares in BPS Technology Ltd

#### Special Responsibilities

Chief Financial Officer

#### Directorships held in other listed entities during the three years prior to the current year

None

**MEETINGS OF DIRECTORS**

During the financial year, seven meetings of Directors (including Committees of Directors) were held. Attendances by each Director during the year was as follows:

	Directors' Meetings		Audit and Risk Committee		Remuneration and Nominations Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Murray d'Almeida	7	5	2	2	1	1
Anthony Lally	7	7	2	2	1	1
Andrew Pipolo	6	5	-	-	1	1
Trevor Dietz	7	7	-	-	-	-
Brian Hall	6	6	-	-	-	-
Antonie Wiese	7	7	2	2	-	-

This Directors Report, incorporating the Operating and Financial Review and the Remuneration Report is signed in accordance with a resolution of the Board of Directors.



**Murray d'Almeida**  
Non-Executive Chairman  
16 September 2016



**Trevor Dietz**  
Chief Executive Officer  
16 September 2016

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## 4.0

**REMUNERATION POLICY**

The Remuneration and Nominations Committee has the responsibility for providing advice in relation to the remuneration packages of Senior Executives, Non-Executive and Executive Directors. The Committee is also responsible for the design and oversight of any share option schemes, performance incentive packages, superannuation entitlements and retirement and termination entitlements.

The remuneration policy of BPS Technology Ltd and its controlled entities ("BPS") has been designed to attract the most qualified and experienced key management personnel ("KMP") and align KMP objectives with those of the business and Shareholders.

All Executives receive a base salary which is based upon factors such as the length of service, experience and skills as well as superannuation as required by law. Executives may sacrifice part of their salary to increase payments towards superannuation.

At the date of this report the Company does not have an employee share option plan however BPS intends to establish such a scheme when the Board sees fit. The terms and conditions of any such employee incentive plans will be released to Shareholders.

The Board's policy is to review remuneration to KMP as well as Non-Executive Directors annually based upon market practice, duties, and accountability. Independent advice can be sought when required.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval at the Annual General Meeting. The maximum amount approved by Shareholders is \$500,000 per annum.

**DIRECTORS AND SENIOR GROUP EXECUTIVES**

The name of each person holding the position of Director of BPS at any time during the financial year was:

NAME	ROLE
Murray d'Almeida	- Non-Executive Director - Chairman
Anthony Lally	- Independent Non-Executive Director
Andrew Pipolo (Resigned 26 April 2016)	- Independent Non-Executive Director
Trevor Dietz	- Chief Executive Officer - Executive Director
Brian Hall (Resigned 24 May 2016)	- Managing Director - Executive Director
Antonie Wiese	- Chief Financial Officer - Executive Director - Company Secretary

The Company has entered into service agreements with the three Executive Directors. These agreements will continue until terminated. Either party may terminate the executive service agreement by giving six months' notice, or in the case of the Company, by paying the relevant Executive Director an amount equivalent to his salary in lieu of notice for that period.

The names of each person holding a position within the Senior Group Executive, other than the Directors listed above at any time during the financial year were:

NAME	ROLE
Brian Hall	- CEO of Bartercard Operations (from 24 May 2016)
Andrew McIntyre	- Chief Technology Officer
Philip Scott	- General Manager Mobile Payments Systems

The employment conditions of all Senior Group Executives are formalised in written contracts of employment. Generally the employment contracts stipulate a four week resignation period. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

## KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration for each Director and each of the Senior Group Executives during the year was as follows:

	SHORT TERM EMPLOYEE BENEFITS	POST EMPLOYMENT BENEFITS	TOTAL
	Cash and salary	Superannuation	
	\$000	\$000	\$000
Murray d'Almeida	99	-	99
Anthony Lally	75	7	82
Andrew Pipolo <sup>1</sup>	63	6	69
Trevor Dietz	387	31	418
Brian Hall <sup>2</sup>	354	28	382
Antonie Wiese	387	31	418
<b>DIRECTORS TOTAL</b>	<b>1,365</b>	<b>103</b>	<b>1,468</b>
Andrew McIntyre	124	12	136
Philip Scott	148	-	148
Brian Hall <sup>3</sup>	33	3	36
<b>EXECS TOTAL</b>	<b>305</b>	<b>15</b>	<b>320</b>
<b>GRAND TOTAL</b>	<b>1,670</b>	<b>118</b>	<b>1,788</b>

1. Resigned 26 April 2016.

2. Resigned 24 May 2016

3. From 25 May 2016

None of the remuneration paid to any Director or Senior Group Executive was tied to any specific performance condition.

## OPTIONS ISSUED AS PART OF REMUNERATION FOR THE YEAR ENDED 30 JUNE 2016

No options were granted as part of remuneration during the year.

## SHAREHOLDINGS OF DIRECTORS' AND SENIOR EXECUTIVE GROUP

The number of ordinary shares in the Company held by each KMP during the financial year is as follows:

	BALANCE AT BEGINNING OF YEAR	OTHER CHANGES	SHARES ACQUIRED DURING YEAR	BALANCE AT END OF YEAR
Trevor Dietz <sup>1</sup>	10,504,000	-	-	10,504,000
Antonie Wiese <sup>1</sup>	10,500,000	(500,000)	-	10,000,000
Brian Hall <sup>1</sup>	10,504,000	-	-	10,504,000
Murray d'Almeida	5,000	-	-	5,000
Andrew Pipolo	5,000	-	-	5,000
Anthony Lally	50,000	-	-	50,000
Philip Scott	2,000,000	-	-	2,000,000
Andrew McIntyre	-	-	-	-

1. 9,500,000 of each shareholding are Restricted Securities and are subject to Restriction Agreements and cannot be sold, disposed of or encumbered until 9 September 2016, being 24 months from the date of listing.

## OTHER EMPLOYEE BENEFITS

No other material benefits were paid to Directors or any Senior Executive Group member during the year.

No schemes exist for retirement benefits for Non-Executive Directors other than superannuation.

## OTHER TRANSACTIONS WITH DIRECTORS AND SENIOR GROUP EXECUTIVES

There were no transactions conducted between the Company and Directors or Senior Group Executives, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arms length dealings with unrelated persons.

# 5.0



**PILOT PARTNERS**  
Chartered Accountants  
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### BPS TECHNOLOGY LTD ABN 43 167 603 992 AND CONTROLLED ENTITIES

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

1. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
2. any applicable code of professional conduct in relation to the audit.

**Pilot Partners**  
Chartered Accountants

**Michael Traynor**  
Partner

Dated 16 September 2016

Level 10  
1 Eagle Street  
Brisbane Qld 4000



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Member of Nexia International, a worldwide network of independent accounting and consulting firms.

# 6.0

## BPS TECHNOLOGY LTD & CONTROLLED ENTITIES CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

		CONSOLIDATED GROUP	
		2016 \$'000	2015 \$'000
	NOTE		
<b>CONTINUING OPERATIONS</b>			
Revenue	3	50,172	48,157
Direct expenses of providing services		(11,571)	(10,586)
Building occupancy expenses		(2,540)	(2,438)
Employee expenses		(21,163)	(19,896)
Depreciation and amortisation expense		(802)	(619)
Finance cost		(534)	-
Other expenses		(5,428)	(5,262)
<b>PROFIT BEFORE INCOME TAX</b>	<b>4</b>	<b>8,134</b>	<b>9,356</b>
Tax expense	5	(789)	(1,467)
<b>NET PROFIT FOR THE YEAR</b>	<b>4</b>	<b>7,345</b>	<b>7,889</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>7,345</b>	<b>7,889</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)	9	12.57	14.88
Diluted earnings per share (cents)	9	11.71	14.88

The accompanying notes form part of these financial statements

BPS TECHNOLOGY LTD & CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

		CONSOLIDATED GROUP	
	NOTE	2016 \$000	2015 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	906	2,743
Trade and other receivables	11	10,409	6,287
Inventories	12	5,793	5,762
Other assets	17	696	383
<b>TOTAL CURRENT ASSETS</b>		<b>17,804</b>	<b>15,175</b>
<b>Non-Current Assets</b>			
Trade and other receivables	11	1,906	485
Property, plant and equipment	14	958	1,160
Deferred tax assets	20	742	1,919
Intangible assets	15	32,206	26,416
Other financial assets	16	1,500	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>37,312</b>	<b>29,980</b>
<b>TOTAL ASSETS</b>		<b>55,116</b>	<b>45,155</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	18	4,794	6,680
Borrowings	19	3,613	-
Current tax liabilities	20	814	1,456
Provisions	21	1,603	1,433
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,824</b>	<b>9,569</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	18	2,278	2,567
Provisions	21	289	288
Borrowings	19	5,000	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,567</b>	<b>2,855</b>
<b>TOTAL LIABILITIES</b>		<b>18,391</b>	<b>12,424</b>
<b>NET ASSETS</b>		<b>36,725</b>	<b>32,731</b>
<b>EQUITY</b>			
Issued capital	22	26,227	26,167
Reserves		(349)	(9)
Retained earnings		10,847	6,573
<b>TOTAL EQUITY</b>		<b>36,725</b>	<b>32,731</b>

The accompanying notes form part of these financial statements

BPS TECHNOLOGY LTD & CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	ORDINARY SHARE CAPITAL \$000	RETAINED EARNINGS \$000	FOREIGN CURRENCY TRANSLATION RESERVES \$000	TOTAL \$000
<b>Balance at 1 July 2014</b>	1	-	-	-	1
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Shares issued during the year		30,000	-	-	30,000
Transaction costs		(5,476)	-	-	(5,476)
Tax		1,642	-	-	1,642
Dividends for the year		-	(1,316)	-	(1,316)
<b>TOTAL TRANSACTIONS WITH OWNERS AND OTHER TRANSFERS</b>		<b>26,167</b>	<b>(1,316)</b>	<b>-</b>	<b>24,851</b>
<b>Comprehensive income</b>					
Profit for the year		-	7,889	-	7,889
Other comprehensive income		-	-	-	-
Movement		-	-	(9)	(9)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>7,889</b>	<b>(9)</b>	<b>7,880</b>
<b>BALANCE AT 30 JUNE 2015</b>		<b>26,167</b>	<b>6,573</b>	<b>(9)</b>	<b>32,731</b>
<b>Balance at 1 July 2015</b>		26,167	6,573	(9)	32,731
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Shares issued during the year		60	-	-	60
Dividends for the year		-	(3,071)	-	(3,071)
<b>TOTAL TRANSACTIONS WITH OWNERS AND OTHER TRANSFERS</b>		<b>60</b>	<b>(3,071)</b>	<b>-</b>	<b>(3,011)</b>
<b>Comprehensive income</b>					
Profit for the year		-	7,345	-	-
Other comprehensive income		-	-	-	-
Movement		-	-	(340)	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>7,345</b>	<b>(340)</b>	<b>7,005</b>
<b>BALANCE AT 30 JUNE 2016</b>		<b>26,227</b>	<b>10,847</b>	<b>(349)</b>	<b>36,725</b>

The accompanying notes form part of these financial statements

**BPS TECHNOLOGY LTD & CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	CONSOLIDATED GROUP	
		2016 \$000	2015 \$000
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		49,886	47,131
Payments to suppliers and employees		(44,713)	(41,078)
Interest received		14	33
Tax paid		(55)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>26</b>	<b>5,132</b>	<b>6,086</b>
<b>Cash Flows From Investing Activities</b>			
Investment in developing new territories		(1,375)	-
Acquisition of subsidiaries and businesses net of cash acquired		-	(16,110)
Purchase of investments		(1,500)	-
Proceeds from sale of property		182	338
Purchase of property, plant and equipment		(277)	(165)
Purchase of intangibles		(6,563)	(8,614)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(9,533)</b>	<b>(24,551)</b>
<b>Cash Flows From Financing Activities</b>			
Repayment of loans		(1,972)	-
Interest paid		(534)	-
Net proceeds from borrowings		3,543	-
Net proceeds from issue of shares		4,598	22,523
Dividends paid		(3,071)	(1,316)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>2,564</b>	<b>21,207</b>
Net increase/decrease in cash held		(1,837)	2,742
Cash and cash equivalents at beginning of financial year		2,743	1
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>10</b>	<b>906</b>	<b>2,743</b>

The accompanying notes form part of these financial statements

**BPS TECHNOLOGY & CONTROLLED ENTITIES  
FOR THE YEAR 30 JUNE 2016  
NOTES TO THE FINANCIAL STATEMENTS**

The separate financial statements of the parent entity, BPS Technology Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 16 September 2016 by the Directors of the Company.

**Note 1 | Summary of significant accounting policies**

**BASIS OF PREPARATION**

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. BPS Technology Ltd is a listed public Company incorporated and domiciled in Australia. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**a. Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent BPS Technology Limited and all of its subsidiaries (also referred to as "the Group"). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in note 13.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been adjusted where necessary to ensure uniformity of the accounting policies adopted by the Group.

**Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised.

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**Goodwill**

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of the following items, over the acquisition date fair value of net identifiable assets acquired:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in the profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, ("CGUs"). These CGUs represent the lowest level at which goodwill is monitored but are not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill of the entity that has been sold. Changes in the ownership

interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Goodwill on the acquisition of franchises which are not held for re-sale are included in intangible assets.

#### b. Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

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

Current and deferred income tax expense is charged outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

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

#### c. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

#### d. Inventories

Inventories represent the value of franchises held for resale. These assets are valued at the lower of cost and net realisable value.

Other inventories are valued at the lower of cost and net realisable value.

#### e. Property, Plant and Equipment

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

#### Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to note 1(h) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group. Useful life is taken to commence from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Estimated useful life for each class of depreciable assets are:

CLASS OF FIXED ASSET	ESTIMATED USEFUL LIFE
Leasehold improvements	10 years
Plant and equipment	3 - 5 years
Leased plant and equipment	3 - 5 years

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

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

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

#### f. Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

#### g. Financial Instruments

##### Initial recognition and measurement

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

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

##### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

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

The effective interest method is used to allocate interest

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

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

**i. Financial assets at fair value through profit or loss**

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

**ii. Loans and receivables**

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

**iii. Financial liabilities**

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

**iv. Available-for-sale investments**

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

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

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

**Financial Asset Impairment**

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

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

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

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

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

**Derecognition**

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

**h. Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

**i. Intangibles Other than Goodwill Technology and Software Assets**

Technology and software assets acquired separately are capitalised at cost. Where the technology and software asset has been acquired as part of a business acquisition, these assets are recognised at fair value as at the date of acquisition. The useful lives of these assets are then assessed to be either finite or indefinite. Assets with a finite life are amortised over that life with the expense being recognised in the Profit and Loss. Expenditure on the development of technology and software assets are capitalised until the software is ready for use and then amortised over their expected useful life of 10 years.

These assets are tested for impairment at least annually.

**Brand names and international rights**

The brand names and international rights were acquired in a separate transaction. These assets are recognised using the cost model, which requires an intangible asset to be recorded at cost less any accumulated amortisation and any accumulated impairment losses.

These intangible assets have been assessed as having an indefinite useful life as neither brand names nor international rights are subject to contractual or statutory time limits. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. As a result no amortisation will be charged.

These assets are tested for impairment at least annually, either individually or within a cash generating unit.

**Development costs**

Development costs consist of costs incurred in designing, developing and contracting new territories. Recognition of the development costs only occurs when feasibility studies confirm that franchise proliferation is expected to deliver future economic benefits, these benefits can be measured reliably and there are adequate resources available to complete the development. The development costs are amortised over their useful life starting from the time the development of a territory is complete. The franchise agreements are for a term of 10 years and this will be used as the useful life for the purposes of amortisation.

**j. Foreign Currency Transactions and Balances Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

**Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income. Otherwise the exchange difference is recognised in profit or loss.

**Group companies**

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the Group disposes of the operation.

#### k. Employee Benefits

##### Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled within 12 months after the end of the annual reporting period in which the employees render the related service. These benefits include wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

##### Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period. In this case the obligations are presented as current provisions.

##### Retirement benefit obligations

All employees of the Australian entities in the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice.

All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

#### l. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### m. Cash and Cash Equivalents

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

#### n. Revenue and Other Income

The Group recognises revenue on the transfer of services to customers at an amount that reflects the amount of consideration it expects to be entitled to in exchange for those services:

- Revenue from transaction fees is recognised when the trade dollar transaction is complete and when all obligations of processing the transaction are fulfilled.
- Revenue from monthly subscription fees is recognised at the end of each month when all obligations of providing membership support services in the month are fulfilled.
- Revenue from the sale of franchise rights in countries and the issue of licences to run exchanges is recognised when the sale is complete and all obligations have been fulfilled.
- Revenue from membership fees is recognised when all obligations of processing the membership application have been fulfilled.
- Other revenue, which includes trading income and various fees charged to members other than transaction fees, is recognised when all obligations in respect of these income streams are fulfilled.

Payment terms are highly varied for the different sources of revenue, different customers and contract terms are individually negotiated. Trade debtor profiles are disclosed in Note 11.

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

#### o. Trade and Other Receivables

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

Trade and other receivables are initially recognised at fair value, less any provision for impairment. Refer to note 1(h) for further discussion on the determination of impairment losses.

#### p. Trade and Other Payables

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

#### q. Transactions in Trade

In addition to its cash revenue, the Bartercard businesses also receive additional fees in trade dollars. These businesses operate as Managers of the respective Trade Exchange and as such, also participate in the exchange, buying services.

Trade transactions have not been recorded in the Financial Statements. Transactions in trade by the Managers do not meet the definition and recognition criteria of assets and liabilities within the Australian Accounting Standards and are therefore not recorded.

#### r. Goods and Services Tax (GST)

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

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

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

#### s. Comparative Figures

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

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

#### t. Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Instrument 2016 / 191. Accordingly, amounts in the financial statements and Directors' report have been rounded off to the nearest \$1,000.

#### u. New and Amended Accounting Policies Adopted by the Group

##### Revenue recognition

The group has opted to adopt AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017) early from 1 July 2014.

This Standard replaces the current accounting requirements applicable to revenue with a single, principles based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

#### v. New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investment in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and Related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the

cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-3: *Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations* (applicable to annual reporting periods beginning on or after 1 January 2016).

This Standard amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

AASB 2014-10: *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and

- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

#### w. Critical Accounting Estimates and Judgements

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

#### Key estimates and judgements

##### i. Impairment – goodwill and other intangibles

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Further details on the key estimates used in the impairment evaluation can be found in note 15. No impairment has been recognised in respect of goodwill or other intangibles for the year ended 30 June 2016.

##### ii. Impairment – cash debtor receivables

The Group assesses impairment of cash debtor receivables at the end of each reporting period by reference to the history of cash debtor collections.

##### iii. Valuation of franchise inventories

Franchises held for resale are recognised as inventories at cost. At each reporting period the carrying value of each of these assets are compared to a valuation model to determine the net realisable value of the asset. The asset is written down to the extent that the carrying value is in excess of the net realisable value. The valuation model is market tested on a regular basis.

**Note 2 | Parent Company Information**

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

STATEMENT OF FINANCIAL POSITION	2016 \$000	2015 \$000
<b>Assets</b>		
Current assets	493	2,885
Non-current assets	37,473	25,380
<b>TOTAL ASSETS</b>	<b>37,966</b>	<b>28,265</b>
<b>Liabilities</b>		
Current liabilities	5,134	188
Non-current liabilities	5,891	1,405
<b>TOTAL LIABILITIES</b>	<b>11,025</b>	<b>1,593</b>
<b>Equity</b>		
Issued capital	26,227	26,167
Retained earnings	499	373
Other reserves	215	132
<b>TOTAL EQUITY</b>	<b>26,941</b>	<b>26,672</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>TOTAL PROFIT / (LOSS)</b>	<b>3,349</b>	<b>1,540</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>3,349</b>	<b>1,540</b>

**a. Contingent liabilities and contractual commitments**

BPS Technology Ltd has no identified capital commitments or contingent liabilities.

**Note 3 | Revenue and Other Income**

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
<b>Sales revenue</b>		
Transaction fees	27,360	27,807
Monthly subscription fees	8,924	8,405
Franchise and license sales	6,266	6,397
Other revenue	7,364	4,691
Membership fees	258	772
<b>TOTAL SALES REVENUE</b>	<b>50,172</b>	<b>48,072</b>
<b>Other revenue</b>		
Rental revenue	-	52
Interest received	-	33
<b>TOTAL OTHER REVENUE</b>	<b>-</b>	<b>85</b>
<b>TOTAL REVENUE</b>	<b>50,172</b>	<b>48,157</b>

**Note 4 | Profit for the year**

Profit before income tax from continuing operations includes the following specific items of revenue and expense:

	NOTE	CONSOLIDATED GROUP	
		2016 \$000	2015 \$000
<b>A) EXPENSES</b>			
<b>Employee benefits expense:</b>			
Defined contribution superannuation expense		1,128	966
<b>Bad and doubtful debts:</b>			
Trade receivables		159	2,317
<b>Rental expense on operating leases:</b>			
Minimum lease payments		2,091	2,014
<b>Interest Expense:</b>			
Interest		534	77
<b>B) SIGNIFICANT REVENUE AND EXPENSES</b>			
<b>The following significant revenue and expense items are relevant in explaining the financial performance:</b>			
<b>Impairment of non-current assets:</b>			
Investments		1,800	-
Intangible assets		-	(343)
Receivables		-	(2,488)
		-	<b>(2,831)</b>
<b>Impairment of current assets:</b>			
Inventories		-	(358)
		-	<b>(358)</b>
<b>Depreciation:</b>			
Plant & equipment	14	(285)	(419)
Amortisation of intangibles	15	(430)	(200)
Loss on disposal of fixed assets		(87)	-
<b>TOTAL</b>		<b>(802)</b>	<b>(619)</b>

**Note 5 | Tax Expense**

	NOTE	CONSOLIDATED GROUP	
		2016 \$000	2015 \$000
<b>A) The components of tax expense/ (income) comprise:</b>			
Current tax	20	525	1,456
Deferred tax	20	264	11
		<b>789</b>	<b>1,467</b>
<b>B) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:</b>			
Prima facie tax payable on profit from ordinary activities before income tax at domestic statutory rate of 30% (2015: 30%)		2,440	2,807
<b>Add / (Less) Tax effect of:</b>			
Permanent differences		(617)	(608)
Recoupment of prior year tax (profits)/ losses not previously brought to account		(75)	206
Tax effect of trade transactions		(942)	(1,007)
Effect of lower tax rate in NZ		(15)	(9)
Other		(2)	78
<b>TOTAL</b>		<b>789</b>	<b>1,467</b>

**Note 6 | Key Management Personnel Compensation**

Refer to the remuneration report in Section 4.0 of this annual report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2016.

The total remuneration paid to KMP of the Group during the year are as follows:

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
Short-term employee benefits	1,670	1,734
Post-employment benefits	118	211
Other long-term benefits	-	-
<b>TOTAL KMP COMPENSATION</b>	<b>1,788</b>	<b>1,954</b>

**SHORT-TERM EMPLOYEE BENEFITS**

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, and fringe benefits awarded to executive directors and other KMP.

**POST-EMPLOYMENT BENEFITS**

These amounts are the estimated cost of providing for the Group's superannuation contributions based on the services provided during the year.

**OTHER LONG-TERM BENEFITS**

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments occurring during the year.

**SHARE-BASED PAYMENTS**

No share based payments were made to KMP during this year.

Further information in relation to KMP remuneration can be found in the Remuneration Report.

**Note 7 | Auditor's Remuneration**

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
<b>Remuneration of the auditor for:</b>		
Auditing or reviewing the financial statements	228	228
Taxation services - listing	-	62
Taxation services - compliance	122	25
Investigating Accountant's report	-	150
Other services	106	19
<b>TOTAL</b>	<b>456</b>	<b>484</b>

The above remuneration included amounts paid to component auditors of \$62,000.

**Note 8 | Dividends**

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
<b>Distributions paid:</b>		
2015 final unfranked ordinary dividends of 3.25 cents per share	1,901	-
Interim unfranked ordinary dividend of 2.00 (2015: 2.25) cents per share	1,170	1,316
	<b>3,071</b>	<b>1,316</b>
<b>TOTAL DIVIDENDS PER SHARE FOR THE PERIOD</b>	<b>5.25c</b>	<b>2.25c</b>
<b>Franking Account:</b>		
<b>A) Balance of franking account at year-end adjusted for franking credits arising from</b>		
Payment of provision for income tax	633	1,387
<b>FRANKING CREDITS AVAILABLE FOR SUBSEQUENT FINANCIAL YEAR</b>	<b>633</b>	<b>1,387</b>

Subsequent to the end of the financial year on 18 August 2016 the Company declared a further fully franked dividend of 2.00c per share. The ex date for the dividend is 3 October 2016 with a payment date of 20 October 2016.

**Note 9 | Earnings Per Share**

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
<b>A) Reconciliation of earnings to profit or loss:</b>		
Profit after tax	7,345	7,889
Profit attributable to non-controlling equity interest	-	-
<b>EARNINGS USED TO CALCULATE BASIC EPS</b>	<b>7,345</b>	<b>7,889</b>
	<b>No.</b>	<b>No.</b>
<b>B) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS</b>	<b>58,521,153</b>	<b>53,016,095</b>
<b>Weighted average of dilutive options outstanding</b>	<b>4,255,319</b>	<b>-</b>
<b>Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS</b>	<b>62,776,472</b>	<b>53,016,095</b>

## Note 10 | Cash and Cash Equivalents

	NOTE	CONSOLIDATED GROUP	
		2016 \$000	2015 \$000
Cash at bank and on hand		906	2,348
Short-term bank deposits		-	395
<b>TOTAL CASH AND CASH EQUIVALENTS</b>		<b>906</b>	<b>2,743</b>

The effective interest rate on short-term bank deposits was 2% (2015: 2%). These deposits have an average maturity of 30 days.

## RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2016 \$000	2015 \$000
Cash and cash equivalents	906	2,743
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>906</b>	<b>2,743</b>

## Note 11 | Trade and Other Receivables

	NOTE	CONSOLIDATED GROUP	
		2016 \$000	2015 \$000
<b>CURRENT</b>			
Trade receivables		9,217	8,097
Provision for impairment		(1,702)	(2,317)
<b>Net Trade Receivables</b>		<b>7,515</b>	<b>5,780</b>
Other receivables		2,894	507
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>		<b>10,409</b>	<b>6,287</b>
<b>NON-CURRENT</b>			
Trade receivables		1,906	485
<b>TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES</b>		<b>1,906</b>	<b>485</b>

## Provision for Impairment of Receivables

Movement in the provision for impairment of receivables is as follows:

	NOTE	CONSOLIDATED GROUP			
		OPENING BALANCE 01/07/2015	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30/06/2016
		\$000	\$000	\$000	\$000
Current trade receivables		(2,317)	(159)	774	(1,702)
<b>TOTAL</b>		<b>(2,317)</b>	<b>(159)</b>	<b>774</b>	<b>(1,702)</b>

	NOTE	CONSOLIDATED GROUP			
		OPENING BALANCE 01/07/2014	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30/06/2015
		\$000	\$000	\$000	\$000
Current trade receivables		-	(2,317)	-	(2,317)
<b>TOTAL</b>		<b>-</b>	<b>(2,317)</b>	<b>-</b>	<b>(2,317)</b>

The group impairs the value of individual trade debtors based on an assessment of the credit quality of the customer, the previous trading pattern of the customer and management's assessment of the likely recovery. All trade debtors which are not likely to be recovered are either written off or a provision for impairment is recognised. No credit risk is expected in respect of recoverables which are not written off or provided. The remainder of receivables, after provision for impairment are considered to be of high credit quality.

## Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within note 11. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

No collateral is held in respect of these exposures and there are no other credit enhancement arrangements. All trade receivables have been investigated and other than those which have been written off or provided, there are no indicators of poor credit quality for trade receivables. Securities in the form of personal guarantees from directors, or registered mortgages are regularly taken to support customer trading activities.

## Trade Debtor Profile

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
Gross amount	11,123	8,582
Impaired (past due)	(1,702)	(2,317)
	<b>9,421</b>	<b>6,265</b>
Past due not impaired - 30 days	404	797
60 days	212	633
90 days	302	803
90 days +	1,314	308
Within initial trade terms	7,189	3,724
<b>TOTAL</b>	<b>9,421</b>	<b>6,265</b>

**Geographical Credit Risk**

The Group has significant operations in Australia, New Zealand, United Kingdom, United States of America, India, South Africa and several other countries. The Group's exposure to credit risk for trade and other receivables at the end of the reporting period in these regions is as follows:

**CONSOLIDATED GROUP**

	2016 \$000	2015 \$000
Australia	6,669	4,114
New Zealand	1,829	1,495
United Kingdom	3,069	329
United States of America	130	152
Other	618	682
<b>TOTAL</b>	<b>12,315</b>	<b>6,772</b>

**Note 12 | Inventories****CONSOLIDATED GROUP**

	2016 \$000	2015 \$000
Franchises held for re-sale	3,871	5,728
Finished goods held for sale	1,922	34
<b>TOTAL INVENTORIES</b>	<b>5,793</b>	<b>5,762</b>

**Note 13 | Interests in Subsidiaries****Information about Principal Subsidiaries**

The Subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each Subsidiary's principal place of business also reflects its country of incorporation.

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	OWNERSHIP INTEREST HELD BY THE GROUP		PROPORTION OF NON-CONTROLLING INTERESTS	
		2016 %	2015 %	2016 %	2015 %
Bucqi Australia Pty Ltd	Australia	100	100	-	-
Bartercard Group Pty Ltd	Australia	100	100	-	-
Bartercard Services Pty Ltd	Australia	100	100	-	-
Bartercard Operations UK Ltd	United Kingdom	100	100	-	-
Bartercard Operations NZ Ltd	New Zealand	100	100	-	-
Bartercard Operations Australia Pty Ltd	Australia	100	100	-	-
Bartercard USA Inc	USA	100	100	-	-
Trade Exchange Software Services Pty Ltd	Australia	100	100	-	-
BPS Financial Limited	Australia	100	100	-	-

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements, using the same accounting policies. There are no significant restrictions over the Group's ability to access or use the assets and settle liabilities of the group.

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## Note 14 | Property, Plant and Equipment

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
<b>Plant and equipment:</b>		
At cost	894	707
Accumulated depreciation	(408)	(204)
	<b>486</b>	<b>503</b>
<b>Leasehold improvements:</b>		
At cost	432	430
Accumulated amortisation	(60)	(33)
	<b>372</b>	<b>397</b>
<b>Leased plant and equipment:</b>		
Capitalised leased assets	137	263
Accumulated depreciation	(37)	(182)
	<b>100</b>	<b>81</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>958</b>	<b>981</b>
<b>Property:</b>		
Freehold at cost	-	179
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>958</b>	<b>1,160</b>

## Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

CONSOLIDATED GROUP	FREEHOLD LAND \$000	LEASEHOLD IMPROVEMENTS \$000	PLANT AND EQUIPMENT \$000	LEASED PLANT AND EQUIPMENT	TOTAL \$000
Balance at 1 July 2014	-	-	-	-	-
Additions	-	108	465	-	573
Disposals	(333)	-	-	-	(333)
Additions through business combinations	512	322	242	263	1,339
Depreciation expense	-	(33)	(204)	(182)	(419)
<b>BALANCE AT 30 JUNE 2015</b>	<b>179</b>	<b>397</b>	<b>503</b>	<b>81</b>	<b>1,160</b>
Additions	-	58	178	75	311
Disposals	(179)	(49)	-	-	(228)
Transfers	-	-	24	(24)	-
Depreciation expense	-	(34)	(219)	(32)	(285)
<b>BALANCE AT 30 JUNE 2016</b>	<b>-</b>	<b>372</b>	<b>486</b>	<b>100</b>	<b>958</b>

## Note 15 | Intangible Assets

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
<b>GOODWILL</b>		
Cost	21,063	18,926
Accumulated impairment losses	-	-
<b>Net carrying amount</b>	<b>21,063</b>	<b>18,926</b>
<b>TECHNOLOGY AND SOFTWARE</b>		
Cost	6,996	4,714
Accumulated amortisation and impairment losses	(630)	(200)
<b>Net carrying amount</b>	<b>6,366</b>	<b>4,514</b>
<b>PURCHASED BRAND NAMES AND INTERNATIONAL RIGHTS</b>		
Cost	2,976	2,976
Accumulated amortisation and impairment losses	-	-
<b>Net carrying amount</b>	<b>2,976</b>	<b>2,976</b>
<b>DEVELOPMENT COSTS</b>		
Cost	1,801	-
Accumulated impairment costs	-	-
<b>Net carrying amount</b>	<b>1,801</b>	<b>-</b>
<b>TOTAL INTANGIBLES</b>	<b>32,206</b>	<b>26,416</b>

CONSOLIDATED GROUP	GOODWILL	TECHNOLOGY AND SOFTWARE	BRAND NAME & INTERNATIONAL RIGHTS	DEVELOPMENT COSTS	TOTAL
	\$000	\$000	\$000	\$000	\$000
<b>YEAR ENDED 30 JUNE 2015</b>					
Balance at the beginning of the year	1,500	580	-	-	2,080
Additions	-	2,030	2,011	-	4,041
Acquisition of franchises	2,137	-	-	-	2,137
Internal development	-	1,762	-	-	1,762
Acquisitions through business combinations	15,289	342	965	-	16,596
Amortisation charge	-	(200)	-	-	(200)
<b>CLOSING VALUE AT 30 JUNE 2015</b>	<b>18,926</b>	<b>4,514</b>	<b>2,976</b>	<b>-</b>	<b>26,416</b>
<b>YEAR ENDED 30 JUNE 2016</b>					
Balance at the beginning of the year	18,926	4,514	2,976	-	26,416
Additions	-	570	-	-	570
Acquisition of franchises	2,270	-	-	-	2,270
Internal development	-	1,728	-	1,801	3,529
Disposals	(133)	(16)	-	-	(149)
Amortisation charge	-	(430)	-	-	(430)
<b>CLOSING VALUE AT 30 JUNE 2016</b>	<b>21,063</b>	<b>6,366</b>	<b>2,976</b>	<b>1,801</b>	<b>32,206</b>

Technology and Software assets have finite useful lives. The current amortisation charges for these assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill, Brand Names and International Rights have an indefinite useful life and as such are not subject to amortisation, instead these assets are subject to regular impairment reviews.



## Note 21 | Provisions

MOVEMENT IN PROVISIONS	CONSOLIDATED GROUP	
	EMPLOYEE BENEFITS \$000	TOTAL \$000
Opening balance at 1 July 2014	-	-
Additional provisions	3,075	3,075
Amounts used	(1,354)	(1,354)
Unused amounts reversed	-	-
<b>BALANCE AT 30 JUNE 2015</b>	<b>1,721</b>	<b>1,721</b>
Opening balance at 1 July 2015	1,721	1,721
Additional provisions	1,516	1,516
Amounts used	(1,345)	(1,345)
Unused amounts reversed	-	-
<b>BALANCE AT 30 JUNE 2016</b>	<b>1,892</b>	<b>1,892</b>

ANALYSIS OF TOTAL PROVISIONS	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
Current	1,603	1,433
Non-current	289	288
<b>TOTAL</b>	<b>1,892</b>	<b>1,721</b>

## Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements as well as long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in note 1(k).

## Note 22 | Issued Capital

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
58,559,615 (2015: 58,509,615) fully paid ordinary shares	26,227	26,167
<b>TOTAL</b>	<b>26,227</b>	<b>26,167</b>

BPS has no limits to its authorised share capital.

	CONSOLIDATED GROUP	
	2016 (NUMBER)	2015 (NUMBER)
<b>ORDINARY SHARES</b>		
At the beginning of the reporting period	58,509,615	36,000,000
17 July 2014 Reduction in issued shares	-	(7,500,000)
<b>Shares issued during the year:</b>		
9 September 2014	-	30,000,000
31 March 2015	-	9,615
7 April 2016	50,000	-
<b>AT THE END OF THE REPORTING PERIOD</b>	<b>58,559,615</b>	<b>58,509,615</b>

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. Shares have no par value.

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

The entity manages its capital to ensure that it maximises the returns to Shareholders as dividends and in capital value, whilst maintaining sufficient equity to ensure the Company can meet its business development objectives and continue as a going concern. The Group only has ordinary shares on issue and is not subject to any externally imposed capital requirements.

Capital is also managed having regard to the Group's long term growth requirements.

## Options

At the date of this report, the unissued ordinary shares in BPS Technology Ltd under option are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE \$	NUMBER UNDER OPTION
9 September 2014	8 September 2017	1.15	300,000

Option holders do not have any rights to participate in any issue of shares or other interests of the company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

## Note 23 | Capital and Leasing Commitments

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
<b>OPERATING LEASE COMMITMENTS</b>		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
<b>Payable - minimum lease payments:</b>		
Not later than 1 year	1,812	1,818
Between 2 and 5 years	6,743	5,679
Later than 5 years	844	2,804
	<b>9,399</b>	<b>10,301</b>

**Note 24 | Contingent Liabilities and Contingent Assets****a. Contingent Liabilities****i. Trade dollar recoveries - costs orders**

In the ordinary course of business, the Bartercard businesses in Australia, New Zealand and the United Kingdom take court action for recovery of monies outstanding to the exchange. If an action is unsuccessful it may be possible that the Company receive a costs order against it. There were no such costs orders at 30 June 2016, and Directors believe the value of contingent assets greatly exceeds any contingent liabilities.

**b. Contingent Assets**

The Bartercard businesses litigate customers for necessary recovery of unpaid amounts owing to the exchange and the operator in the ordinary course of business. No asset is taken up by the Exchange Manager until a judgement is made and the Company believes there is a realistic expectation of recovery. The total value of claims currently before the courts is approximately \$500,000. The Directors are of the view that they will be successful in each of the recoveries but are uncertain as to the timing and measurement of the recovery.

**Note 25 | Segment Information**

The Directors have determined there is only one operating segment in the Group and thereby no operating segment disclosures are required. All product offerings by the Group are considered to have similar economic characteristics as they rely on the same asset pool and customer base and are managed on that basis.

**a. Revenue by geographical region**

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the country in which the revenue is derived and billed:

	30 JUNE 16 \$000	30 JUNE 15 \$000
Australia	30,945	31,845
UK	6,150	4,176
New Zealand	11,826	11,543
USA	1,251	497
Other	-	96
<b>TOTAL REVENUE</b>	<b>50,172</b>	<b>48,157</b>

**b. Assets by geographical region**

The location of non-current segment assets by geographical location of the assets is disclosed below:

	30 JUNE 16 \$000	30 JUNE 15 \$000
Australia	31,519	27,820
UK	1,875	81
New Zealand	1,058	1,052
USA	2,860	1,027
<b>TOTAL NON-CURRENT ASSETS</b>	<b>37,312</b>	<b>29,980</b>

**c. Major Customers**

The group has no major customers with all customers contributing small balances to revenues.

**Note 26 | Cash Flow Information**

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
<b>A) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX</b>		
Profit after income tax:	7,345	7,889
<b>Non-cash flows in profit:</b>		
Amortisation	430	200
Loss on disposal of assets	87	-
Depreciation	285	419
Unrealised foreign exchange gain	(340)	-
Loss on intangibles	133	-
<b>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</b>		
(Increase)/decrease in trade and term receivables	(5,543)	(2,209)
(Increase)/decrease in other current assets	-	703
(Increase)/decrease in prepayments	89	54
(Increase)/decrease in inventories	711	(2,198)
Increase/(decrease) in trade payables and accruals	1,229	(1,432)
Increase/(decrease) in income taxes payable	(642)	1,455
Increase/(decrease) in deferred taxes payable	912	1,634
(Increase)/decrease in deferred taxes receivable	265	(1,631)
Increase/(decrease) in provisions	171	1,202
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>5,132</b>	<b>6,086</b>
<b>B) ACQUISITION OF ENTITIES &amp; BUSINESS COMBINATIONS</b>		
<b>During the year various ownership interests were acquired. Details of these transactions are:</b>		
Total purchase consideration	-	17,100
<b>Consisting of:</b>		
Cash consideration	-	17,100
<b>TOTAL CONSIDERATION</b>	<b>-</b>	<b>17,100</b>
<b>CASH OUTFLOW</b>	<b>-</b>	<b>17,100</b>
<b>Assets and liabilities held at acquisition date:</b>		
Cash	-	990
Receivables	-	5,123
Inventories	-	3,563
Property, plant and equipment	-	2,061
Intangibles	-	1,307
Payables	-	(11,233)
<b>TOTAL</b>	<b>-</b>	<b>1,811</b>
Goodwill on consolidation	-	15,289
<b>TOTAL</b>	<b>-</b>	<b>17,100</b>

Information regarding the acquisitions, including the profit since acquisition, is disclosed in note 13.

**C) NON-CASH FINANCING AND INVESTING ACTIVITIES**

There were no non-cash financing and investing activities during the period.

**D) CREDIT STANDBY ARRANGEMENTS WITH BANKS**

The major facilities are summarised as follows:

**Bank overdrafts:**

- Bank overdraft facilities are arranged with the general terms and conditions being set and agreed to annually.
- Interest rates are variable and subject to adjustment.

BPS Technology Ltd has a facility for \$4.0 million with the Commonwealth Bank of Australia comprising of the following:

- Overdraft \$3,000,000;
- Corporate charge card \$200,000;
- Contingent liability Bank Guarantee \$300,000;
- Equipment finance \$500,000.

The facility is secured by a first charge over all the present and after acquired property of the Group.

**Note 27 | Events After the Reporting Period**

During September 2016, BPS successfully completed a \$27.5 million capital raising to institutional investors, fully underwritten by Moelis & Company.

BPS utilised the funds from the capital raising to effect the acquisition of Entertainment Publications of Australia Pty Ltd and Entertainment Publications Limited in New Zealand ("Entertainment"). The acquisition was settled on 15 September 2016. The purchase price is \$25 million and is satisfied by the payment of \$22.5 million in cash and the issue of shares to the value of \$2.5 million at 94 cents per share. Entertainment is a leading B2C deals platform that has been operating for 21 years with a network of 12,000 business customers and, 18,000 not-for-profit distributors to 550,000 paying household members.

As part of the capital raising process, 9,258,255 fully paid ordinary shares were issued on 17 August 2016 with the balance of 19,997,064 being issued on 14 September 2016. The shares rank equally with the existing ordinary shares in all respects.

In addition, an associated security purchase plan will take place on 22 September 2016 which could result in the issue of a maximum of 3,191,489 fully paid ordinary shares which rank equally with the existing shares in all respects.

**Note 28 | Related Party Transactions****A) Related Parties**

The Group's main related parties are as follows:

**i. Key Management Personnel**

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to note 6.

**ii. Other related parties**

Other related parties include entities controlled by the Company and entities over which key management personnel have joint control.

**B) Transactions With Related Parties**

Transactions between related parties are on normal commercial terms and conditions that are no more favourable than those available to other parties unless otherwise stated.

Transactions between the Company and controlled entities include loans, management fees and interest. These are eliminated on consolidation.

No transactions occurred with related parties.

During the year the loans from other key management personnel related entities were repaid. No interest was charged on the loans.

	CONSOLIDATED GROUP	
	2016 \$000	2015 \$000
<b>AMOUNTS PAYABLE TO RELATED PARTIES</b>		
<b>Trade and other payables:</b>		
Loans from other key management personnel related entities	-	1,301

**Note 29 | Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from Subsidiaries.

The totals for each category of financial instruments are measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*, as detailed in the accounting policies to these financial statements. These are summarised as follows:

	NOTE	CONSOLIDATED GROUP	
		2016 \$000	2015 \$000
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	10	906	2,743
Trade and other receivables	11	12,315	6,772
<b>TOTAL FINANCIAL ASSETS</b>		<b>13,221</b>	<b>9,515</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Financial liabilities at amortised cost:</b>			
Trade and other payables	18	7,072	7,021
Borrowings	19	3,613	-
Convertible notes	19	5,000	-
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>15,685</b>	<b>7,021</b>

**Financial Risk Management Policies**

Senior Management meet on a regular basis to review currency and interest rate exposure and to evaluate treasury management strategies where relevant, in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. This strategy includes the review of the use credit risk policies and future cash flow requirements.

**Specific Financial Risk Exposures and Management**

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and price risk.

**a. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (including the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

**Credit risk exposures**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period (excluding the value of any collateral or other security held) is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in note 11.

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**b. Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

**c. Foreign exchange risk**

The Group is exposed to foreign currency risk on the sale of licences and transaction fee income from foreign entities as well as on the translation of its foreign subsidiaries. The Group has not hedged foreign currency transactions as at 30 June 2016. Senior Management continue to evaluate this risk on an ongoing basis.

With instruments being held by overseas operations, fluctuations in the US dollar and UK pound sterling may impact on the Group's financial results unless those exposures are appropriately hedged.

**Note 30 | Company details**

The registered office of the Company is:  
Pilot Partners  
Level 10, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000

The principal places of business are:

**BARTERCARD OPERATIONS AUSTRALIA PTY LTD**  
**TRADE EXCHANGE SOFTWARE PTY LTD**  
**BUCQI AUSTRALIA PTY LTD**  
**BARTERCARD SERVICES PTY LTD**

121 Scarborough Street  
Southport Qld 4215

**BARTERCARD OPERATIONS NZ LIMITED**

Building 3, Level 3, Candida Office Park,  
61 Constellation Drive  
Mairangi Bay  
Auckland  
New Zealand

**BARTERCARD OPERATIONS UK LTD**

Churchill House  
1 London Road  
Slough  
Berkshire  
SL3 7FJ  
United Kingdom

**BARTERCARD USA INC**

125 River Landing Drive,  
Suite 104 Charleston  
South Carolina 29492  
United States of America





### Directors' Declaration

In accordance with a resolution of the Directors of BPS Technology Limited, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 29 to 62, are in accordance with the *Corporations Act 2001* and:
  - a. Comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b. Give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated group;

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and the Directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

**Murray d'Almeida**  
Chairman

**Trevor Dietz**  
Chief Executive Officer

16 September 2016

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Southport Qld 4215



**PILOT PARTNERS**  
Chartered Accountants  
Level 10, Waterfront Place  
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Queensland Australia  
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## TO THE SHAREHOLDERS OF BPS TECHNOLOGY LIMITED

### REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of BPS Technology Ltd, which comprises:

- the Consolidated Statement of Financial Position as at 30 June 2016;
- the Consolidated Statement of Profit and Loss and Other Comprehensive Income;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Statement of Cash Flows for the year then ended;
- notes comprising a summary of significant accounting policies and other explanatory information; and
- the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

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 material misstatement, whether due to fraud or error. In Note 1, 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 (IFRS)*.

### 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of BPS Technology Ltd, would be in the same terms if provided to the Directors as at the time of this auditor's report.



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#### AUDITOR'S OPINION

##### In our opinion:

- a. The financial report of BPS Technology Ltd 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 2016 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.

#### REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 23 to 25 for the year ended 30 June 2016. The Directors of the Company 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.

#### AUDITOR'S OPINION

In our opinion the Remuneration Report of BPS Technology Ltd for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

**Pilot Partners**  
Chartered Accountants

Dated 16 September 2016

Level 10  
1 Eagle Street  
Brisbane Qld 4000

**Michael Traynor**  
Partner

## 9.0



Additional information required by the Australian Securities Exchange not shown elsewhere in this report is as follows.

The following information is current as at 15 September 2016:

### 1. Shareholding

#### a. Distribution of Shareholders

CATEGORY (SIZE OF HOLDING)	NUMBER ORDINARY
1 - 1,000	101
1,001 - 5,000	324
5,001 - 10,000	147
10,001 - 100,000	353
100,001 and over	59
<b>TOTAL</b>	<b>984</b>

b. The number of shareholdings held in less than marketable parcels is 34.

c. The names of the substantial Shareholders listed in the holding Company's register are:

CATEGORY (SIZE OF HOLDING)	NO OF ORDINARY SHARES HELD
Norwood St Pty Ltd	10,500,000
TCM Investments Australia Pty Ltd	10,000,000
Coralnet Pty Ltd	9,500,000

#### d. Voting Rights

The Company only has ordinary shares. Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

#### e. 20 Largest Shareholders - Ordinary Shares

NAME	NO OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
1. Norwood St Pty Ltd	10,500,000	11.96
2. TCM Investments Australia Pty Ltd	10,000,000	11.39
3. Coralnet Pty Ltd	9,500,000	10.82
4. J.P Morgan Nominees Australia Limited	4,941,490	5.63
5. UBS Nominees Limited	4,323,493	4.92
6. HSBC Custody Nominees	3,508,948	4.00
7. National Nominees Limited	2,966,210	3.38
8. BNP Paribas Nominees Pty Ltd	2,678,528	3.05

NAME	NO OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
9. National Nominees Limited DB A/C	2,400,000	2.73
10. Virpaysol Pty Ltd	2,000,000	2.28
11. HSBC Custody Nominees (Australia) Limited - A/C 3	1,849,354	2.11
12. Citicorp Nominees Pty Limited	1,689,212	1.92
13. Alceon Liquid Strategies Pty Ltd	1,615,824	1.84
14. RBC Investor Services Australia Nominees Pty Limited	1,321,472	1.50
15. Pershing Australia Nominees Pty Ltd	1,252,631	1.43
16. Australian Mortgage Acquisition Company Pty Ltd	1,134,176	1.29
17. Quotidian No2 Pty Ltd	1,100,000	1.25
18. Narlack Pty Ltd	1,052,825	1.20
19. CVC Limited	900,000	1.02
20. DFL Portfolio Pty Ltd	845,000	0.96

#### 2. The name of the Company Secretary is:

Antonie Wiese

#### 3. The address of the principal registered office in Australia is:

Level 10, Waterfront Place  
1 Eagle Street  
Brisbane Qld 4000  
(07) 3023 1300

#### The principal place of business is:

121 Scarborough Street  
Southport Qld 4215  
(07) 5561 9000

#### 4. Registers of securities are held at the following addresses:

Link Market Service  
Level 15, 324 Queen Street  
Brisbane Qld 4000  
(07) 3320 2211

#### 5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

# CORPORATE INFORMATION

BPS TECHNOLOGY LTD

**ABN** 43 167 603 992

**Directors** Murray d'Almeida | Director (Non-Executive)  
Anthony Lally | Director (Non-Executive)  
Trevor Dietz | Chief Executive Officer  
Antonie Wiese | Chief Financial Officer

**Company Secretary** Antonie Wiese

**Registered Office** Level 10, Waterfront Place  
1 Eagle Street  
Brisbane Qld 4000

**Principal Place of Business** **BARTERCARD OPERATIONS AUSTRALIA PTY LTD**  
**TRADE EXCHANGE SOFTWARE PTY LTD**  
**BUCQI AUSTRALIA PTY LTD**  
**BARTERCARD SERVICES PTY LTD**  
121 Scarborough Street, Southport QLD 4215

**Auditor** PILOT PARTNERS  
Level 10, Waterfront Place  
1 Eagle Street  
Brisbane Qld 4000

**Legal Advisors** Clayton Utz  
Level 28, Riparian Plaza  
71 Eagle Street  
Brisbane Qld 4000

**Bankers** Commonwealth Bank of Australia  
Level 3, 240 Queen Street  
Brisbane Qld 4000

**Share Register** Link Market Services Limited  
Level 15, 324 Queen Street  
Brisbane Qld 4000

**Website** [www.bpstechnology.com.au](http://www.bpstechnology.com.au)

**Securities Exchange** BPS Technology Ltd is listed on the Australian Securities Exchange (ASX: BPS)

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**BPS** Technology

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