Touchcorp Limited

Appendix 4E
Preliminary final report

Company details

Name of entity:	Touchcorp Limited
Australian Registered Body Number:	603 731 184
Bermudan Company Registration Number:	48280
Reporting period:	For the year ended 31 December 2016 (“2016”)
Previous period:	For the year ended 31 December 2015 (“2015”)

Results for announcement to the market

Statutory Results Summary

		Change from period ended 31 December		2016		2015
		%		*$m*		*$m*
Revenue from ordinary activities	Down	13%	to	36.8	from	42.3
Profit before tax	Up	77%	to	15.1	from	8.5
Profit from ordinary activities after tax attributable to the members of Touchcorp Limited (excluding capital raising expenses)	Down	10%	to	11.6	from	12.9
Net profit for the period attributable to the members of Touchcorp Limited (including capital raising expenses)	Up	23%	to	11.6	from	9.4

Results for announcement to the market (continued)

Net profit after tax for the year increased by 23% to $11.6m due primarily to the gain arising from the company's share in the net assets of Afterpay Holdings Ltd ("Afterpay") and one off capital raising costs incurred in 2015. Despite strong profitability, revenue for the year decreased by 13% compared to the previous corresponding period. The reduction in revenue was due to the higher level of integration and infrastructure fees received in 2015. Integration and infrastructure revenue was $14.6m in 2016 compared with $23.1m in 2015. Transaction based revenue streams increased by 16% in the 2016 financial year from strong growth in activity across the Group.

Net Tangible Asset per Share

	2016	*2015*
Total number of shares on issue	131,503,568	115,963,568
Net Tangible Assets per share	$0.50	$0.29

Earnings per Share

	2016	*2015*
Earnings per share (Basic and diluted, profit for the year attributable to ordinary equity holders of the Parent)	$0.10	$0.08
Earnings per share (Basic and diluted, profit for the year attributable to ordinary equity holders of the Parent)*	$0.10	$0.12

** after adding back one off capital raising costs expensed in the prior period*
Note: there are other capital raising costs in addition to those expensed

Dividends

No dividends were declared or paid for the year ended 31 December 2016.

Basis of Preparation

This report is based on the consolidated financial statements which have been audited by Ernst & Young. The audit report is included within the Company's Financial Report which accompanies this Appendix 4E.

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 31 December 2016 Financial Report (which includes the Directors' Report).

Touchcorp Limited
Appendix 4E
Preliminary final report

Details of entities over which control has been gained or lost during the period

Nil.

Details of investments in associated entities

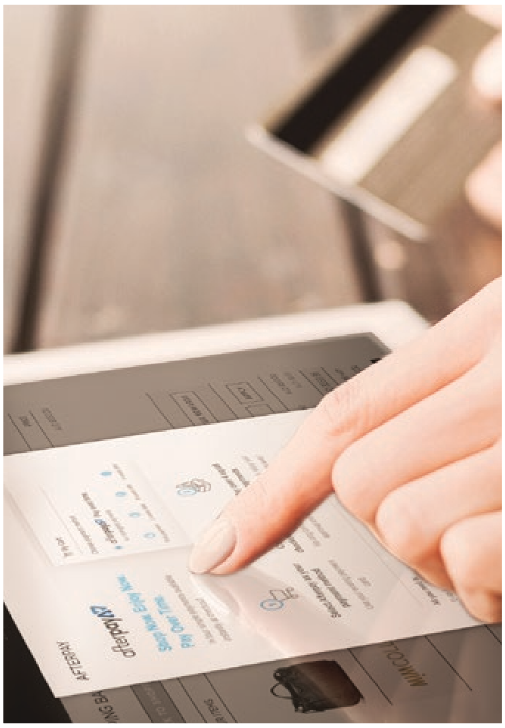
		% of Equity Held as at	
Name of entity	**Principal Activities**	**31 December 2016**	**31 December 2015**
Afterpay Holdings Limited	Payment processing services	27.8%	35.7%

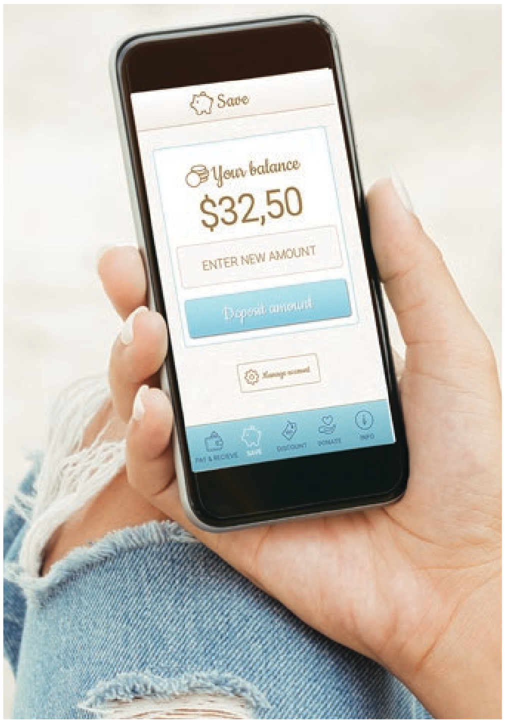
Accounting Standards

This Report has been compiled using Australian Accounting Standards and International Financial Reporting Standards.


Touchcorp Limited

Annual Report 2016







Profile
Details
Phone Number:
0412 341 234
Handset:
Plan:
PREPAID
App:
Change my plan
CHANGE MY PLAN

Contents

Michael Jefferies
Chairman

Chairman's Letter

Dear Shareholders,

I am pleased to present our results and our annual report for 2016. I am particularly proud of the success of our strategy to nurture start-up businesses that use our technology as their core platform. In particular, our investment in Afterpay ended the year with a market value of $126m having grown from our initial investment of $10m at the beginning of the year.

This year our focus was heavily weighted to the technical completion of the work required to support the ASX listing of Afterpay in May 2016 and the rapid growth in the Afterpay merchant count during the year.

During the year we also supported an early-stage business called Change Up and developed the platform required to support this business. This is another exciting opportunity for growth in our transaction-based business.

During 2016, Touchcorp continued to invest in research and development with the result that the Touch System Platform now has significantly enhanced capabilities.

All of these efforts support the long-term development of shareholder value and growth in more stable recurring transaction revenue.

While our achievements in relation to Afterpay and Change Up were very pleasing, we recognise that shareholders have been disappointed with the level of growth achieved in our core transaction business.

We recognise the need to refocus on developing our core customer base in pursuit of growth in our transaction-based revenue streams and maximise returns on our substantial intellectual property base. In order to achieve this goal, we recruited additional experienced senior executives during the year, in particular to support our sales function. We are confident, with this new investment, we will be better positioned to advance both strategic and operating priorities.

It was a sad and difficult end to our financial year with the passing of one of our founding shareholders and good friend, Adrian Cleeve. Adrian was the CEO of Touchcorp for 7 years and was involved with the business for over 15 years. As a result of his passing, the Board appointed me as the interim CEO and I have been honoured to lead the management team during this period of transition.

I would like to thank the management team of Touchcorp and all of our customers for their continued support of the Company. I would also like to thank my fellow board members for their continued encouragement and desire to improve our business and in particular for their support during the period since my executive appointment.

Finally, on behalf of your Company, I wish to thank you, our shareholders for your dedicated support. I look forward to a strong year ahead.


POWERED BY
touch
2015
RETAIL
RVICES
FORUM

Farewell to Adrian Cleeve

The sudden passing in November 2016 of Touchcorp co-founder and CEO Adrian Cleeve was a profoundly tragic moment for his family, friends and everyone involved with Touchcorp.

Guided by Adrian's leadership, Touchcorp has grown to more than 130 staff, listed on the ASX and has expanded strategically in Europe and recently into Asia.

Adrian was a charismatic leader who engendered deep respect from both inside and outside the business. He will be dearly remembered for his relentless energy, good humour, inspirational leadership and creativity.

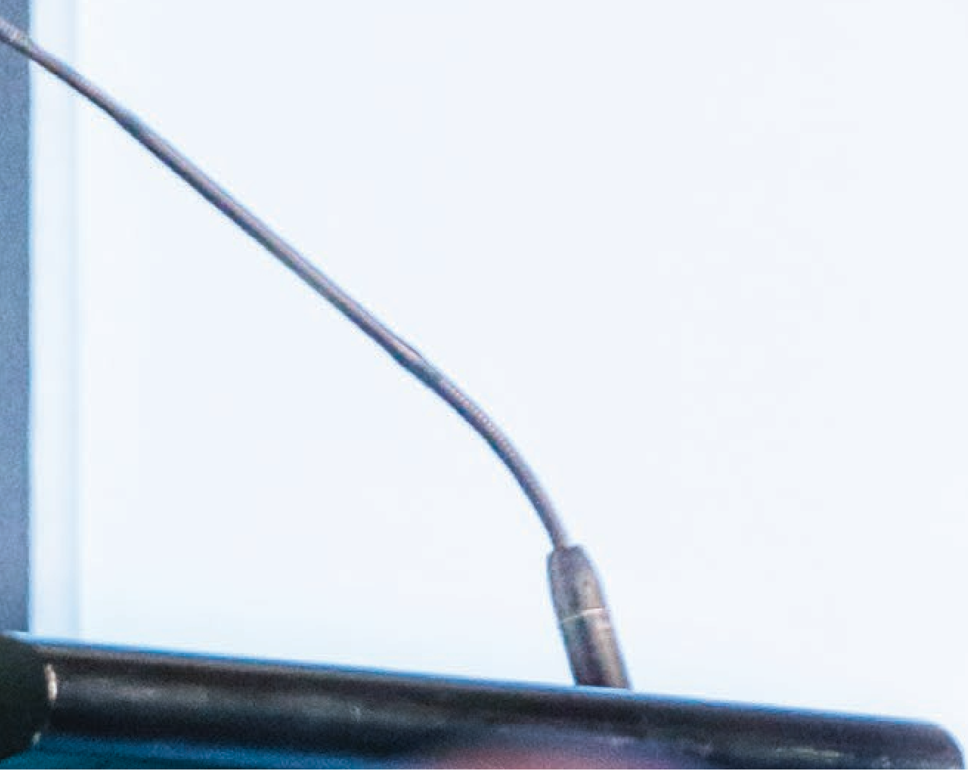
It was through Adrian's leadership the business focused on providing simple, fast and efficient consumer transaction processing.

In Adrian's own words:

"Touchcorp's willingness to identify and respond to our customers' business problems is one of our key differentiators."

Adrian's dedication to creating true innovation was, and will continue to be, a winning part of our business strategy.

We will honour Adrian's life and legacy by continuing to uphold the consummate work ethic that he has imbued within us, and driving the business with the high standards that he set by his own example.



2016 Company Highlights

5 YEAR

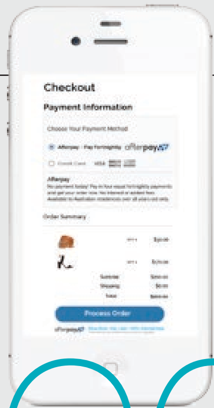
OPTUS

Touchcorp signed a new **FIVE-YEAR** agreement with Optus to 2021

Renewed our health claiming contract with the Commonwealth Bank for **THREE YEARS**

3 YEARS

We nurtured another **NEW START-UP** investment in Change Up



We supported the integration of more than **2,000 MERCHANTS** for Afterpay

2000 **AFTERPAY MERCHANTS**

We deployed a pilot for ONCE Group in Spain to help provision eServices products at 300 locations for **SIGHT IMPAIRED STAFF**

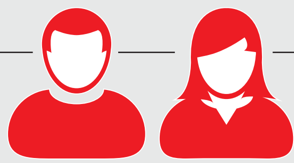
Launched our **FIRST SELF-SERVICE PAYMENT PROCESSING** in Europe with Switzerland's Cornèr Bank, allowing payments via Apple Pay and Swatch smartwatches

Touchcorp was appointed the **SOLE PROVIDER** of payments processing for ConnectEast

Transurban (CityLink, Roam, Roam Express) selected Touchcorp as the **NETWORK TO PROCESS TRANSURBAN** trip passes, account top-ups and invoice payments via our retail network

$116m

The market value of our investment in Afterpay increased by $116m during the year



Employee numbers grew **FROM 95** at the beginning of the year **TO 133** at year end

Our Vision & Strategy

We believe that the market for a platform which securely processes transactions and enables the sale of products and services is large, and growing rapidly, as companies expand their traditional retail footprint with their on-line business to increase their consumer market and reduce product distribution costs.

Our objective is to deliver long-term returns to shareholders in the form of strong revenue growth and profitability by increasing the number of completed payment transactions enabled by our payment platform. We will achieve this outcome by:

> Supporting organic growth in the businesses we currently serve - as existing customers generate large numbers of paying transactions.

> Increasing the number of customers and countries in which Touchcorp operates – for which we will also receive integration fees and transaction fees.

> Supporting innovative new businesses with our technology – for which we will receive integration fees and transaction fees that will grow over time.

> Consistently innovating to ensure we develop at the pace at which both customers and their consumers are evolving. This is particularly important to support the growing need for security protections and the desire for revenue assurance.

"Security underpins everything we do"

Adrian Cleeve

We are a unified response service to retailers with presence across all payment channels.

Mike Jefferies

Our Business

It's all about the Consumer Experience

We have designed, built, own and operate a proprietary software platform that is called the Touch System Platform. This Platform enables consumers to quickly and simply purchase products both in-store and directly via secure self-service methods and across mobile device applications, web sites, interactive voice recognition (IVR) systems and a variety of other methods.

Our Platform enables consumers to quickly and simply purchase products both in-store and directly via secure self-service methods

Importantly for retailers and consumers, the Touch System Platform is designed to minimise friction and enhance the shopping experience. These are key features of the Touch System Platform, allowing businesses to operate and consumers to purchase goods and services without unnecessary processes and knowing transaction services are consistently operational – with 100% uptime capability.

Building Business and Minimising Fraud

The Touch System Platform allows our customers to focus on their core business and provides a scalable platform which will support all sales channels. We provide tailored solutions to individual client needs, and for small business we provide pre-configured solutions all of which are focused on helping to grow transactions within the business and are easy to implement.

The Touch System Platform also provides our customers with competitive performance and cost advantages with sophisticated strategic and tactical fraud management capability. The Touch System Platform enables customers to maximise transaction acceptance while minimising the cost of fraud to retailers. In some cases Touchcorp accepts fraud risk for retail customers.

Importantly, the Touch System Platform performs security and anti-fraud checks in real-time which is the cornerstone of its capability.

Business Intelligence

Transactions conducted through the Touch System Platform are able to be monitored in real-time, recorded and reviewed, and data in relation to the interaction between the buyer and the seller is able to be captured and stored securely. This data can be utilised to build business intelligence and provide insightful information about purchase habits of consumers.

Touchcorp operates across three business units - Mobility and Payments, Health and Government and Retail eServices. The technology solutions we provide across each of these business units use the Touch System Platform, but we have developed bespoke solutions to meet the specific requirements of each of these markets.

MOBILITY AND PAYMENTS

The Touch System Platform enables retailers in particular to sell goods and services via any consumer channel including in-store, IVR, website and mobile applications.

Our products and services provide very attractive solutions for clients in an environment where security for on-line transactions and business efficiency are becoming increasingly important in a competitive retail business environment.

Our systems allow the identification of consumers and the establishment, registration, activation and operation of consumer accounts including formal accounts requiring compliance with anti-money laundering (AML) or anti-terrorist (ATL) protocols to meet know your customer (KYC) requirements in multiple jurisdictions.

Of particular note in 2016 we:

> Further developed the platform which services Optus to facilitate registration, activation, payment, automation and top-ups via any channel.

> Broadened our service offering with the implementation of systems, processes and support for Afterpay.

> Expanded our capability to provide host processing systems and manage the mobile application development for an exciting new venture called Change Up.

We also designed and developed an on-line payment gateway to give small to medium businesses with eCommerce platforms the benefit of integrating to a PCI-DSS Level 1 compliant payments layer that reduces the cost of compliance and increases the security of payments.

We successfully piloted this new on-line payment gateway service, with leading 'fast fashion' on-line retailer Princess Polly and combined the capabilities of the Touch System Platform's 'Pay Now' with the 'Pay Later' functionality of Afterpay.

HEALTH AND GOVERNMENT

Health and Government is an Australian focused part of our business. The Touch System Platform is used by the major banks such as NAB HICAPS, Commonwealth Bank, Suncorp and ANZ, in addition to Medicare and Private Health funds.

The Touch System Platform enables a range of Medicare and private health insurer electronic claiming solutions which streamline the health claiming and payment processing for patients using stand alone bank terminals.

In 2016 Touchcorp concluded development of a new health claiming program which can be easily integrated in to major practice management systems (PMS). This will enable more streamlined Medicare Easyclaim and private health transaction claiming for practices and their patients.

Currently in pilot, we expect to roll out the solution more broadly to a number of PMS vendors in 2017, with the support of our current financial institution customers.


BLOG
PRINCESS POLLY
NEW
CLOTHING
afterpay
Pay over 8 weeks and receive your order now!
Using Afterpay you can pay for your order over 8 weeks. There's no interest or added fees. Payment will be automatically taken from your debit or credit card in four equal payments each fortnight over 8 weeks, and you will receive your order immediately.
You simply need:
A debit card or credit card
To be over 18 years of age
To live in Australia
To use this service simply:
Add your items to your shopping bag, and checkout as normal. Valid for amounts up to $500 with a debit card or $800 with a credit card.
On the checkout page select Afterpay as your payment method.
Enter your details with Afterpay and you're done.
The payment arrangement is made with Afterpay and they will approve payments at time of order. For first time Afterpay customers the first payment will be made at the
ADD TO FAVES
DESCRIPTION
MODEL

During 2016 we continued the development of our core eServices technology to support the growth in our retail eServices market

RETAIL ESERVICES

The Touch System Platform enables point of sale devices commonly found in retail stores such as payment terminals and self service kiosks, to process transactions.

The types of transactions most commonly offered are electronic products such as mobile phone and data recharge vouchers, calling cards, iTunes cards, road tolls, transport tickets, gaming cards, fishing licences and attraction tickets.

A consumer enters a retailer's store, for example 7-Eleven, and requests to purchase an electronic product, for example a mobile phone recharge voucher, that is provided by a supplier, for example Optus. The retailer selects the mobile phone recharge product on the point of sale device, the consumer pays the retailer for the mobile phone recharge and the transaction and payment processing between the consumer, retailer and supplier is managed by Touchcorp.

During 2016 we:

- Upgraded our systems that support this business unit to a new cloud-based platform which is functionally rich and agile, and will enable our customers to be more proactive in growing business opportunities.
- Developed additional functionality for 7-Eleven with a fuel card application.
- Successfully piloted the eServices platform in Europe with Reitan Convenience AS (Reitan) and ONCE Spain.

In an exciting development for our International business, Touchcorp developed a new self-service payment processing solution for one of Switzerland's major banks, Cornér Bank Limited. The solution utilises a number of the existing Touch System Platform's processing technologies and allows Cornercard to provide financial payment reload facilities in support of the Apple Pay Switzerland product and the Swatch Watch Bellamy Near Field Communications (NFC) payments watch. We completed a successful pilot in late 2016 with the production rollout scheduled to commence in Q1 2017.

OUR PLATFORM EMPOWERS CORNÉR BANK CUSTOMERS TO MAKE PAYMENTS WITH SWATCH'S NEW BELLAMY NEAR FIELD COMMUNICATIONS (NFC) WATCH AS WELL AS APPLE PAY

OUR PLATFORM ALLOWS RETAIL STORES TO SELL A LARGE RANGE OF eSERVICE PRODUCTS INCLUDING, GIFT CARDS MOBILE RECHARGE VOUCHERS AND FISHING LICENSES

7-ELEVEN'S REWARDS APP UTILISING TOUCH'S SECURE SYSTEM PLATFORM

Nadine Lennie
Chief Financial Officer

Performance

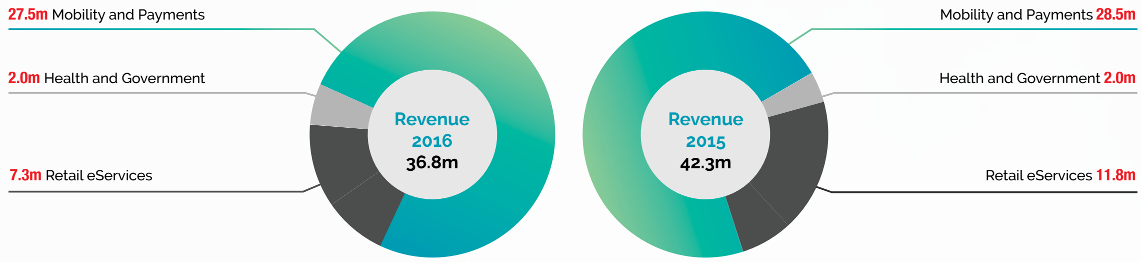
Revenues across each of these business units were earned from processing transactions as well as integrating our technology with new and existing merchants.

Revenues across each of these business units were earned from processing transactions as well as integrating our technology with new merchants as our customers grow and expand.

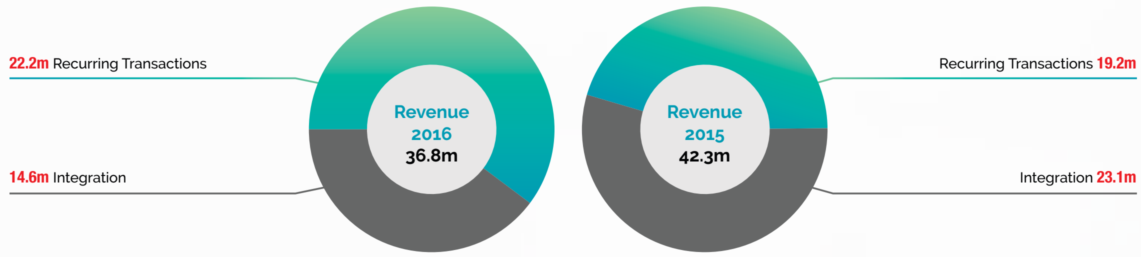
Strong performance across each of the business units saw transaction numbers increase 8% in 2016. This resulted in a 16% increase in transaction revenues.

We are very pleased to see the implementation of technology and services developed during 2014 and 2015 provided growth for the business in 2016.

REVENUE BY BUSINESS UNIT



REVENUE BY BUSINESS SERVICE



Mathew Cagney
Sales and Marketing
Director – Australia Pacific

Australian Business Summary

The Australian business currently has customers who receive services from across the three business units and in 2016 contributed 92% of total revenue.

We are investing in sales capability to broaden our customer base in both Australia and the international market, but Australia will remain an important contributor to our revenue over the medium term.

Our major customers in Australia include Optus, 7-Eleven, Afterpay and the major banks.

MOBILITY AND PAYMENTS

In 2016, Touch collaborated with Optus to create market leading solutions and features that facilitate registration, activation, payment, automation and top-up via any channel. This allows Optus to migrate, drive and incentivise consumers to digital channels as well as delivering greater controls and a better user experience.

Optus continued to invest in solution development that will launch in early 2017 to deliver greater self-service functionality to their consumers which should increase and further automate self-service payments for Optus and transactions for Touchcorp. During the year we signed a new 5 year agreement with Optus to 2021.

Touchcorp processed more than one million orders for Afterpay during the year. Afterpay has been an exciting new payment offering in the Australian market and we are proud to provide the technology that supports this business.

We are expecting revenues from Afterpay to become more important to Touchcorp over time.

After a successful pilot of our new online payment gateway service with Princess Polly we deployed the service with an additional four customers late in 2016.

HEALTH AND GOVERNMENT

During the year we successfully renewed our health claiming contract with the Commonwealth Bank for another three years and will provide Medicare Easyclaim and Health Insurance claiming services.

CONVENIENCE RETAIL ESERVICES

The eServices team was focused on product expansion and innovation in 2016. This was achieved by strategic partnerships with Transurban (Roam, Roam Express, CityLink and govia) and ConnectEast (EastLink) to provide trip passes, account top ups and bill payment for late toll notice services in key retail stores. Touch is now the only retail partner to offer services to five key tolling brands in Australia.

Touch has also been able to expand the promotional and coupon capability with the introduction of happy hour promotions, single and multi-use coupons which are delivered and redeemed in real time. These services have been key to the promotional activity driven by 7-Eleven via social media and Fuel Price Lock mobile application offers.

International Business Summary

Touch has offices in Croatia, Singapore and Bermuda, and during 2016 originated transactions to consumers across 130 countries. The international market provides an exciting platform for future growth in the business and in late 2016 we invested in sales capability to capitalise on this opportunity.

The international business started in 2005 and in 2016 offered services in primarily the Convenience Store Retail Sector with our major customers being Valora, Reitan Convenience AS (Reitan), Tobaccoland Austria and ONCE Spain.

The year saw some exciting developments with our customers and the launch of a new self-service payment processing solution for one of Switzerland's major banks, Cornér Bank Limited. It also saw Touchcorp entering into a commercial relationship with Change Up to provide the host processing systems and manage the mobile application development for the Change Up solution.

Touchcorp, in partnership with Convenient Card, successfully completed a pilot in Spain with ONCE group for the deployment of eServices products at 300 location in the city of Malaga, Spain. Products include Apple iTunes vouchers, Amazon gift cards and Paysafe cards. This was a complex and rewarding project as the ONCE group of merchants consists of sight-challenged staff who require alternative workflow methods for the delivery of eServices across their specific point-of-sale equipment. We are looking forward to seeing the program extend to all of ONCE's 24,000 merchants in 2017.

Valora Group and Touchcorp have both identified new opportunities to introduce a series of new products through Valora's retail network, and with other retail partners.

The parties believe that combining the strength of Valora's retail network and customer focused brands with Touch's leading processing and payments platform will enable us to establish unique product offerings which utilize data analytics to create actionable intelligence in real time.

Goran Abramovic
General Manager
Europe

Innovative New Businesses

The Touch System Platform is attractive to innovative new businesses looking to participate in the payment market with exciting new products. Our Platform has been utilised by two such businesses - Afterpay and Change Up.

AFTERPAY

Touchcorp provided a platform which conducts consumer fraud and repayment capability assessments in real-time, allowing Afterpay to make real-time, automated decisions as to whether or not to provide instalment payment terms to a consumer.

Touch can deliver shareholder value by providing its platform and associated services in exchange for cash and equity in business models which have the potential to also deliver long term recurring revenue streams.

Afterpay listed on the ASX in May 2016. It is a technology driven payments company with a focus on applying its technology to provide a retail centric, omni-channel retail service that facilitates commerce between retail merchants and their end-customers.

Afterpay delivers this by providing a platform that allows retail merchants to offer their end-customers the ability to buy products on a "buy now, receive now, pay later" basis without the end-customer having to:

> Apply for or enter into a traditional loan

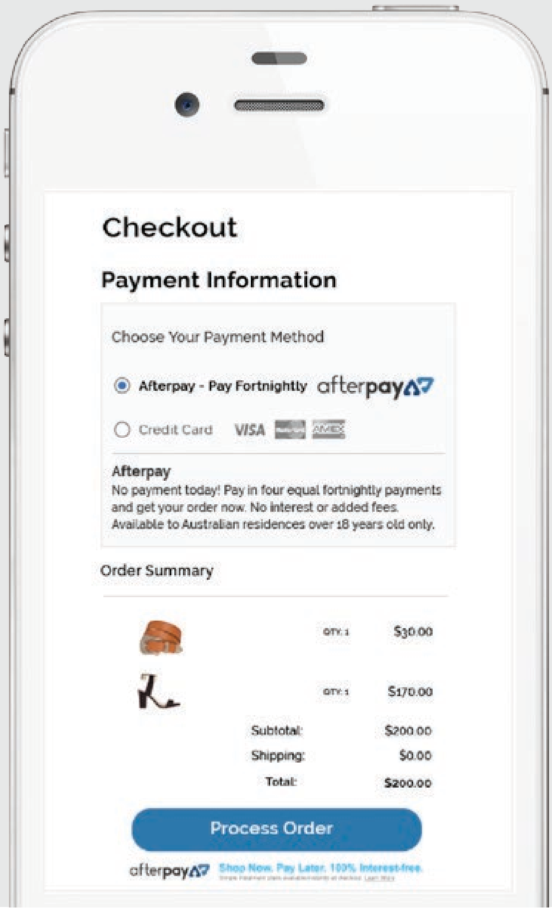
> Pay any additional amount (by way of interest or upfront fees to Afterpay) for the merchant's products; or

> Provide extensive personal information that would likely cause delay or failure to complete a purchase.

The purchase value is recouped by Afterpay from the end-customer usually in four equal fortnightly instalments.

Touchcorp undertook all customer integration work and platform development activities to support the extraordinary growth of the Afterpay product. We also undertook all the customer integration and development activities to extend the Afterpay consumer experience from being on-line only to now also have in-store capability.

The successful implementation and subsequent growth of the "pay later" platform that supports the Afterpay business was a tremendous success for Touch and saw the value of our 50 million Afterpay shares increase to $126m at 31 December 2016.

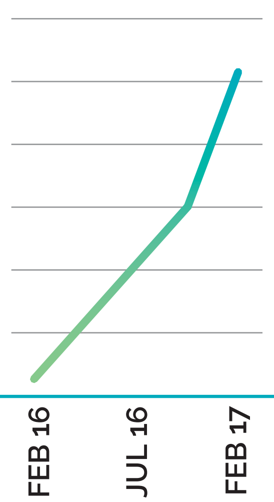


Afterpay is a great example of how the Touch System Platform can add value to a business proposition and we are very proud to have supported the Afterpay business during its extraordinary growth since inception.

Mike Jefferies

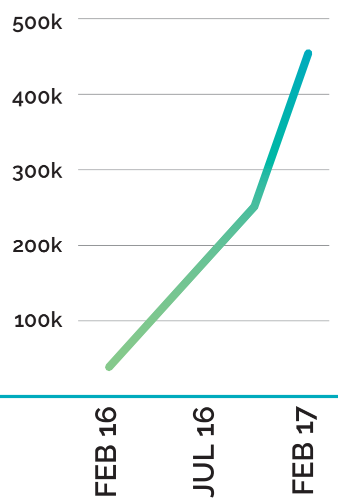
Merchant Growth
Feb-16 to Feb-17

From 100 to
c. 2,600
Merchants



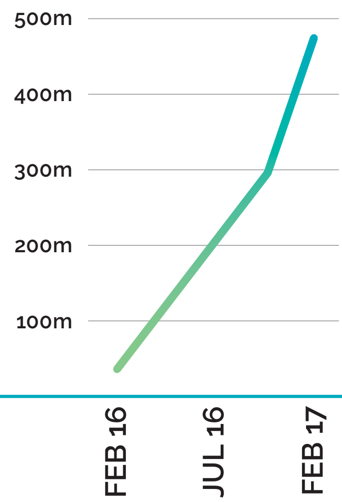
Customer Growth
Feb-16 to Feb-17

From 38k to
c. 450k
Customers



Underlying sales Growth
Feb-16 to Feb-17

From $35m to
$ 480m
Underlying sales

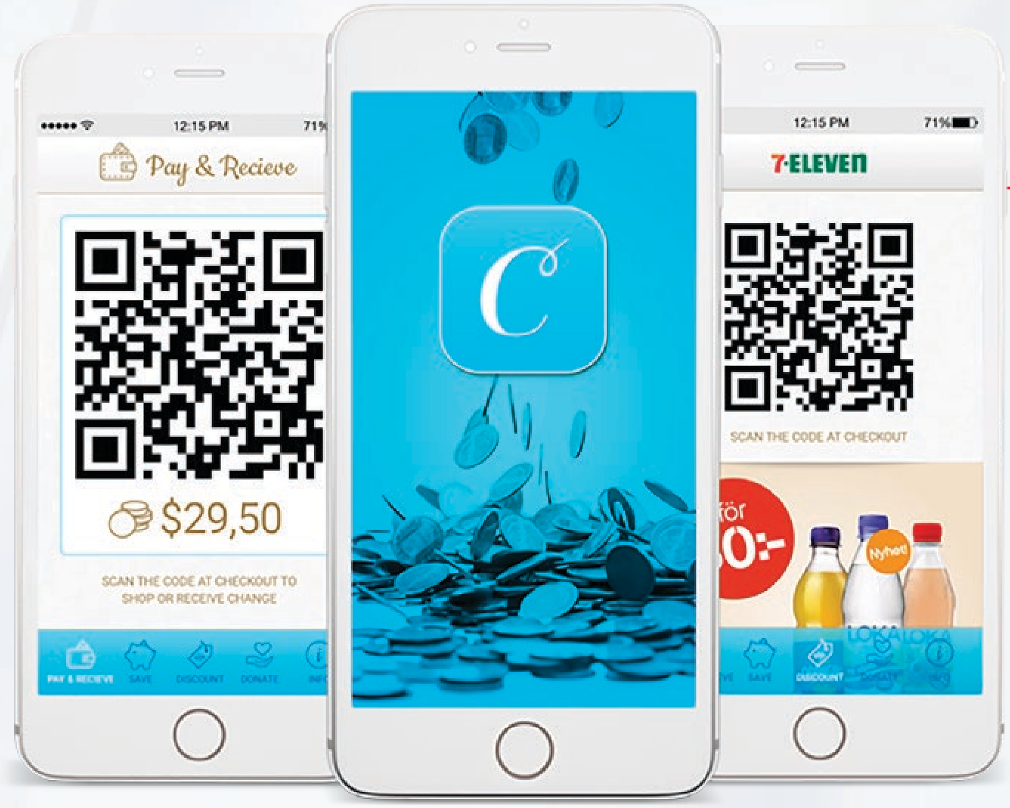


AFTERPAY HAS EXPERIENCED SIGNIFICANT GROWTH IN ONE YEAR
SOURCE : AFTERPAY

Our platform and approach has been built to serve a growing customer base. Supporting a new business to achieve its objectives is exciting and it grows our own business as a result.

Jason Van

Jason Van
Head of Technology,
Platforms & Operations



THE OLD JAR OF CHANGE SITTING ON TOP OF THE REFRIGERATOR IS A THING OF THE PAST.

Change Up allows a consumer to convert spare physical change that may otherwise have been collected from a sale, into a digital credit retained in a digital wallet.

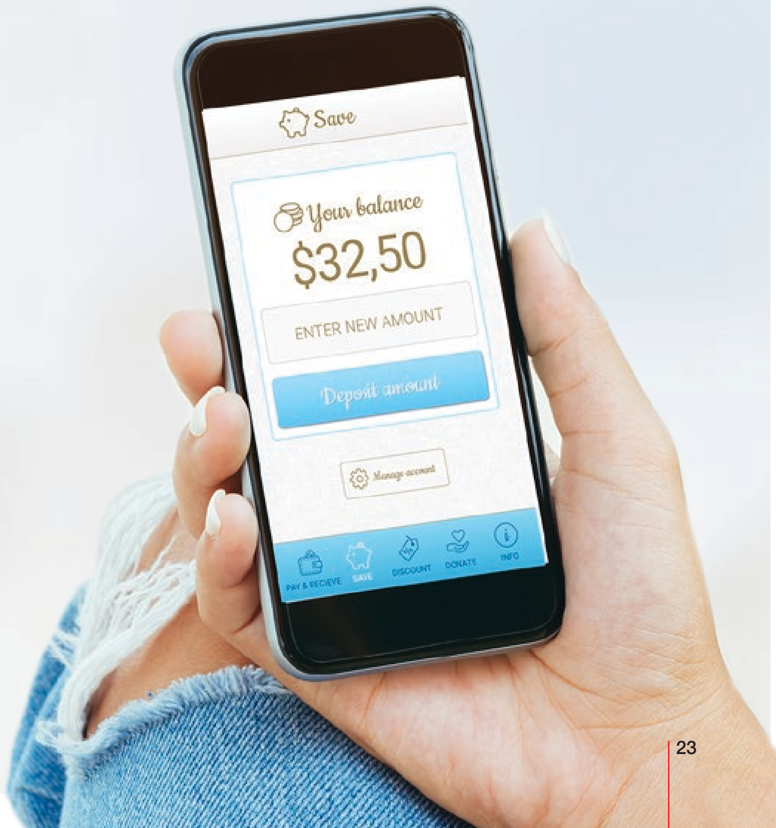
CHANGE UP

Once the consumer has accumulated funds, the consumer may redeem Change Up credit at a participating Change Up on-line or in-store merchant.

The funds and details within the digital wallet are managed and maintained securely in a Change Up host developed, implemented and maintained by Touchcorp.

Change Up is an unlisted public company based in Singapore.

As at 31 December 2016, Touchcorp owns 15% of the issued capital in Change Up.



Leigh-Ann Bramall
Head of People
& Culture

People & Culture

People are a strategic imperative at Touchcorp. They are our most important asset and largest single expense.

Our ability to innovate, grow our business and have meaningful interactions with our customers is only possible through the strength of our people and our ability to attract and retain the best talent in the market.

In order to build and evolve the technology on which the business relies, we invested in building strong capability and developed a culture around them and the wider business to encourage them to stay. In the second half of the year we also recruited talent in other areas of the business, including sales and finance, to ensure the organisation was well positioned for sustainable growth.

At Touchcorp we are proud of our 130 people. We have diverse, vibrant, engaged and passionate teams of people, who care about the work that they do.

We have made significant progress with gender diversity this year, moving from 15% females in 2015 to 27% in 2016. We have a broad range of initiatives, ranging from hosting Women in IT events to bring together a group of like-minded women in technology to build networks and solve problems together, to sponsorship of the award winning Code Like a Girl initiative. The initiatives aim to educate, encourage and empower our people to embrace the benefits that a diverse workforce can bring.

We have three main priorities when it comes to people:

- Retain and motivate our people through maintaining and evolving our culture, people programs and providing them with interesting work so we can continue to remain relevant in the market and evolve our technology platforms.
- Support the growth agenda in our business by attracting the best talent in strategic locations and building our sales and marketing capability.
- Our growth agenda is critical as it will not only drive shareholder value, but will also provide interesting and fulfilling work and the growth opportunities for our people and the talent we need to attract.

Development of our people is also important to retain our talent. Based on employee feedback in FY16, we will focus on further creating a range of opportunities to rotate our talent and continue to develop skills.

We are confident we have the right people strategy in place and will continue to evolve our people programs and recruitment approach.

Directors' Report

The Directors submit their report on the consolidated entity consisting of Touchcorp Limited and the entities it controlled at the end of or during the year ended, 31 December 2016.

Directors

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

Michael Jefferies	Non-Executive Chairman to 2 November 2016 Executive Chairman and Acting Chief Executive Officer (2 November 2016 - current)
Adrian Cleeve	Managing Director (to 8 November 2016)
Elana Rubin	Non-Executive Director
Duncan Saville	Non-Executive Director
Hatim Tyabji	Non-Executive Director

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

INFORMATION ON DIRECTORS

Michael Jefferies

Executive Chairman

Michael Jefferies was appointed as the Non-Executive Chairman of the Touch Group in June 2004. On 2 November 2016 Michael was also appointed as the Acting Chief Executive Officer and Managing Director of the Company.

Michael is a chartered accountant with extensive experience in finance and investment including more than 20 years as an executive of Guinness Peat Group plc, an international investment group listed on the major stock exchanges in London, Australia and New Zealand. He is also a Non-Executive Director of Homeloans Limited, Ozgrowth Limited, Afterpay Holdings Limited and is a Non-Executive Chairman of Pantoro Limited, and has been a Director of a number of listed public companies in Australia and New Zealand and has over 30 years of public company and finance experience.

Interests in Shares and Options

6,364,416 ordinary shares in Touchcorp Limited.
Nil options over ordinary shares in Touchcorp Limited.

Adrian Cleeve

Managing Director
(to 8 November 2016)

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

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

Interests in Shares and Options

22,927,355 ordinary shares in Touchcorp Limited.
Nil options over ordinary shares in Touchcorp Limited.

Elana Rubin

Non-Executive Director

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

Elana Rubin has been a longstanding Director of a number of public and private companies, with extensive experience in property and financial services. Elana is currently a Non-Executive Director of Mirvac Limited and several unlisted companies. Elana was previously a Non-Executive Director of TAL Life Limited and was a Director of Bravura Solutions. Elana was the former Chair of AustralianSuper and the Victorian WorkCover Authority.

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

Interests in Shares and Options

33,698 ordinary shares in Touchcorp Limited.
Nil options over ordinary shares in Touchcorp Limited

Duncan Saville

Non-Executive Director

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

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

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

Interests in Shares and Options

30,894,481 ordinary shares in Touchcorp Limited.
Nil options over ordinary shares in Touchcorp Limited.

Hatim Tyabji

Non-Executive Director

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

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

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

Interests in Shares and Options

150,000 ordinary shares in Touchcorp Limited.
Nil options over ordinary shares in Touchcorp Limited.

Sophie Karzis (B. Juris, LLB)

Company Secretary

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

Interests in Shares and Options

213,430 ordinary shares in Touchcorp Limited.
Nil options over ordinary shares in Touchcorp Limited.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year and the number of meetings attended by each Director or their alternate were as follows:

DIRECTORS	MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES AUDIT		MEETINGS OF COMMITTEES REMUNERATION & NOMINATION	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Michael Jefferies	7	7	4	4	2	2
Adrian Cleeve	5	5	0	4*	0	2
Elana Rubin	7	7	4	4	0	2
Duncan Saville	7	6	0	3*	2	2
Hatim Tyabji	7	7	4	4	2	2

** DENOTES THAT THE DIRECTOR WAS NOT A MEMBER OF THE RELEVANT COMMITTEE.*

At a number of the Directors' meetings, matters regarding the remuneration policy and practices of the Group were discussed with relevant executives; with Directors abstaining from considering and voting on such matters where relevant.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company has an Audit & Risk Management Committee and a Remuneration & Nomination Committee of the Board of Directors.

Members of the Audit & Risk Management Committee during the period were:
Elana Rubin (Chair)
Michael Jefferies
Hatim Tyabji

Members of the Remuneration & Nomination Committee during the period were:
Michael Jefferies (Chair)
Duncan Saville
Hatim Tyabji

PRINCIPAL ACTIVITIES

The principal activities of Touchcorp Limited and its subsidiary companies (the Group) during the 2016 financial year were the continuing development, operation, maintenance and commercialisation of the Touch System Platform - a scalable cloud based software platform - that enables the secure electronic delivery of non-physical products, services and entitlements to their end-users through multiple consumer service points, whether in-store or through self-service methods.

The Touch System Platform enables consumers to purchase products both in-store and directly via secure self-service methods and across mobile device applications, dedicated mobile focussed websites, traditional web sites, IVR systems and a variety of other methods. The Touch System Platform is used by customers in the convenience retail, consumer finance, healthcare, government, toll-road, telecommunications and other similar and related sectors.

The Touch System Platform is globally accessible and during the year ended 31 December 2016, Touchcorp processed 72.8 million consumer self-service transactions originating from over 130 countries.

As at 31 December 2016, Touchcorp had four offices located in Australia, Bermuda, Singapore and Croatia and five data centres.

REVIEW OF OPERATIONS

Refer to the Chairman's Letter on page 3 and the Business Report on page 9 for a detailed review of operations. Key financial results and funding resources is provided below.

FINANCIAL RESULTS

	2016 $m	2015 $m	NET CHANGE $m
Total Revenue	36.8	42.3	(5.5)
Gross Profit	26.0	35.3	(9.3)
NPAT	11.6	9.4	2.2

LIQUIDITY AND CAPITAL RESOURCES

Touchcorp has no debt and held $27.7 million in cash and cash equivalents at 31 December 2016 (2015: $9.5 million).

The cash flows from operations are expected to be sufficient to fund the Group's capital requirements during the financial year ending 31 December 2017.

The consolidated statement of cash flows illustrates that there was an increase in cash and cash equivalents in the year ended 31 December 2016 of $18.2 million (2015: $6.8 million). The increase in cash inflows in comparison to the prior year is due to an increase in cash from operating activities of $3.2 million, an increase in cash flows from financing activities of $24.9 million, partially offset by an increase in cash used in investing activities of $9.8 million.

Touchcorp raised an additional $25.6 million in equity in the year ended 31 December 2016 to execute its growth objectives and achieve its strategic initiatives over the near term.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity during the financial period, except as otherwise noted in this Report.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity during or subsequent to the financial period ended 31 December 2016, except as otherwise noted in Note 19 of this Report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group expects to expand in Europe and Australia, signing new, and building on existing customer contracts. The Group's focus is to deliver long-term returns, and strong revenue growth and profitability to shareholders by increasing the number of completed transactions enabled by the Touch System Platform. Touchcorp has identified and is pursuing a range of business strategic priorities to take advantage of its market opportunities. Touchcorp believes there is significant scope for the Company to increase revenue and profitability from its business strategy. Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it to be commercial in confidence and therefore likely to result in unreasonable prejudice to the Group.

KEY RISKS AND BUSINESS CHALLENGES

The Company remains well-placed to play a significant role in the growth of its segments in the global electronic retailing, consumer finance, payments and cyber security markets. Sophisticated software systems and data analytics tools remain key components of the Touch System Platform which allow the Group to maintain high levels of security and efficiency for its customers.

The principal risks and business challenges for the Company are the often lengthy tender and decision-making processes on the part of the large retailers, financial institutions and government authorities as well as risks associated with the emergence of new technologies and customer requirements. There is a risk that additional Government or other regulation might delay or prevent the Company from expanding its service offering in some jurisdictions and there is the risk of a decline in economic activity levels resulting in the Company's existing customers processing fewer transactions resulting in decreased revenue for Touchcorp. These factors can affect the Company's ability to forecast accurately the timing and quantum of both new and existing business.

In order to manage these challenges, the Company has strengthened its business development processes and aims to have a balanced portfolio of products and services, across an increasing range of geographies and industry verticals and, accordingly, more diverse revenue streams.

ENVIRONMENTAL REGULATION

The Chief Executive Officer (or equivalent) reports to the Board on any environmental and regulatory issues at each Directors meeting, if required. There are no matters that the Board considers necessary to be reported in this report.

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group is not subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007.

SHARE OPTION PLAN

Unissued shares

As at the date of this report there were no unissued ordinary shares under options (2015: Nil).

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Group or any related body corporate.

Details of the option plan are disclosed in Note 14 to the Financial Statements.

Company Equity Incentive Plan (EIP)

As at the date of this report there were 3,413,500 issued ordinary shares under the EIP (2015: 1,323,500).

EIP Shareholders are entitled to exercise the voting rights attaching to their ordinary shares from the date of allocation of those shares.

Details of the share plan are disclosed in Note 14 to the Financial Statements.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

Insurance and indemnity arrangements concerning officers of the Company were renewed or continued under Article 95 of the Company's bye-laws during the year ended 31 December 2016.

The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred as an officer.

Pursuant to the deed of access, insurance and indemnity and the Bye-laws, the Company has arranged and maintains Directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed, the Company must obtain such insurance during each Director's period of office and for a period of seven years after a Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

REMUNERATION REPORT

This remuneration report outlines the Director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing, and controlling major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent.

For the purposes of this report, the term "executive" encompasses the senior executives and general managers of the Group.

Details of Key Management Personnel during the year ended 31 December 2016

(i) Directors

Michael Jefferies
Chairman, acting Chief Executive Officer and Managing Director (Executive from 2/11/2016)

Adrian Cleeve
Managing Director (Executive) – to 8/11/2016

Elana Rubin
Director (Non-Executive)

Duncan Saville
Director (Non-Executive)

Hatim Tyabji
Director (Non-Executive)

(ii) Executives

Antonio Bianco
General Manager Finance & Administration

Jason Van
Head of Platforms, Development & Operations

Goran Abramovic
General Manager Europe

Mathew Cagney
Sales and Marketing Director Australia Pacific

Remuneration philosophy

The performance of the Group depends upon the quality and performance of its Directors and executives. Entity superior performance requires attracting, motivating and retaining highly skilled Directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high performing executives
- Link executive rewards to shareholder value
- Have a portion of executive remuneration 'at risk', dependent upon meeting performance benchmarks
- Establish appropriate and demanding performance hurdles in relation to variable executive remuneration

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company and the Group is responsible for determining and reviewing remuneration arrangements for the Directors and executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Director and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and executive officer remuneration is separate and distinct.

Non-Executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Company's bye-laws specify that the aggregate remuneration of Non-Executive Directors shall be US$500,000 per year unless otherwise determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The aggregate maximum Non-Executive Director remuneration of US$500,000 under the bye-laws has not been changed in a general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Group. An additional fee is also paid for each board committee on which a Director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required.

The remuneration of Non-Executive Directors for the years ended 31 December 2016 and 31 December 2015 is detailed in table 1 and 2 respectively of this report.

Senior manager and Executive Director remuneration

Objective

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

> Reward executives for Group and individual performance against targets set by reference to appropriate benchmarks

> Align the interests of executives with those of shareholders

> Link reward with the strategic goals and performance of the Group in the financial year

> Ensure total remuneration is competitive by market standards

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee uses a combination of business experience, comparisons with executive remuneration of comparable companies and comparative remuneration in the market and makes its recommendations to the Board.

Remuneration consists of the following key elements:

> Fixed Remuneration; and

> Variable Remuneration.

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each executive officer and senior manager by the Remuneration Committee.

Fixed Remuneration

Objective

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of Group, individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. As noted above, the Committee may obtain external advice independent of management.

Structure

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

Variable Remuneration

Objective

The objective of the variable program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets and to also reward executive officers in a manner which is consistent with the interests of shareholders. The total potential variable component is set at a level so as to provide sufficient incentive to the executive officer to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual variable payments granted to each executive officer depend on the extent to which specific targets set at the beginning of the financial year are met. The operational targets consist of a number of key performance indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to operational profit, customer service, risk management, product management, leadership and team contribution. The Group has predetermined benchmarks which must be met in order to trigger payments.

The type of variable remuneration and performance against KPIs of the Group and the individual performance of each executive are taken into account when determining the amount, if any, of the variable incentive pool, which includes a cash bonus that is to be allocated to each executive. The cash bonus paid during the year was determined with reference to performance based targets achieved, which was assessed by the Board and management on a monthly basis. The performance based targets are detailed in the individual employment agreements of each executive officer.

The aggregate of variable payments available for executives across the Group is subject to the approval of the Remuneration Committee. Payments made are usually cash bonuses.

Relationship of rewards to performance

In assessing whether the performance hurdles for each variable component have been met, the Group measures audited results against internal targets.

Employments Contracts

Managing Director

Mr Adrian Cleeve, while Managing Director until 2 November 2016, was employed under the standard Group employment agreement.

The Acting Chief Executive Officer and Managing Director from 2 November 2016, Mr Michael Jefferies, continued to be remunerated per his Non-Executive Chairman agreement as at 31 December 2016 however also received a salary of $40,505 for the December 2016 financial year for his services as Acting Chief Executive Officer and Managing Director from 2 November 2016.

Other Executives

All executives have fixed contracts. The Group may terminate the executive's employment agreement by providing between one and six months written notice (depending on the executive) or providing a payment in lieu of the notice period. On termination on notice by the Group, all unvested shares under loans lapse immediately and the executives have 180 days to exercise vested shares held. The Group may terminate the contract at any time without notice if serious misconduct has occurred.

Where termination with cause occurs the other executives are only entitled to that portion of remuneration that is fixed. On termination with cause, all shares under loans granted will lapse immediately.

Amounts of remuneration

Details of the nature and amount of each element of the emoluments of each Director of Touchcorp Limited, the Key Management Personnel (as defined in AASB 124 Related Party Disclosures) and specified executives of the Group are set out in the following tables. Comparative figures for 2015 are shown in the table to the right.

Table 1: Remuneration For The Year Ended 31 December 2016

	Short-term Salary & Fees $	Short-term Cash Bonus $	Post Employment Superannuation $	Long-term Long Service Leave $	Termination $	Share based payment Shares under loans $	Total $	Performance related %
Non-executive directors								
Michael Jefferies (As a director)	106,416	-	-	-	-	-	106,416	-
Hatim Tyabji	135,567	-	-	-	-	-	135,567	-
Elana Rubin	93,507	-	-	-	-	-	93,507	-
Duncan Saville	67,240	-	-	-	-	-	67,240	-
Sub-total non-executive directors	**402,730**	**-**	**-**	**-**	**-**	**-**	**402,730**	**-**
Executive directors								
Adrian Cleeve (To 8/11/2016)	417,912	-	17,827	-	256,495	-	692,234	-
Michael Jefferies (As an executive)	36,588	-	3,476	441	-	-	40,505	-
Other Key Management Personnel								
Kamil Kuzmicki (Resigned 29/07/2016)	109,819	-	10,433	-	-	142,416	262,668	-
Antonio Bianco	184,950	-	17,570	7,396	-	118,680	328,596	-
Goran Abramovic	240,416	-	-	-	-	142,416	382,832	-
Jason Van	271,639	-	19,462	12,821	-	142,416	446,338	-
Mathew Cagney (Appointed 4/10/2016)	73,077	-	6,942	579	-	-	80,598	-
Sub-total executive KMP	**1,334,401**	**-**	**75,710**	**21,237**	**256,495**	**545,928**	**2,233,771**	**-**
Totals	**1,737,131**	**-**	**75,710**	**21,237**	**256,495**	**545,928**	**2,636,501**	**-**

Table 2: Remuneration For The Year Ended 31 December 2015

	Short-term Salary & Fees $	Short-term Cash Bonus $	Post Employment Superannuation $	Long-term Long Service Leave $	Termination $	Share based payment Shares under loans $	Total $	Performance related %
Non-executive directors								
Michael Jefferies (As a director)	105,647	-	769	-	-	-	106,416	-
Hatim Tyabji	136,715	-	-	-	-	-	136,715	-
Elana Rubin	77,247	-	676	-	-	-	77,923	-
Duncan Saville	25,000	-	-	-	-	-	25,000	-
Sub-total non-executive directors	**344,609**	**-**	**1,445**	**-**	**-**	**-**	**346,054**	**-**
Executive directors								
Adrian Cleeve	483,310	180,000	19,045	29,440	-	-	711,795	25.3
Other Key Management Personnel								
Keith Cleeve	201,235	100,456	28,660	6,544	-	6,092	342,987	29.3
Kamil Kuzmicki	198,275	109,589	29,248	389	-	6,701	344,202	31.8
Antonio Bianco	166,687	38,812	19,522	3,195	-	2,589	230,805	16.8
Goran Abramovic	225,301	40,000	-	-	-	6,092	271,393	14.7
Jason Van	234,034	-	19,045	7,052	-	7,311	267,442	-
Sub-total executive KMP	**1,508,842**	**468,857**	**115,520**	**46,620**	**-**	**28,785**	**2,168,624**	**-**
Totals	**1,853,451**	**468,857**	**116,965**	**46,620**	**-**	**28,785**	**2,514,678**	**-**

Table 3: Shares under loans awarded, vested and lapsed during the year

The table below discloses the number of shares under loans granted, vested or lapsed during the year.

Shares under loans do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met, until their expiry

Key Management Personnel	Financial Year	Shares under loans awarded during the year	Award date	Fair value shares under loan at award date $	Vesting date	Exercise price $	Expiry date	No. vested during the year	No. lapsed during the year	Value of shares under loans granted during the year $	Value of shares under loans exercised during the year $
Kamil Kuzmicki (Resigned 29/07/2016)	2016	240,000	16/3/16	0.59	31/12/16	2.16	31/12/21	-	-	518,400	-
	2014	220,000	11/2/14	0.06	31/12/15	0.06	31/12/20	220,000	-	-	-
Antonio Bianco	2016	200,000	16/3/16	0.59	31/12/16	2.16	31/12/21		-	432,000	-
	2014	85,000	11/2/14	0.06	31/12/15	0.06	31/12/20	-	-	-	-
Goran Abramovic	2016	240,000	16/3/16	0.59	31/12/16	2.16	31/12/21	-	-	518,400	-
	2014	200,000	11/2/14	0.06	31/12/15	0.06	31/12/20	-	-	-	-
Jason Van	2016	240,000	16/3/16	0.59	31/12/16	2.16	31/12/21	-	-	518,400	540,000
	2014	240,000	11/2/14	0.06	31/12/15	0.06	31/12/20	240,000	-	-	-
Mathew Cagney (Appointed 04/10/2016)	-	-	-	-	-	-	-	-	-	-	-

NO SHARES UNDER LOANS WERE AWARDED TO MATHEW CAGNEY (APPOINTED 4/10/16)

NO SHARES UNDER LOANS WERE AWARDED IN 2015

Table 4: Shareholdings of Key Management Personnel

31 Dec 2016	Balance 1-Jan-16	Granted as remuneration	On exercise of options	Net change other	Balance 31-Dec-16
Directors					
Michael Jefferies	6,364,416	-	-	-	6,364,416
Adrian Cleeve (to 8/11/2016)	22,927,355	-	-	-	22,927,355
Hatim Tyabji	150,000	-	-	-	150,000
Duncan Saville	30,080,946	-	-	813,535	30,894,481
Elana Rubin	20,000	-	-	13,698	33,698
Executives					
Mathew Cagney (Appointed 4/10/2016)	-	-	-	-	-
Kamil Kuzmicki (Resigned 29/07/2016)	220,000	240,000	-	-	460,000
Jason Van	279,143	240,000	-	(240,000)	279,143
Goran Abramovic	200,000	240,000	-	-	440,000
Antonio Bianco	87,000	200,000	-	-	287,000
Total	**60,328,860**	**920,000**	**-**	**587,233**	**61,836,093**

31 Dec 2015	Balance 1-Jan-15	Granted as remuneration	On exercise of options	Net change other	Balance 31-Dec-15
Directors					
Michael Jefferies*	8,590,000	-	-	(2,225,584)	6,364,416
Adrian Cleeve*	24,196,402	-	5,000,000	(6,269,047)	22,927,355
Hatim Tyabji	150,000	-	-	-	150,000
Duncan Saville*	40,600,000	-	-	(10,519,054)	30,080,946
Elana Rubin	-	20,000	-	-	20,000
Denis Calvert (Resigned 26/05/2014)	340,000	-	-	(340,000)	-
Executives					
Keith Cleeve	200,000	-	-	-	200,000
Kamil Kuzmicki**	-	-	-	220,000	220,000
Jason Van	279,143	-	-	-	279,143
Goran Abramovic	200,000	-	-	-	200,000
Antonio Bianco	87,000	-	-	-	87,000
Total	**74,642,545**	**20,000**	**5,000,000**	**(19,133,685)**	**60,528,860**

* *AS PART OF THE IPO, LEGALLY BOUND TO SELL PART OF THEIR EXISTING SHAREHOLDING IN THE COMPANY (NET CHANGE OTHER).*

** *IN 2015 MET DEFINITION OF KMP IN ACCORDANCE WITH AASB 124.*

Under the Equity Incentive Plan (EIP), eligible KMP executives are provided with an interest free, limited recourse loan from the Group for the sole purpose of acquiring shares in the Group. Executives may not deal with the shares while the loan remains outstanding. Executives are entitled to exercise the voting rights attaching to their Touchcorp Limited ordinary shares from the date of allocation of those shares. Shares allocated under this plan in conjunction with limited recourse loans are accounted for as options per tables 3 and 4 above.

INSURANCE OF DIRECTORS AND OFFICERS

During the year the Company paid a premium for a Directors and Officers Liability Insurance Policy. This policy covers Directors and Officers of the Company and the consolidated entity. In accordance with normal commercial practices under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of the premiums are confidential.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has sought to bring proceedings on behalf of the Company, and the Company is not a party to any proceedings, for the purpose of taking responsibility on behalf of the Company for any such proceedings, or for a particular step in any such proceedings.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

> all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor

> none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Details of the audit and non-audit fees paid or payable for services provided by the auditor of the parent entity, and its related practices, are detailed in Note 20.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Touchcorp Limited support and have adhered to the principles of corporate governance. The Company's corporate governance statement is available on the company's website.

Signed in accordance with a resolution of the Directors.

Michael Jefferies

Executive Chairman

Melbourne

28 February 2017

Consolidated statement of comprehensive income

For the year ended 31 December 2016

	NOTE	2016 $	2015 $
Rendering of services	4	36,817,162	42,296,734
Revenue		**36,817,162**	**42,296,734**
Cost of sales		(10,816,220)	(6,993,220)
Gross profit		**26,000,942**	**35,303,514**
Other income		399,030	47,250
Government grants	24	62,615	111,776
Total other income		**461,645**	**159,026**
Employee benefits expense	5	(8,501,594)	(6,019,471)
Contractor expenses		(721,068)	(559,624)
Advertising expenses		(519,102)	(820,679)
Customer development expenses	5	(5,646,000)	(5,646,000)
Capital raising expenses		-	(3,569,033)
Travel and accommodation expenses		(742,242)	(942,190)
General and administrative expenses		(5,816,762)	(4,567,047)
Depreciation and amortisation expense	5	(3,851,833)	(1,216,937)
Operating Profit		**663,986**	**12,121,559**
Interest expense		-	(4,240)
Interest revenue		146,233	161,726
Share of gain / (loss) from an associate	23	14,261,392	(3,772,167)
Profit before tax		**15,071,611**	**8,506,878**
Income tax (expense) / benefit	6	(3,499,228)	880,583
Profit after tax		**11,572,383**	**9,387,461**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year, net of tax		**11,572,383**	**9,387,461**
Earnings Per Share	**22**		
Basic, profit for the year attributable to ordinary equity holders of the Parent		$0.10	$0.08
Diluted, profit for the year attributable to ordinary equity holders of the Parent		$0.10	$0.08

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

Consolidated statement of financial position

As at 31 December 2016

	NOTE	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	27,745,731	9,496,095
Trade and other receivables	8(a)	11,867,144	13,095,586
Other current assets	9	9,474,375	9,571,750
Total Current Assets		**49,087,250**	**32,163,431**
Non-current Assets			
Deferred tax asset	6	4,223,361	7,722,589
Property, plant and equipment	10	2,893,953	2,099,552
Intangible assets	11	16,134,503	10,796,103
Investment in an associate	23	20,489,222	6,227,833
Prepayments		1,625,000	-
Financial assets	12	5,000,000	-
Total Non-current Assets		**50,366,039**	**26,846,077**
TOTAL ASSETS		**99,453,289**	**59,009,508**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	15,804,443	13,699,790
Unearned income		276,401	79,115
Annual leave provision		806,807	817,677
Long service leave provision		340,847	323,610
Total Current Liabilities		**17,228,498**	**14,920,192**
Non-current Liabilities			
Long service leave provision		96,224	70,307
Total Non-current Liabilities		**96,224**	**70,307**
TOTAL LIABILITIES		**17,324,722**	**14,990,499**
NET ASSETS		**82,128,567**	**44,019,009**
EQUITY			
Issued capital	16(a)	83,439,656	58,491,021
Accumulated losses		(2,975,730)	(14,548,113)
Reserves	16(d)	1,664,641	76,101
TOTAL EQUITY		**82,128,567**	**44,019,009**

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

Consolidated statement of changes in equity

For the year ended 31 December 2016

	ISSUED CAPITAL (NOTE 16(B)) $	ACCUMULATED LOSSES $	RESERVES (NOTE 16(C)) $	TOTAL $
At 1 January 2016	**58,491,021**	**(14,548,113)**	**76,101**	**44,019,009**
Profit for the year	-	11,572,383	-	11,572,383
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	**-**	**11,572,383**	**-**	**11,572,383**
Transactions with employees and executives				
Issue of share capital	25,600,000	-	-	25,600,000
Transaction costs	(734,740)	-	-	(734,740)
Share options exercised	83,375	-	(46,000)	37,375
Share based payment expenses	-	-	1,634,540	1,634,540
At 31 December 2016	**83,439,656**	**(2,975,730)**	**1,664,641**	**82,128,567**

	ISSUED CAPITAL (NOTE 16(B)) $	ACCUMULATED LOSSES $	RESERVES (NOTE 16(C)) $	TOTAL $
At 1 January 2015	**37,212,869**	**(23,935,574)**	**271,276**	**13,548,571**
Profit for the year	-	9,387,461	-	9,387,461
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	**-**	**9,387,461**	**-**	**9,387,461**
Transactions with employees and executives				
Issue of share capital	23,413,800	-	-	23,413,800
Transaction costs	(2,378,448)	-	-	(2,378,448)
Share options exercised	242,800	-	(242,800)	-
Share based payment expenses	-	-	47,625	47,625
At 31 December 2015	**58,491,021**	**(14,548,113)**	**76,101**	**44,019,009**

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

Consolidated statement of cash flows

For the year ended 31 December 2016

	NOTE	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		268,799,578	283,527,764
Payments to employees		(6,484,993)	(6,189,906)
Payments to suppliers (inclusive of GST)		(259,129,183)	(280,702,707)
Net cash flows from / (used in) operating activities	**7**	**3,185,402**	**(3,364,849)**
Cash flows from investing activities			
Interest received		146,233	161,726
Payments for recognised intangibles		(7,942,839)	(6,030,479)
Purchase of plant and equipment		(2,041,795)	(1,390,224)
Net cash flows used in investing activities		**(9,838,401)**	**(7,258,977)**
Cash flows from financing activities			
Proceeds from issue of shares		25,600,000	22,413,800
Payments for issue of shares (*)		(734,740)	(2,378,448)
Proceeds from exercise of options		37,375	1,000,000
Capital raising expenses (*)		-	(3,569,033)
Net cash flows from financing activities		**24,902,635**	**17,466,319**
Net increase in cash and cash equivalents		18,249,636	6,842,493
Cash and cash equivalents at beginning of the year		9,496,095	2,653,602
Cash and cash equivalents at end of the year	**7**	**27,745,731**	**9,496,095**

(*) THE TOTAL CAPITAL RAISING COSTS IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 WERE $5,947,481. THE AMOUNT OF $3,569,033 WAS EXPENSED AS IT RELATED TO THE SELL DOWN OF SHARES BY EXISTING SHAREHOLDERS INTO THE INITIAL PUBLIC OFFERING ('IPO'), AND $2,378,448 WAS CAPITALISED AS IT RELATED TO THE ISSUE OF NEW SHARES BY THE COMPANY UNDER THE IPO.

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

Notes to the Financial Statements

Note 1:
Corporate Information

The consolidated financial statements of Touchcorp Limited for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 28 February 2017. Touchcorp Limited (the "Company") is incorporated in Bermuda as an exempt company limited by shares. The Company is registered as a foreign company in Australia under the Australian Corporations Act (Australian Registered Body Number 603 731 184).

The securities of Touchcorp Limited are listed on the Australian Securities Exchange (ASX). The activities of Touchcorp Limited and its subsidiaries (the Group) are described in the Directors' Report.

Although Touchcorp Limited is not subject to Chapter 6 of the Australian Corporations Act dealing with the acquisition of shares (including substantial shareholdings and takeovers), the Company has inserted into its bye-laws restrictions on the ability to acquire shares in the Company. These sections of the bye-laws reflect the restrictions on acquisition of shares contained in Parts 6.1 and 6.2 of the Australian Corporations Act. In addition, the Company has undertaken to comply with the ASX Listing Rules. Bermuda Law does not impose limitations on the acquisition of securities in the Company.

Change in shareholdings

Following the successful initial public offering by Afterpay Holdings Ltd ("Afterpay"), the Company had a 30.3% interest in Afterpay, which prior to the initial public offering was equivalent to 35.7% of the issued share capital of Afterpay. On the 26th of October 2016, Afterpay raised additional capital through private placement of shares. the Company did not participate in this raising and as a result the Company's interest was diluted to 27.8% of the issued share capital of Afterpay. Further details are provided in Note 23.

During the year ended 31 December 2016, the Group entered into an agreement with Change Up Holdings Ltd ("Change Up") to deliver a suite of products and services. Pursuant to this agreement and following a successful capital raising by Change Up on 16 August 2016, the Company was paid cash of $6.1 million and granted 10 million shares in the company as consideration for the services provided. The Company recorded revenues of $11.1 million representing the cash and equity consideration received. $5.0 million was recognised as an available-for-sale financial asset as detailed in note 12. The Company had a 15.3% interest in Change Up at 31 December 2016.

Note 2: Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis and is presented in Australian dollars.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

The following standards and interpretations have been applied:

> AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138).

> Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

> AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.

There are no changes to the financial report as a result of adopting these items.

(b) New accounting standards and interpretations (continued)

The following standards and interpretations have been issued and amended by the AASB but are not yet effective for the period ending 31 December 2016:

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.	1-Jan-18	The Group expects that there will be no material impact.	1-Jan-18
AASB 15	Revenue from Contracts with Customers	AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards. AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1-Jan-18	We are currently assessing the impact of AASB 15 on our financial results.	1-Jan-18
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not) (b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1-Jan-18	The Group expects that there will be no material impact.	1-Jan-18

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP
AASB 16	Leases	In February 2016, AASB issued AASB 16 'Leases', which replaces the current guidance in AASB 117 'Leases'. The new standard significantly changes accounting for lessees requiring recognition of all leases on the balance sheet, including those currently accounted for as operating leases. A lessee will recognise liabilities reflecting future lease payments and 'right-of-use assets', initially measured at a present value of unavoidable lease payments. Depreciation of leased assets and interest on lease liabilities will be recognised over the lease term. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases and account for them as operating leases or finance leases. There is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.	1-Jan-19	We are currently assessing the impact of AASB 16 on our financial results.	1-Jan-19
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1-Jan-17	The Group expects that there will be no material impact.	1-Jan-17
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions AASB 2	This standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments. Share-based payment transactions with a net settlement feature for withholding tax obligations. A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled	1-Jan-18	The Group expects that there will be no material impact.	1-Jan-18

(c) Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

> Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

> Exposure, or rights, to variable returns from its involvement with the investee

> The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

> The contractual arrangement(s) with the other vote holders of the investee

> Rights arising from other contractual arrangements

> The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(e) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

The Group facilitates the sales of electronic products and services for which it receives a fee for every successful transaction. Revenue from integration services is recognised by reference to the stage of completion of a contract or contracts in progress at balance date.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where there is a final customer acceptance condition in the contract, revenue is recognised only upon customer acceptance.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(ii) Interest revenue

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(f) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of the specific asset and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(ii) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(h) Trade and other receivables

Trade receivables, which generally have 7-30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less an allowance for impairment.

Collect-ability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be non-collectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (A$), which is the Company's functional and presentation currency.

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(i) Foreign currency translation (continued)

(ii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

> Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

> Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)

> All resulting exchange differences are recognised in other comprehensive income.

(j) Income tax

(i) Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(ii) Deferred income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

> When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

> When the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

> When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

> When the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, in which case deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(iii) Tax consolidation legislation

Touchcorp Limited's wholly-owned Australian consolidated entities have implemented the tax consolidation legislation as of 3 September 2004.

The parent entity, Touch Holdings Limited and its controlled entities in the tax consolidated group, continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Touch Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the profit and loss as incurred.

Depreciation is calculated on the straight-line basis over the estimated useful life of the specific assets which is 3 to 6 years.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The assets or cash-generating unit is written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the profit or loss in the general and administrative line item.

(ii) Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

(m) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(i) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

A summary of the policies applied to the Group's intangible assets is as follows:

	PATENTS	CORE TECHNOLOGY
Useful lives	Finite	Finite
Amortisation method used	20 yrs - Straight-line	5 yrs - Straight-line
Internally generated / Acquired	Acquired	Acquired and internally generated
Impairment testing	Amortisation method reviewed at every reporting period. Reviewed annually for indicators of impairment.	Amortisation method reviewed at every reporting period. Reviewed annually for indicators of impairment.

(n) Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Group has designated its financial assets as loans and receivables, and available for sale financial assets.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

(ii) Available for sale financial assets

Available for sale (AFS) financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in Other Comprehensive Income (OCI) and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the Effective Interest Rate (EIR) method.

The Group evaluates whether the ability and intention to sell its financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

(o) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised losses may no longer exist or may have decreased. If such indication exits, the recoverable

(o) Impairment of assets (continued)

amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost. Due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Provisions and employee benefits

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

(i) Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Share-based payment transactions

Equity settled transactions

The Group provides benefits to employees (including key management personnel) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Employee Share Option Plan (ESOP) and the Equity Incentive Plan (EIP) provides benefits to executive directors and senior executives, and other staff as agreed by the Board of Directors. There have been no options issued under the ESOP since 2015.

Under the EIP, eligible executives and shareholders in the case of executive directors are provided with an interest free, limited recourse loan from the Group for the sole purpose of acquiring shares in the Group. Executives may not deal with the shares while the loan remains outstanding. Executives are entitled to exercise the voting rights attaching to their Touchcorp Limited ordinary shares from the date of allocation of those shares. Shares allocated under this plan in conjunction with limited recourse loans are accounted for as options. As a result, the amounts receivable from employees in relation to these loans are not recognised in the financial statements. A share-based payments expense is recognised in the income statement over the vesting period based on the fair value of the options. Settlement of share loans upon vesting are recognised as contributed equity. The vesting of shares under the EIP will depend on the satisfaction of certain key performance indicators by the executive. If the executive leaves within the vesting period, the shares allocated are returned to Touchcorp Limited.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined an independent expert.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled (vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised in the consolidated statement of comprehensive income for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(s) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is

(u) Investment in an associate (continued)

initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity accounting method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as share of profit of an associate in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of comprehensive income.

(v) Onerous contracts

An onerous contract provision is recognised when the total unavoidable costs of the contract exceeds the expected future economic benefits. The amount of the provision recognised will be the best estimate of the total unavoidable costs offset with the expected future economic benefits. The provision is discounted to reflect the present value of the expenditures and benefit where the time value of money is material.

Note 3: Critical Accounting Estimates and Judgements

The following accounting policies involve significant judgements, estimates and assumptions. Actual results may differ from these estimates using different assumptions and conditions. Different assumption and conditions may materially affect financial results as reported or the financial position of the Group in future periods. Further details of the assumptions used may be found in the relevant notes to the financial statements.

(i) Significant accounting estimates

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the assumptions detailed in Note 14. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Estimation of useful lives of assets

The estimation of the useful lives of assets have been based on historical experience as well as manufacturers' warranties (plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Impairment of intangible assets

Intangible assets with finite lives are reviewed annually for impairment where an impairment trigger exists, the carrying value of the intangible asset is assessed against its recoverable amount. Refer to Note 11 for further information.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Deferred tax assets are recognised for unused tax losses and Research and Development offsets to the extent that it is probable that taxable profit will be available against which these can be utilised and the Group continues to meet legislatory requirements. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Development costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed and when the preliminary project stage has been completed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, expected period of benefits and determination of whether the expenditure will result in significant functionality. Touch has restricted its policy to only capitalising projects that are significant, as this minimises risk over capitalisation and is viewed as consistent with industry peers. Touch's policy is to capitalise expenditure for new product development, or product development that significantly enhances existing software, which is expected to result in significant commercial benefits.

(ii) Significant accounting judgements

Investment in Afterpay

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control.

Afterpay is deemed an associate in accordance with AASB 128 due to the Group's significant influence over the strategy and performance of the Company. Consequently, the investment is accounted for using the equity method. Further details are provided in Note 23.

Transactions with Afterpay and Change Up

The Group recognises revenue from software development and transaction services from Afterpay and Change Up consistent with agreements with non-related customers and the accounting policies described in Note 2(e). Judgement is required in determining the percentage of completion and the revenue to be recognised in the reporting period for the transactions with Afterpay and Change Up.

Investment in Change Up

Change Up is deemed to be a financial asset available for sale in accordance with AASB 139 given that the Group does not exercise significant influence over the Company. Whilst acknowledging the connections between the companies including a common director in making this determination, the Group's shareholding of only 15.3% and absence of a right to appoint a Board position or operational decision making were key determining factors. Consequently, the investment is accounted for at fair value through Other Comprehensive Income (OCI).

Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and technology performance, economic and political environments and future expectations. If an impairment trigger exists, the recoverable amount of the asset is determined and an impairment charge recorded if the recoverable amount is lower than the carrying value of the asset.

Note 4: Segment Information

	2016 $	2015 $
Australia and Pacific revenue		
Mobility and Payments	27,530,083	28,476,646
Health and Government	2,047,510	2,026,768
Retail eServices	4,161,206	8,917,534
Total Australia and Pacific revenue	**33,738,799**	**39,420,948**
International revenue		
Retail eServices	3,078,363	2,875,786
Total International revenue	**3,078,363**	**2,875,786**
Total segment revenue	**36,817,162**	**42,296,734**
Direct costs		
Australia and Pacific	(9,876,118)	(6,144,404)
International	(940,102)	(848,816)
Total Direct costs	**(10,816,220)**	**(6,993,220)**
Segment result		
Australia and Pacific	23,862,681	33,276,544
International	2,138,261	2,026,970
Total segment result	**26,000,942**	**35,303,514**
Government grants and other income	**461,645**	**159,026**
Indirect expenses	**(16,300,768)**	**(12,909,011)**
Capital raising expenses	**-**	**(3,569,033)**
Customer development expenses	**(5,646,000)**	**(5,646,000)**
Share of gain (loss) from an associate	**14,261,392**	**(3,772,167)**
Depreciation and amortisation expense	**(3,851,833)**	**(1,216,937)**
Interest revenue	**146,233**	**161,726**
Interest expense	**-**	**(4,240)**
Profit before tax	**15,071,611**	**8,506,878**
Income tax (expense) / benefit	**(3,499,228)**	**880,583**
Profit after tax	**11,572,383**	**9,387,461**

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

Note 5: Expenses

	2016 $	2015 $
Expenses		
Profit before income tax is after charging the following expense items:		
Employee benefits expense		
Wages and salaries	12,830,161	10,302,727
Less capitalised wages and salaries	(7,407,692)	(5,336,730)
Employee on-costs	1,444,585	1,005,849
Share based payments expense	1,634,540	47,625
	8,501,594	**6,019,471**
Other expenses		
Depreciation of plant and equipment	1,247,394	957,939
Amortisation of intangibles	2,604,439	258,998
Total depreciation and amortisation expense	**3,851,833**	**1,216,937**
Rental and lease expenses	1,006,424	848,313

Customer development expenses

Customer development expenses are business development fees, access fees or rebates paid to parties with whom Touchcorp seeks to co-operate to increase the number of transactions carried. This expenditure is expected to increase gross revenue through the winning of new business.

Research and development expenses

The Group is continuing to invest in research and development to improve and provide new secure products and services to customers. Research and Development costs that are not eligible for capitalisation have been expensed in the period incurred. For the financial year ended 31 December 2016 this was $1,653,299 (2015: $2,095,326).

Note 6: Income Tax

	2016 $	2015 $
(a) Income tax expense		
The major components of income tax expense / (benefit):		
Current income tax		
Current income tax charge	200,916	4,408,929
Deferred income tax		
Relating to origination / reversal of temporary differences	5,201,675	2,703,373
Recognition of deferred tax asset in relation to R&D offsets	(1,903,363)	(5,344,135)
Reversal / recognition of deferred tax asset in relation to tax losses	-	(2,648,750)
Income tax expense / (benefit) as reported in the income statement	**3,499,228**	**(880,583)**
(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before tax	15,071,611	8,506,878
At the Group's statutory rate of 30% (2015: 30%)	4,521,483	2,552,063
Share of associate loss	(1,131,650)	1,131,650
Different tax rates in overseas jurisdictions	636,972	-
Expenditure not allowed for income tax purposes	3,843	1,645,834
R&D expenses converted to R&D offsets	(475,840)	(1,189.649)
Recognition of previously unrecognised R&D offsets	-	(2,371,313)
Recognition of previously unrecognised losses	-	(2,648,750)
Other	(55,580)	(418)
Income tax expense / (benefit)	**3,499,228**	**(880,583)**
(c) Deferred income tax		
Deferred income tax at 31 December relates to the following:		
Deferred tax liabilities		
Capitalisation of R&D expenditure	(4,799,508)	(3,172,671)
Prepayments	(1,858,755)	(1,079,344)
Investment in associate	(3,067,846)	-
Deferred tax liabilities	**(9.726,109)**	**(4,252,015)**
Deferred tax assets		
Employee provisions	403,504	386,860
Carried forward tax losses	5,681,333	5,882,255
R&D offsets	7,247,498	5,344,135
Other	617,135	361,354
Gross deferred tax assets	**13,949,470**	**11,974,604**
Net-off of deferred tax liabilities	**(9,726,109)**	**(4,252,015)**
Net deferred tax assets	**4,223,361**	**7,722,589**

(c) Deferred income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses and the Group continues to meet necessary legislatory requirements. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has not considered the impact of potential future transactions such as disclosed in Note 19 in its assessment at 31 December 2016.

The Group has deferred tax asset of $5,681,333 (2015: $5,882,255) in respect of Australian tax losses that are available for offsetting against future taxable profits, which is recognised in the statements of financial position and comprehensive income along with a deferred tax asset in relation to the AusIndustry R&D Tax Incentive of $7,247,494 (2015: $5,344,155).

In 2016, a deferred tax liability of $3,067,846 has been recognised in respect of the investment in an associate; Afterpay Holdings Limited (2015: Nil).

(d) Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Touchcorp Limited's 100% Australian owned subsidiaries formed an income tax consolidated group with effect 3 September 2004. Touch Holdings Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing arrangement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this arrangement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group

Touch Holdings Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the tax consolidated group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have not entered into a tax funding agreement at balance date.

Note 7: Cash and Cash Equivalents

	2016 $	2015 $
Cash at bank and in hand	12,617,499	9,426,140
Short-term deposits	15,128,232	69,955
	27,745,731	**9,496,095**

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents is $27,745,731 (2015: $9,496,095) and approximate their carrying amounts due to their short-term maturities.

Reconciliation from the net profit before tax to the net cash flows from operations

	2016 $	2015 $
Profit before tax	15,071,611	8,506,878
Adjustments for:		
Depreciation and amortisation	3,851,833	1,216,937
Share based payment expense	1,634,540	47,625
Interest income	(146,233)	(161,726)
Capital raising expenses	-	3,569,033
Shares received as consideration for services performed	(5,000,000)	(10,000,000)
Share of loss from an associate	891,785	3,772,167
Gain on deemed disposal of associate	(15,153,177)	-
Changes in assets and liabilities		
Decrease / (Increase) in trade and other receivables	1,228,442	(3,407,628)
Increase in prepayments	(1,527,625)	(3,717,424)
Increase / (Decrease) in trade and other payables	2,334,226	(3,190,711)
Net cash from / (used in) operating activities	**3,185,402**	**(3,364,849)**

Note 8: Trade and Other Receivables

	2016 $	2015 $
(a) Trade and other receivables (current)		
Trade receivables	12,015,366	13,191,586
Less allowance for doubtful debts		
Opening balance	(96,000)	(50,014)
Provided in the year	(52,222)	(45,986)
Total allowance for doubtful debts	(148,222)	(96,000)
	11,867,144	**13,095,586**

Trade receivables are non-interest bearing and are generally on 7 - 30 day terms.

At 31 December, the aging analysis of trade receivables is as follows:

	2016			2015		
	IMPAIRED $	NOT IMPAIRED $	TOTAL $	IMPAIRED $	NOT IMPAIRED $	TOTAL $
0-30 days	650	10,801,340	10,801,990	-	12,086,076	12,086,076
31-60 days	2,158	284,981	287,139	-	525,733	525,733
61-90 days	24,758	174,645	199,403	831	374,120	374,951
91+ days	120,656	606,178	726,834	95,169	109,657	204,826
	148,222	**11,867,144**	**12,015,366**	**96,000**	**13,095,586**	**13,191,586**

Fair value and credit risk

Due to the short-term nature of these receivables, and as prices are determined in formal sales agreements, the fair value is the amount presented in the accounts.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group’s policy to transfer (on-sell) receivables to special purpose entities.

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 13.

Note 9: Other Current Assets

	2016 $	2015 $
Prepaid expenses	6,145,822	3,942,340
Prepaid electronic PINS	2,489,950	3,756,251
Security bonds	638,603	624,583
Funds on deposit (refer Note 15 (b))	200,000	1,248,576
	9,474,375	**9,571,750**

Due to the short term nature of these assets, their carrying amounts are reasonable approximations of their fair value.

Prepaid expenses include general prepayments for operational expenditure and prepaid rebates to key customers.

Prepaid electronic PINS are purchased from suppliers to facilitate transactions with customers to generate operating cash flows for the mobility and retail services segments. Unutilised or expired PINS are returned to suppliers at face value.

Note 10: Property, Plant and Equipment

	PLANT & EQUIPMENT $	CAPITAL WORK IN PROGRESS $	TOTAL $
Year Ended 31 December 2016			
At 1 January 2016			
Net of accumulated depreciation	2,099,552	-	2,099,552
Additions	1,880,412	161,383	2,041,795
Depreciation charge for the year	(1,247,394)	-	(1,247,394)
At 31 December 2016			
Net of accumulated depreciation	**2,732,570**	**161,383**	**2,893,953**
At 31 December 2016			
Cost	7,734,200	161,383	7,895,583
Accumulated depreciation	(5,001,630)	-	(5,001,630)
Net carrying value	**2,732,570**	**161,383**	**2,893,953**
Year Ended 31 December 2015			
At 1 January 2015			
Net of accumulated depreciation	1,667,267	-	1,667,267
Additions	1,390,224	-	1,390,224
Depreciation charge for the year	(957,939)	-	(957,939)
At 31 December 2015			
Net of accumulated depreciation	**2,099,552**	**-**	**2,099,552**
At 31 December 2015			
Cost	5,853,788	-	5,853,788
Accumulated depreciation	(3,754,236)	-	(3,754,236)
Net carrying value	**2,099,552**	**-**	**2,099,552**

Note 11: Intangible Assets

The Group has capitalised expenditure for work performed on development of systems with identifiable long-term revenue streams. In determining the amounts to be capitalised, management has made assumptions regarding the expected future revenue to be generated by the projects and the expected period over which benefits will be received.

The Group's intangible assets consist of patents and the underlying core technology of the business. The core technology and the patents pending have been internally generated and acquired through business combination. These intangible assets have been determined to have finite useful lives and the cost model is used for their measurement. The expected useful life and amortisation period of the finite intangible assets is considered reasonable. During the year, there has not been any research and development costs that were not eligible for capitalisation.

	CORE TECHNOLOGY $	CORE TECHNOLOGY UNDER DEVELOPMENT $	PATENTS $	TOTAL $
Year Ended 31 December 2016				
At 1 January 2016				
Net of accumulated depreciation	6,531,000	4,109,289	155,814	10,796,103
Additions	-	7,942,839	-	7,942,839
Transfers	8,197,772	(8,197,772)	-	-
Amortisation for the year	(2,584,770)	-	(19,669)	(2,604,439)
At 31 December 2016				
Net of accumulated depreciation	**12,144,002**	**3,854,356**	**136,145**	**16,134,503**
At 31 December 2016				
Cost	35,027,896	3,854,356	378,070	39,260,322
Accumulated amortisation	(22,883,894)	-	(241,925)	(23,125,819)
Net carrying value	**12,144,002**	**3,854,356**	**136,145**	**16,134,503**
Year Ended 31 December 2015				
At 1 January 2015				
Net of accumulated depreciation	-	4,849,142	175,480	5,024,622
Additions	-	6,030,479	-	6,030,479
Transfers	6,770,332	(6,770,332)	-	-
Amortisation for the year	(239,332)	-	(19,666)	(258,998)
At 31 December 2015				
Net of accumulated depreciation	**6,531,000**	**4,109,289**	**155,814**	**10,796,103**
At 31 December 2015				
Cost	26,830,124	4,109,289	378,070	31,317,483
Accumulated amortisation	(20,299,124)	-	(222,256)	(20,521,380)
Net carrying value	**6,531,000**	**4,109,289**	**155,814**	**10,796,103**

Note 12: Financial Assets

	2016 $	2015 $
Available-for-sale financial assets		
Quoted prices in active markets (Level 1)	-	-
Significant observable inputs (Level 2)	-	-
Significant unobservable inputs (Level 3)	5,000,000	-
Total available-for-sale financial assets at fair value	**5,000,000**	**-**

Financial assets at fair value represents the Group's acquisition of 15.3% non-controlling investment in 10 million shares of Change Up Holdings Limited ('Change Up') on 16 August 2016 at $0.50 per share. The shares of Change Up are privately held and not listed on any third party public exchange. The fair value of these shares is determined by reference to prices paid by other participants for the same class of shares as part of Change Up's capital raising activities. Given that there have been no other observable inputs or significant changes in business operations following the capital raising, the shares have been classified within Level 3 of the fair value hierarchy and the valuation at $0.50 per share approximates its fair value at 31 December 2016. In accordance with AASB 139 the shares of Change Up are classified as available-for-sale.

The valuation does not include any potential discount or premium which may be applicable noting that the shares are not traded on any public market. A potential discount for lack of marketability if applicable may be in the range of 10-30% depending on specific circumstances. Applying a 10% discount or premium would have the effect of reducing or increasing the fair value by $500,000.

The value of the investment if based on the Group's share of net assets would be $2,467,000.

Note 13: Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

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

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange, and by depositing funds with a number of different banking institutions. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Risk Exposures and Responses

Price risk

The Group's unlisted equity securities are susceptible to market risk arising from uncertainties about future values of investment securities.

Risk Exposures and Responses (Continued)

Credit risk

Credit risk arises from the financial assets of the Group. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

To minimise the credit risk exposure, the Group attempts to trade with recognised, creditworthy parties. The Group performs credit assessments of its customers before entering into formal business arrangements. Receivable balances are monitored on an ongoing basis with the result that the exposure to bad debts is not significant.

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents.

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

	2016 $	2015 $
Financial Assets		
Cash and cash equivalents	27,745,731	9,496,095
	27,745,731	**9,496,095**

The Group's cash and short-term deposits are exposed to movements in variable interest rates. The Group does not hedge this exposure. Interest rate risk on cash is not considered to be material.

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

At 31 December 2016, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

JUDGEMENTS OF REASONABLY POSSIBLE MOVEMENTS:	POST TAX PROFIT HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2016 $	2015 $	2016 $	2015 $
-0.25% (25 basis points)	(48,555)	(16,618)	(48,555)	(16,618)
+1.00% (100 basis points)	194,220	66,473	194,220	66,473

The movements in profits and equity are due to lower interest rates from variable cash balances.

Significant assumptions used in the interest rate sensitivity analysis include:

> Interest rates remain constant during the 12 month period subsequent to balance date.

> The net exposure at balance date being representative of what the group was and is expecting to be exposed to in the next twelve months from balance date.

Foreign currency risk

The Group's balance sheet can be affected by movements in the Euro, Swiss Franc, Singapore Dollars, Malaysian Ringgit and Norwegian Krone.

The Group has transactional currency exposures arising from sales and purchases by Touch Networks Australia in Europe.

Approximately 8% of the Group's sales and 9% of expenses are denominated in currencies other than the functional currency of the entities.

At 31 December 2016, the Group has the following exposure to foreign currency that is not designated in cash flow hedges:

	2016 $	2015 $
Financial Assets		
Cash and cash equivalents - Other	45,891	6,457
Trade and other receivables - EUR	196,446	139,811
Trade and other receivables - CHF	158,154	233,817
Trade and other receivables - Other	70,833	9,453
	471,324	**389,538**
Financial Liabilities		
Trade and other receivables - EUR	58,768	90,209
Trade and other receivables - CHF	1,684	-
Trade and other receivables - Other	1,391	-
	61,834	**90,209**
Net exposure	**409,481**	**299,329**

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

At 31 December 2016, had the Australian dollar moved, as illustrated in the table below, with all other variables held constant, the post tax profit and equity would have been affected as follows:

JUDGEMENTS OF REASONABLY POSSIBLE MOVEMENTS:	POST TAX PROFIT (HIGHER)/LOWER		EQUITY HIGHER/(LOWER)	
	2016 $	2015 $	2016 $	2015 $
AUD/EUR +10%	8,769	4,509	(8,769)	(4,509)
AUD/EUR -5%	(5,064)	(2,611)	5,064	2,611
AUD/CHF +10%	9,957	21,256	(9,957)	(21,256)
AUD/CHF -5%	(5,765)	(12,306)	5,765	12,306
AUD/USD +10%	(88)	-	88	-
AUD/USD -5%	51	-	(51)	-
AUD/FJD +10%	21	-	(21)	-
AUD/FJD +5%	(12)	-	12	-
AUD/SGD +10%	3,999	(455)	(3,999)	455
AUD/SGD -5%	(2,315)	263	2,315	(263)
AUD/MYR +10%	55	(102)	(55)	102
AUD/MYR -5%	(32)	59	32	(59)
AUD/NOK +10%	3,352	(859)	(3,352)	859
AUD/NOK -5%	(1,941)	498	1,941	(498)

Risk Exposures and Responses (continued)

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonable possible movements in foreign exchange rates recently.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.
- The balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The table below reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognised financial liabilities.

	2016 $	2015 $
Financial Assets		
1 year or less	15,804,443	13,514,940
1-2 years	-	-
3-4 years	-	-
Over 4 years	-	-
	15,804,443	**13,514,940**

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our operations such as plant and equipment and investments in working capital. These assets are considered in the Group's overall liquidity risk.

2016	< 1 Year $	1-2 Years $	2-3 Years $	>3 Years $	Total $
Financial assets					
Cash and cash equivalents	27,745,731	-	-	-	27,745,731
Trade and other receivables	12,015,366	-	-	-	12,015,366
	39,761,097	**-**	**-**	**-**	**39,761,097**
Financial liabilities					
Trade and other payables	15,804,443	-	-	-	15,804,443
	15,804,443	**-**	**-**	**-**	**15,804,443**
Net maturity	**23,956,654**	**-**	**-**	**-**	**23,956,654**

At 31st December 2016, the Group has $2,489,850 (2015: $3,756,251) of prepaid electronic PINS (refer note 9) that are sold in short time frames to generate operating cash flows to meet the Groups liquidity requirements. These PINS are not considered to be financial assets of the Group.

2015	< 1 Year $	1-2 Years $	2-3 Years $	>3 Years $	Total $
Financial assets					
Cash and cash equivalents	9,496,095	-	-	-	9,496,095
Trade and other receivables	12,564,499	-	-	-	12,564,499
	22,060,594	**-**	**-**	**-**	**22,060,594**
Financial liabilities					
Trade and other payables	13,629,790	-	-	-	13,629,790
	13,629,790	**-**	**-**	**-**	**13,629,790**
Net maturity	**8,430,804**	**-**	**-**	**-**	**8,430,804**

Note 14: Share-Based Payment Plans

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the period less lapsed options is shown in the table below:

	2016 $	2015 $
Financial Assets		
Expenses arising from equity-settled share-based payment transactions	1,634,540	47,625
	1,634,540	**47,625**

The share based payment plan is described below:

(b) Share-based payment plan

The Company has an employee option plan, with a view to aligning the interests of employees with the objectives of the Company and to provide incentives to executive directors, senior executives and staff. Under the Employee Share Option Plan (ESOP), awards are made to employees who have an impact on the Group's performance. ESOP awards are delivered in the form of options over shares which vest over a number of years subject to meeting performance measures. The fair value of share options granted is estimated at the date of grant using a Binomial Model, taking into account the terms and conditions upon which the share options were granted.

The Employee Incentive Program (EIP) has been established to incentivise executives to increase shareholder wealth. Under the EIP, eligible executives are provided with non-interest bearing, limited recourse loan from the Group for the sole purpose of acquiring shares in the Company. Vesting hurdles are applied to align employee and shareholder interests. Executives may not deal with the shares while the shares are unvested and the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. Executives are entitled to exercise the voting rights attaching to their Touchcorp ordinary shares from the date of allocation of those shares. Shares allocated under this plan in conjunction with limited recourse loans are accounted for as options. As a result, the amounts receivable from employees in relation to these loans are not recognised in the financial statements. A share-based payments expense is recognised in the income statement over the vesting period based on the fair value of the options. Settlement of share loans upon vesting are recognised as contributed equity. If the executive leaves Touchcorp within the vesting period the shares allocated are returned to Touchcorp, subject to discretion retained by the Directors. The Company has used the fair value measurement provisions of AASB 2 Share-based Payments for all options or equity instruments granted to relevant senior executives.

Under AASB 2 Share-based Payments, these EIP shares and loans are treated as 'in substance options' even where the equity instrument itself is not a share option.

The fair value of such 'in substance option' grants is amortised and disclosed as part of senior manager compensation on a straight-line basis over the vesting period.

During the current periods the consolidated entity entered into a loan agreement with limited recourse in which Group employees, including Key Management Personnel (KMP), participated to varying extents. The plan was approved by the directors at the time of its introduction. Grants are made from time to time as appropriate. The quantum of the plan grants are reflective of the seniority of the position of the relevant executive and their ability to contribute to the overall performance of the consolidated entity. The EIP for senior executives of the consolidated entity has no specific performance conditions for the removal of restrictions over the relevant shares other than successful achievement of maintaining the individual's employment with the consolidated entity until the vesting date and repayment of the limited recourse loan.

In 2016, 2,815,500 ordinary shares were allotted under the EIP. The fair value of each 'in substance option' was estimated using the capitalisation of maintainable earnings as the primary methodology, resulting in a value of $0.58.

The outstanding options have been amortised over the vesting and exercisable periods resulting in an increase in employee benefits expense to $1,634,540 for the 2016 financial year (2015: $47,625).

(c) Summary of options granted under the ESOP and EIP

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the period:

ESOP	2016 No.	2016 WAEP	2015 No.	2015 WAEP $
Outstanding at the beginning of the year	-	-	5,000,000	0.20
Granted during the year	-	-	-	-
Exercised during the year	-	-	(5,000,000)	0.20
Outstanding at the end of the year	**-**	**-**	**-**	**-**
Exercisable at the end of the year	**-**	**-**	**-**	**-**

EIP	2016 No.	2016 WAEP $	2015 No.	2015 WAEP $
Outstanding at the beginning of the year	1,323,500	0.06	1,563,500	0.06
Granted during the year	2,740,000	2.16	400,000	0.06
Exercised during the year	(650,000)	0.05	(240,000)	0.06
Lapsed during the year *	-	0.00	(400,000)	0.06
Outstanding at the end of the year	**3,413,500**	**1.75**	**1,323,500**	**0.06**
Exercisable at the end of the year	**3,413,500**	**1.75**	**1,323,500**	**0.06**

* *THE SHARES FAILED TO VEST AS THE REQUIRED PERFORMANCE HURDLES WERE NOT MET. THESE SHARES HAVE BEEN RETAINED BY THE COMPANY IN A POOL TO BE USED FOR FUTURE ISSUES UNDER THE GROUP'S LONG TERM INCENTIVE PLAN.*

The outstanding balance as at 31 December 2016 is represented by:

> 3,413,500 ordinary shares under EIP issued with a weighted average exercise price of $1.75 which were exercisable from 31 December 2016 (2015: $0.06)

> Nil ordinary shares under ESOP

(d) Weighted average remaining contractual life

The EIP shares outstanding as at 31 December 2016 are exercisable as at 31 December 2016. The weighted average contractual life remaining for these share options was 4.8 years (2015: 5.0).

(e) Exercise price

The consideration outstanding for each of the EIP shares at the end of the year was $1.75 (2015: $0.06).

(f) Weighted average exercise price/ share price

The weighted average exercise prices of the EIP share options granted in 2016 was $2.16 (2015: $0.06). EIP shares exercised in 2016 were 650,000 with a weighted average price of share options exercised of $0.05 (2015: $0.06).

(g) Option pricing model: ESOP and EIP

There were no equity-settled share options granted under the ESOP in the current or prior year. The fair value of the options granted under the EIP in the current year were calculated using the Binomial Model utilising the inputs as detailed below. There were no equity-settled share options granted under the EIP in the prior year.

	2016 EIP
Weighted average fair value at the measurement date	0.59
Dividend yield (%)	-
Expected volatility (%)	35.00
Risk-free interest rate (%)	2.04
Expected life of share options (years)	3.29
Weighted average share price ($)	2.06
Model used	Binomial

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Note 15: Trade and Other Payables

	2016 $	2015 $
Trade creditors and accruals	15,804,443	13,629,790
Employee benefits	-	70,000
	15,804,443	**13,699,790**

(a) Fair Value

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

(b) Financial Guarantees

The Group does not hold any financial guarantees. However, Sabatica Pty Ltd (Sabatica) has provided guarantees in favour of the Touch Group amounting to $200,000. The Group has $200,000 on deposit to support the guarantees provided (2015: $1,200,000).

(c) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk are set out in Note 13.

Note 16: Contributed Equity and Reserves

	2016 $	2015 $
(a) Ordinary shares		
Issued and fully paid	**83,439,656**	**58,491,021**
(b) Movement in ordinary shares on issue	Number	$
At 31 December 2014	93,000,067	37,212,869
Shares issued under the ESOP	5,000,001	1,000,000
Shares issued for cash under the EIP	240,000	13,800
Shares issued under the IPO	16,000,000	22,400,000
Share issue expenses	-	(2,378,448)
Transfer from reserves	-	242,800
At 31 December 2015	**114,240,068**	**58,491,021**
Shares issued for cash under the EIP	650,000	37,375
Shares issued - private placement	12,800,000	25,600,000
Share issue expenses	-	(734,740)
Transfer from reserves	-	46,000
At 31 December 2016	**127,690,068**	**83,439,656**
(c) Movement in treasury shares on issue		
At 31 December 2014	1,563,500	-
Shares issued under the EIP	400,000	-
Exercised during the year	(240,000)	
At 31 December 2015*	**1,723,500**	**-**
Shares issued under the EIP	2,740,000	-
Exercised during the year	(650,000)	-
At 31 December 2016	**3,813,500**	**-**

* The balance at 31 December 2015 includes 400,000 shares which failed to vest as the required performance hurdles were not met. These shares have been retained by the company in a pool to be used for future issues under the Company's EIP.

(d) Employee equity benefits reserves

	EMPLOYEE EQUITY BENEFITS RESERVES $
At 1 January 2015	271,276
Share options exercised	(242,800)
Share based payment expense	47,625
At 31 December 2015	**76,101**
Share options exercised	(46,000)
Share based payment expense	1,634,540
At 31 December 2016	**1,664,641**

The employee equity benefits reserve is used to record the fair value of equity options granted to employees, senior executives and directors as part of their remuneration.

(e) Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. When managing capital, management's objective is to ensure the entity continues as a going concern, as well as to provide optimal returns to shareholders and benefits for other stakeholders. The Group constantly reviews the capital structure and the level of return on assets in light of changes in economic conditions. The Group is not subject to any externally imposed capital requirements.

Note 17: Commitments and Contingencies

Operating lease commitments - Group as lessee

The Group has entered into a five year commercial lease which commences on 1 February 2017 for its registered office.The Group's current lease has a remaining period of three months at balance date, expiring on 31 March 2017. The Group has also entered into leases for a data centre and associated communication costs, European office and an agreement of the supply of terminals. There are no restrictions placed upon the lessee by entering into this lease. Future minimum rentals payable under the non-cancellable operating lease are as follows;

	2016 $	2015 $
Within one year	793,808	886,671
After one year but not more than five years	3,582,698	214,973
More than five years	66,801	-
Total minimum lease payments	**4,443,307**	**1,101,644**

Operating lease commitments – Group as lessor

In 2015 the sub-lease of the Group's head office premises to an independent third party was terminated. The total rental income recognised as income during the financial year ended 31 December 2015 was $47,250.

Note 18: Related Party Disclosure

(a) Subsidiaries

The consolidated financial statements include the financial statements of Touchcorp Limited and its subsidiaries. These are listed in the following table.

NAME	COUNTRY OF INCORPORATION	% EQUITY INTEREST 2016	% EQUITY INTEREST 2015
Touch Holdings Ltd	Australia	100%	100%
Touch Networks Australia Pty Ltd	Australia	100%	100%
Touch Australia Pty Ltd	Australia	100%	100%
Touch Networks Pty Ltd	Australia	100%	100%
Touchcorp Singapore Pte Ltd	Singapore	100%	100%
Touch Networks Payments (Malaysia) Sdn Bhd	Malaysia	100%	100%

Touch Networks Pty Ltd is a wholly owned subsidiary of Touch Networks Australia Pty Ltd. Touch Australia Pty Ltd and Touch Networks Australia Pty Ltd are wholly owned subsidiaries of Touch Holdings Ltd.

(b) Associates

NAME	COUNTRY OF INCORPORATION	% EQUITY INTEREST 2016	% EQUITY INTEREST 2015
Afterpay Holdings Limited	Australia	27.8%	35.7%

The following table provides the total amount of transactions which have been entered into with related parties for the relevant period.

		Sales to related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts owed to related parties $
Associate					
Afterpay Holdings Limited	2016	2,414,643	-	1,596,366	-
	2015	13,033,899	-	1,458	-
Director related entities					
ICM Limited	2016	-	67,240	-	48,490
	2015	-	25,000	-	6,250

Touchcorp has a 27.8% interest in Afterpay Holdings Limited ("Afterpay"). Additional information can be found at Note 2 and Note 23.

The payments made to ICM Limited pertain to director's fees for the services for Duncan Saville a Non-Executive Director. The fees are paid on a quarterly basis at the end of the quarter on terms in line with other creditors.

(b) Key Management Personnel

Details relating to key management personnel, including remuneration paid are included in Note 21.

NOTE 19: Events After the Balance Sheet Date

On 23 February 2017, the Company announced that it has signed a heads of agreement relating to an in principle agreement for a proposed merger with Afterpay under a newly incorporated Australian holding company, proposed to be implemented by inter-conditional schemes of arrangement.

As of the date of these financial statements, there is no guarantee that the parties will be able to formalise definitive transaction documentation for the proposed merger, or that the proposed merger will proceed. It is not possible at this time to determine any potential financial impact of the proposed merger should it proceed.

The directors are not aware of any other matters or circumstances which has occurred subsequent to 31 December 2016 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or Group in future financial years.

Note 20: Auditor's Remuneration

	2016 $	2015 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
> An audit or review of the financial report of the entity and any other entity in the consolidated Group	191,202	150,000
> Other services in relation to the entity and any other entity in the consolidated Group		
- due diligence in relation to IPO	-	742,900
- tax compliance, grant assistance & planning	131,032	69,350
	322,234	**962,250**

Note 21: Key Management Personnel

Compensation of Key Management Personnel

	2016 $	2015 $
Short-term employee benefits	1,621,814	2,322,308
Post employment benefits	68,768	116,965
Other long-term benefits	20,658	46,620
Termination benefits	256,495	-
Share based payment	545,928	28,785
Total compensation	**2,513,663**	**2,514,678**

Touchcorp Limited ("the Parent") is an investment holding company. The directors and key management personnel of the Group focus on the operations of the Group which are in Touch Networks Australia Pty Ltd, Touch Australia Pty Ltd and Touch Networks Pty Ltd.

Note 22
Earnings Per Share (EPS)

Note 22: Earnings Per Share (EPS)

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

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

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

	2016 $	2015 $
Profit attributable to ordinary equity holders of the Parent for basic earnings	11,572,383	9,387,461
	Number	**Number**
Weighted average number of ordinary shares for basic EPS	119,697,393	111,036,992
Effect of dilution from:		
Shares under loans	673,500	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**120,370,893**	**111,036,992**

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

Note 23
Investment in an Associate

Note 23: Investment in an Associate

In 2015, the Group acquired 10 million shares representing a 35.7% interest in Afterpay, a payments and finance company that uses its technology to facilitate online commerce between merchants and their end customers.

During the year ended 31 December 2016, Afterpay undertook an initial public offering and subsequent capital raising in which it raised additional equity. The Group did not participate in these equity raisings and as a result the Group's interest was reduced from 35.7% to 27.8%. As a result there has been a gain on the deemed disposal of this interest recorded in the financial statements.

The Group's 27.8% interest in Afterpay at 31 December 2016 is accounted for using the equity method in the consolidated financial statements. Afterpay has a reporting date of 30 June which differs from our reporting date of 31 December. The following table illustrates the summarised financial information of the Group's investment in Afterpay as at 31 December 2016:

	2016 $	2015 $
Current assets	72,306,573	4,558,765
Non-current assets	12,563,875	12,149,244
Current liabilities	(12,755,322)	(127,123)
Non-current liabilities	(10,945)	(1,079)
Equity	**72,104,181**	**16,579,808**
Group's carrying amount of the investment (prima facie)	**20,044,962**	**5,918,992**
Add back notional goodwill	2,830,426	3,634,756
Subtract Group's unamortised share of software sold to associate	(2,386,168)	(3,325,915)
Group's carrying amount of the associate	**20,489,222**	**6,227,833**
Revenues	7,174,207	271,045
Operating expenses	(8,712,301)	(682,504)
Depreciation and amortisation	(2,668,116)	(867,510)
Interest income	321,795	46,007
Net loss before tax	**(3,884,415)**	**(1,232,962)**
Income tax benefit	615,588	-
Net loss after tax	**(3,268,827)**	**(1,232,962)**
Total comprehensive loss for the year	**(3,268,827)**	**(1,232,962)**
Share of loss from an associate (prima facie)	**(1,136,202)**	**(440,167)**
Add back Group's share of amortisation of software	633,667	238,000
Reversal of gain made on transaction with associate	(347,500)	(3,570,000)
Share of loss from an associate	**(850,035)**	**(3,772,167)**
Gain on deemed disposal of an associate	**15,111,427**	**-**
Total share of gain from an associate	**14,261,392**	**(3,772,167)**

The associate had no contingent liabilities or capital commitments as 31 December 2016.

The fair value of the investment in associate at 31 December 2016 is $126,000,000 based on current market prices of quoted securities in an active market (2015: N/A as not listed).

Note 24: Government Grants

In 2016, the Group received an Export Market Grant of $62,615 (2015: $111,776). There are no unfulfilled conditions or contingencies attached to these grants.

Directors' Declaration

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

1. In the opinion of the directors:
    a. The financial statements and notes of Touchcorp Limited for the year ended 31 December 2016 are in accordance with the Corporations Act 2001, including:
        (i) Giving a true and fair view of its financial position as at 31 December 2016 and of their performance.
        (ii) Complying with Accounting standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
    b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
    c. The remuneration disclosures set out on pages 32 to 37 of the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.
    d. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in 2(a)

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

On behalf of the Board.

Michael Jefferies
Executive Chairman
Melbourne
28 February 2017

8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67
Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Touchcorp Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Touchcorp Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's consolidated financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional* Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Building a better working world

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Revenue Recognition

Why significant	How our audit addressed the key audit matter
The Group recognises revenues derived from sale of prepaid PINs under the agreed terms and conditions stipulated in prepaid dealership agreements entered into with the respective telecommunications provider. The Group has entered into agreements with customers in Australia and Europe in which revenues are derived from the processing of sales of electronic products such as recharge vouchers and cards. The Group has also entered into software development and license agreements to develop and deliver software platforms tailored to the customer's requirements. Revenue recognition has been assessed as a key audit matter due to the different recognition policies for each revenue stream, the judgment involved in determining the percentage of completion and the risk that revenue may be recognised prematurely (in the incorrect accounting period) as the revenue to be earned under a customer contract may be received in advance of providing services. Refer to note 4 to the financial statements for disclosure on Revenues.	Our procedures over sales of prepaid PINs and other electronic products included selecting a sample of transactions and agreeing to supporting documentation such as issued invoices and subsequent receipts. We correlated our analysis of revenue margins recognised against agreed terms and conditions stipulated in prepaid dealership agreements. We considered the Group's revenue recognition accounting policies, in particular for those products and services where revenue is recognised based on the percentage of completion. We examined contract terms for individually significant contracts and assessed the assumptions used by the Group in the determination of the percentage of completion.

2. Intangible Assets Capitalisation

Why significant	How our audit addressed the key audit matter
The Group capitalises costs in developing core technology platforms to launch new service modules and functionality to deliver an enhanced suite of services to customers. Capitalisation of costs involves a degree of judgement as it requires the Group to allocate employee costs to different projects and an assessment of if and when projects meet the criteria for capitalisation. Due to the significance and magnitude of the costs capitalised of $7,923,171 for the year ended 31 December 2016, as well as the judgment involved in determining the allocation of costs and the timing of when projects meet capitalisation criteria, this was considered a key audit matter. Capitalised costs relating to intangible assets are disclosed in note 11 to the financial statements.	Our procedures involved examining a sample of capitalised costs to determine the nature of the cost and assess whether the project met the capitalisation criteria under Australian Accounting Standards. We assessed capitalised costs carried forward from prior year and examined the status of these projects, including whether they were appropriately put into use and amortised over their useful lives. We also tested a sample of employee and external contractor contracts to assess the capacity in which the employee was employed, performed a recalculation of remuneration and tested a sample of employee pay runs to check a sample of the capitalised amounts. In addition, we assessed the design and operating effectiveness of the Group's key controls related to the payroll process.

3. Deferred Tax Assets

Why significant	How our audit addressed the key audit matter
The Group has carried forward tax losses and research and development offsets in Australia that can be utilised against future taxable income. At 31 December 2016, these tax credits totalled $43,096,106 of which $24,158,330 was related to research and development tax offsets. Due to the change in majority ownership in the Touch Holdings Limited tax consolidation group in prior year, these carried forward losses are only available if the Group continues to satisfy the relevant tax legislation. At 31 December 2016, the Group has recognised $4,223,361 in net deferred tax assets which can be offset against future taxable income.	We assessed the Group's structure and operations during the year ended 31 December 2016 in order to test the Group's assessment that it continues to satisfy the requirements of the relevant tax legislation. We evaluated the deferred tax calculation and performed a recalculation of the amounts. We also considered the recoverability of deferred tax assets through the availability of future taxable income including an assessment of the Group's 2017 budget.

Building a better working world

Due to the magnitude of the deferred tax assets recognised and the judgment involved in determining the recoverability of the tax assets, it was considered a key audit matter. Deferred tax assets are disclosed in note 6 to the financial statements.

Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 37 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Touchcorp Limited for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

Ernst & Young

David Petersen
Engagement Partner

Melbourne
28 February 2017

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of Touchcorp Limited

As lead auditor for the audit of Touchcorp Limited for the financial year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit*;* and

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

This declaration is in respect of Touchcorp Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

David Petersen
Engagement Partner

Melbourne
28 February 2017

ADDITIONAL SECURITIES EXCHANGE INFORMATION AS AT 21 FEBRUARY 2017

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 21 February 2017 (Reporting Date).

CORPORATE GOVERNANCE STATEMENT

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (www.touchcorp.com), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by Touchcorp, and will provide shareholders with information as to where relevant governance disclosures can be found.

THE COMPANY'S CORPORATE GOVERNANCE POLICIES AND CHARTERS ARE ALL AVAILABLE ON ITS WEBSITE WWW.TOUCHCORP.COM.

Substantial holders

As at the Reporting Date, the names of the substantial holders of Touchcorp and the number of equity securities in which those substantial holders and their associates have a relevant interest, are as follows:

Holder of Equity Securities	Class of Equity Securities	Number of Equity Securities held	% of total issued securities capital in relevant class
J P Morgan Nominees Australia Limited	Ordinary Shares	33,905,405	25.67
Utilico Investments Limited	Ordinary Shares	30,894,481	23.49
The Estate of Mr Adrian Cleeve & his associates	Ordinary Shares	22,927,355	17.43
Ellerston Capital	Ordinary Shares	7,851,521	5.97

Number of holders

As at the Reporting Date, the number of holders in each class of equity securities:

Class of Equity Securities	Number of holders
Ordinary Shares	3,380

Voting rights of equity securities

The only class of equity securities on issue in the Company which carries voting rights is ordinary shares.

As at the Reporting Date, there were 3,380 holders of a total of 131,503,568 ordinary shares of the Company.

At a general meeting of Touchcorp, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

Distribution of holders of equity securities

The distribution of holders of equity securities on issue in the Company as at the Reporting Date is as follows:
Distribution of ordinary shareholders

Holdings Ranges	Holders	Total Units	%
1 – 1,000	811	491,334	0.37
1,001 – 5,000	1,339	3,807,627	2.90
5,001 – 10,000	476	3,734,480	2.84
10,001 – 100,000	675	20,008,312	15.22
100,001 – 999,999,999	79	103,461,815	78.68
Totals	**3,380**	**131,503,568**	**100.00**

Less than marketable parcels of ordinary shares (UMP shares)

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting Date is as follows:

Total Securities	UMP Shares	UMP Holders	% of issued shares held by UMP holders
131,503,568	71,605	271	0.0545

TWENTY LARGEST SHAREHOLDERS

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

HOLDER NAME	BALANCE AS AT REPORTING DATE	%
J P MORGAN NOMINEES AUSTRALIA LIMITED	33,760,877	25.67
ATC CAPITAL PTY LTD	15,600,000	11.86
CITICORP NOMINEES PTY LIMITED	6,066,541	4.61
ADRIAN CLEEVE	5,000,001	3.80
ICM NZ LIMITED	4,095,625	3.11
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,743,942	2.85
MR MICHAEL JEFFERIES + MRS JULIE JEFFERIES <JEFFERIES SUPER FUND A/C>	2,999,416	2.28
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,688,566	2.04
CLEEVECORP PTY LTD	2,327,354	1.77
UBS NOMINEES PTY LTD	2,118,452	1.61
MR MICHAEL LESLIE JEFFERIES	2,000,000	1.52
NATIONAL NOMINEES LIMITED	1,784,672	1.36
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,593,670	1.21
BNP PARIBAS NOMS PTY LTD <DRP>	1,425,724	1.08
MRS JULIE ANNE JEFFERIES	1,365,000	1.04
JH NOMINEES AUSTRALIA PTY LTD <HARRY FAMILY SUPER FUND A/C>	1,300,000	0.99
MR ANTHONY JOHN HUNTLEY	800,000	0.61
JBWERE (NZ) NOMINEES LIMITED <42123 A/C>	602,001	0.46
JASFORCE PTY LTD	592,000	0.45
CVC LIMITED5	40,000	0.41
Total number of shares of Top 20 Holders	**90,403,841**	**68.75**
Total Remaining Holders Balance	**41,099,727**	**31.25**

Stock exchange listing

Touchcorp's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: TCH).

Escrow

There are no securities subject to escrow restrictions.

Unquoted equity securities

There are no unquoted equity securities.

On-market buyback

the Company is not currently conducting an on-market buy-back.

Item 7 issues of securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

On-market buyback

the Company is not currently conducting an on-market buy-back.

On-market purchase of securities under employee incentive scheme

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme; or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Corporate Information

Registered Office

The address of the Company's registered office is:

34 Bermudiana Road
Hamilton HM 11
Bermuda

Australian registered office

The address and telephone number of the Company's registered office are:

Level 1, 61 Spring Street
Melbourne Victoria 3000
Australia

Telephone: +61 (03) 9286 7500

Share registry

The address and telephone number of the Company's share registry, Computershare Investor Services, are:

Street Address:
Yarra Falls
452 Johnson Street
Abbotsford Victoria 3067
Telephone: 1300 137 328

Auditor

Ernst & Young
Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000

TOUCHCORP LIMITED
ARBN 603 731 184

TOUCHCORP LIMITED
ARBN 603 731 184