emerchants

24 August 2015

ASX Market Announcements
Australian securities Exchange
20 Bridge Street
SYDNEY NSW 2000

APPENDIX 4E AND ANNUAL REPORT FOR THE FULL YEAR ENDED 30 JUNE 2015

Please find attached the Appendix 4E and the FY15 Annual report for emerchants Limited (emerchants). In addition to these attached documents, we have also lodged a separate investor presentation on the ASX today to highlight the FY15 results and articulate our priorities for FY16.

ABOUT EMERCHANTS

Emerchants is a payments solutions provider of prepaid financial card products and services in Australia and Europe. By using their proprietary payments software and processing platform, the Company provides its clients with innovative financial service payment solutions for Reloadable and Non-reloadable prepaid card programs, in Australia and in the United Kingdom and Europe through its wholly owned subsidiary, Store Financial Europe. Emerchants has offices in Brisbane, Australia and Birmingham, United Kingdom.

For more information please visit: www.emerchants.com.au

-ENDS-

For more information, please contact:

Tom Cregan
Managing Director
Emerchants Limited
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Bruce Stewart
Chief Financial Officer
Emerchants Limited
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APPENDIX 4E

Preliminary Final Report

EMERCHANTS LIMITED
93 104 757 904

1. Details of the reporting period and the previous corresponding period	
	• Current period: 1 July 2014 to 30 June 2015. • Previous corresponding period: 1 July 2013 to 30 June 2014.

2. Results for announcement to the market			
	Key information	**Percentage change**	**Year ended 30 June 2015 $**
2.1	Revenues from ordinary activities	Up 178% to	14,436,799
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	Up 153% to	2,857,378
2.3	Net profit / (loss) for the period attributable to members	Up 153% to	2,857,378
	Dividends	**Amount per security**	**Franked amount per security**
2.4	Final dividend	-	-
2.5	Record date for determining entitlements to the dividend	N/A	
2.6	**Commentary on results for the financial year** Refer Annual Report Attached.		

3. Consolidated Statement of Comprehensive Income	
	Refer Annual Report Attached

4. Consolidated Statement of Financial Position	
	Refer Annual Report Attached

5. Consolidated Statement of Cash Flow	
	Refer Annual Report Attached

6. Consolidated Statement of Change in Equity	
	Refer Annual Report Attached

7. Dividend	
	It is not proposed to pay dividends

8. Dividend reinvestment plan	
	There is no dividend reinvestment plan in operation.

9. Net tangible assets per security			
		Year ended 30 June 2015 $	Year ended 30 June 2014 $
	Ordinary shares	0.06	0.05

10. Control gained or lost over entities during the financial year		
	Name of entities where control was gained during the financial year	**Date control gained**
	Store Financial Services UK Ltd	1 December 2014
	Name of entities where control was lost during the financial year	**Date control lost**
	None.	N/A

11. Investment in associates and joint ventures	
	Not applicable.

12. Other information	
	Refer Annual Report Attached

13. Foreign entities	
	Refer Annual Report Attached

14. Commentary on results for the period	
	Refer Annual Report Attached

15. Audit	
	The accounts have been audited and an unqualified opinion has been issued.

16. Attachments	
	The Annual Report of Emerchants Limited for the year ended 30 June 2015 is attached.

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EMERCHANTS LIMITED

ABN 93 104 757 904

Annual Report

30 June 2015

Corporate Information

Emerchants Limited and Controlled Entities

ABN	93 104 757 904
Directors	Peter Martin (Non-executive Chairman) Thomas Cregan (Managing Director and Chief Executive Officer) Tony Adcock (Non-executive Director) Robert Browning (Non-executive Director) David Liddy (Non-executive Director) Peter Martin (Non-executive Director) John Toms (Non-executive Director)
Company Secretary	Louise Bolger
Registered Office and Principal Place of Business	Level 2, 26 Commercial Road Newstead QLD 4006 Telephone: (07) 3607 0100 Facsimile: (07) 3607 0111
Auditors	Deloitte Touche Tohmatsu Level 25, Riverside Centre, 123 Eagle Street Brisbane QLD 4000 Telephone: (07) 3308 7000 Facsimile: (07) 3308 7004
Bankers	Bank of Western Australia Ltd (Bankwest) 25 Cantonment Street Fremantle WA 6160 Heritage Bank Limited (Heritage) 305 Queen Street Brisbane QLD 4000
Share Register	Link Market Services Limited Level 15, 324 Queen Street Brisbane, QLD 4000 Telephone: (within Australia): 1300 554 474 Facsimile: (02) 9287 0303
Website	www.emerchants.com.au
Securities Exchange Listing	Emerchants Limited is listed on the Australian Securities Exchange (ASX: EML)

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Chairman’s Report

Dear Shareholder

The past financial year has been a momentous one for Emerchants. We acquired Store Financial in the UK thus establishing a robust platform for European expansion. Our Australian business showed significant growth, particularly in the Reloadable sector. These factors, plus tight cost control, lead to a significant jump in revenues and the achievement of a positive EBITDA for the first time.

The growth in our clients and markets that the Emerchants’ team worked so hard to achieve in 2014 has shown real results in 2015 with a much improved bottom line and positive cash flow for the first time. We have continued to increase our penetration in our key industry verticals of consumer lending, gaming and wagering services, commercial clients and Non-reloadable programmes in the retail sector.

Growing our Reloadable card business has been a major focus for the Company. Opportunities in the Australian Gaming sector have been particularly strong with Sportsbet, CrownBet, Ladbrokes Visa and bet365 either signed or launched in the past year. In the area of consumer lending, MoneyMe and CCIG have also been added, increasing our penetration in this space. These new clients and others presently in train will contribute significantly to our future earnings growth in Australia.

The acquisition of Store Financial UK in December 2014 was a watershed moment for Emerchants and it has already delivered significant incremental profits and strong cash flow to the Company. This business came to us with more than 160 existing gift card programs in place across 9 European countries.

Since the acquisition, the team in Emerchants’ European operation has continued to grow the traditional gift card market winning multi-year gift card programs for major new clients. These include MFI, a leading property developer and manager of shopping malls, headquartered in Germany. Hammerson, a UK-based property developer and manager of shopping centres and retail parks is also now on-board.

We are also progressing our ambition of offering our prepaid reloadable products in the European market. We have recently entered into an agreement with authorised e-money licensee, Transact Payments Limited, a subsidiary of The Bancorp, Inc. a major player in this space. The IT platform to support the launch of European Reloadable products will also be completed in the near future.

New and innovative products and services are a critical part of the Emerchants story. We recently launched “EachWay” which allows our clients to offer a cash load functionality to their customers at participating retail stores. This will be available through 2,200 nationally branded participating retail stores around Australia and other retail partners will follow in the coming financial year.

I would like to thank the CEO Tom Cregan and the Emerchants’ team for a terrific effort in creating a solid platform for future growth during 2015. I am convinced that the culture of excellence amongst the staff and the focus on delivering innovative, high quality, client solutions augurs extremely well for the future. Strongly growing shareholder returns will follow if we continue to execute well.

I would also pass a vote of thanks to our former Chairman Bob Browning who passed the baton to me this year. Bob showed tremendous commitment and resolve in helping Emerchants through some very dark days and was instrumental in putting a new and talented CEO into the company when top management with deep experience in the prepaid card market was desperately needed. The results speak for themselves.

On behalf of the Board and management, I would like to thank our shareholders for your patience and support over the past year. We are keen to demonstrate that 2015 was but the beginning of the Emerchants' story as a profitable company. We intend to continue to grow rapidly and profitably in 2016 and the years ahead.

Peter Martin

Peter Martin
Non-executive Chairman

24 August 2015

Managing Director's Report

Emerchants is pleased to announce an inaugural full year EBITDA of $2.6M, an improvement of $6M or 179% versus FY14, driven by an increase in revenue from $5.2M to $14.4M, with revenue growth in our Australian business of $3.5M or 66% and revenue of $5.8M from our European operations for the seven months of the financial year. We are also pleased to announce our inaugural full year Net profit after tax of $2.9M.

Our financial results have always been underpinned by our four key operating metrics of Total Dollars Loaded, Transactions generated, Active Accounts and Stored Value Dollars and we had significant progress on all fronts. These metrics are important because they not only talk to the previous year's financial results but our run-rate is also a predictor of future financial results, particularly with respect to transactional revenue and breakage revenue in our Non-reloadable programs.

In FY15 we loaded a total of $447.5M, an improvement of 165% on the prior year, with our Reloadable programs in Australia generating $252.2M in Loads, across a number of key customers including Nimble, Ladbrokes, Ingogo, Sportsbet and CCIG. With strong organic growth in existing programs, several new programs launching in early FY16 and a solid pipeline of new business, we expect to see demonstrable growth in this metric next financial year and we are working towards the launch of Reloadable programs in the United Kingdom and Europe. Transactions more than doubled from 4.5M to 9.5M and transaction growth is a key indicator of the usage of our card programs and therefore the value being derived by customers and cardholders. The number of Active Accounts increased by 170% from 537,000 to 1.5M Accounts, with 125,000 of those being Reloadable accounts and we finished the year with Stored Value balances of $75.3M, up 197% or $27.3M in the prior financial year. We also finished the financial year with a breakage accrual of $4.0M representing cash that will be realised by the company in the coming financial year, as our 1.3M Non-reloadable active cards expire

As we enter FY16 we are well positioned to see a continuation of these historical growth rates, driven by a combination of factors.

Our Australian business is poised for further growth in existing Reloadable card programs, as more cards are ordered and used and those programs continue to scale. Dollar Loads in our Reloadable business of $252.2M represented 56% of total Dollar Loads, generated largely by the customers mentioned above. As previously announced, we launched the CrownBet, bet365, MoneyMe and Sarina Russo programs in August 2015 and we have additional programs scheduled for launch and a solid pipeline of new business opportunities. We also expect our Non-reloadable programs to mirror the contribution in the coming financial year and to continue to be a valuable part of our business. We are excited by the diversity in our sales pipeline and the launch of our Cash load solution ("EachWay") and I look forward to advising shareholders of our progress in due course.

EachWay is a logical extension of our strategy to help corporate bookmakers without a bricks and mortar presence compete more effectively with those that have such a distribution footprint. The inherent advantage of such a network is the ability for customers to receive instant access to their winnings and to place bets in cash over the counter. The first of those advantages has been neutralised to some extent by our payment cards which allow our cardholders to receive instant access to their winnings, and EachWay will launch in over 2,200 retail stores, allowing customers of the gambling operator to load money directly to their gambling account. We have previously advised that Ladbrokes is the first of the operators to commit to a launch which will happen in the first half of FY16 and we will be working in the remainder of the year to extend the number of operators using the system and expanding the distribution footprint. Beyond the product and the metrics though, EachWay is a good example of how we will look to leverage existing connectivity to provide additional value to our customers and create incremental revenues from those same customer relationships.

The acquisition of Store Financial UK ("SFUK") has been a great success. When we acquired SFUK we had a strategy to acquire a prepaid company to gain a presence in the European prepaid market and to enter the market via an acquisition of a company that has demonstrable organic growth in its core Non-reloadable business, along with financials that are highly predictable, supported by an average contract length of 4.5 years with our major customers. Phase 2 of that strategy was to leverage our Reloadable technology in Australia and launch similar programs in the United Kingdom and Europe. I'm pleased to advise that the strategy has delivered on all fronts. In addition to strong organic growth rates in the Non-reloadable business and a similarly strong sales pipeline, we launched programs for Hammerson and MFI in January 2015, the two largest programs to date for the company and we are working towards the launch of B2B cash back solutions in the United Kingdom, commencing January 2016, in conjunction with Edge Loyalty. If we look forward three years we would expect to see a similar financial contribution from this initiative compared to what our Non-reloadable business contributes in Australia.

We have also established the foundations for the launch of Reloadable programs, including an agreement with The Bancorp, Inc as our e-money Issuer which allows us to issue Reloadable programs throughout the European Union, and the expected completion of our software development in September 2015.

The European prepaid debit market is significantly larger than Australia and has been estimated at USD$237 billion in debit volume in 2015, rising to USD$394 billion by 2020[1] and the online gambling industry is estimated at Eu$35 billion dollars and is forecast to grow at 20% per annum for the next three years[2], so whilst the market is more mature and more competitive, we don't need to have a dominant position in the European Reloadable market for the contribution to our financials to be significant.

We have also been a company that has focused on cash overheads whilst also investing in our I.T infrastructure, Security and product development. Total cash overheads amounted to $8.7M for FY15, with the Australian overheads declining to $7.1M from $7.5M in FY14 due to efficiency initiatives and a continued focus on cost control. European expenditure amounted to $1.6M for the seven months of ownership. We will continue to be focused on cost control but we expect to hire some incremental business development headcount in SFUK in the first half of FY16.

Over the course of the last 3 years we have transformed Emerchants geographically, moving from an Australian business to one operating in ten countries, and we have transformed it financially, with an inherent diversification in our financials between domestic and offshore revenues and between Reloadable and Non-reloadable programs. We also believe that we have inherent risk mitigation in our business – for example, the lowering of interest rates in Australia has been more than offset by the appreciation of the British Pound relative to the Australian Dollar, and given our interest earnings in the UK are negligible, given current low interest rates, we are well positioned on our current $33.3M in European Stored Value balances should we see an increase in interest rates over time.

The focus of management in FY16 is one of continued execution against our strategy. We have the foundations in place for success and we have the team in place to achieve it, so if we execute well we should be in a position to generate significant organic growth from our existing businesses, launch Reloadable programs in Europe and position EachWay as a contributor to earnings in future years, and have that flow through to our financial results.

[1] Source: GIA Estimates

[2] Source: h2 Gambling Capital, Morgan Stanley Research

Yours sincerely,

Thomas Cregan
Managing Director
24 August 2015

Directors and Company Secretary

Your Directors submit their report together with the financial statements of the Group (Emerchants) consisting of Emerchants Limited and the entities it controlled during the period for the financial year ended 30 June 2015 (Report). The names of Directors who held office during or since the end of the year and until the date of this Report are as follows:

Directors

Peter Martin
Chairman, Non-Executive Director

MBA (Harvard Business School)
B. Civil Engineering (Monash University)

Experience and expertise

Mr Martin was formerly the Chief Executive Officer of Rothschild Australia Asset Management (Rothschild) and was a director of a number of Rothschild boards in Australia and overseas, as well as being instrumental in the sale of Rothschild to Westpac Banking Corporation. Mr Martin has 35 years international commercial experience in marine construction, finance and investment management.

Mr Martin was appointed Chairman of the Board on 18 February 2015.

Other listed company current directorships

Nil

Former listed company directorships in last 3 years

Nil

Special responsibilities

Chair of Board

Interest in shares and options

Ordinary Shares in Emerchants Ltd	9,586,320
Options over ordinary shares – Emerchants Ltd	427,019

Thomas Cregan
Managing Director & Chief Executive Officer

MBA (Monash University)
B. Bus (Monash University)

Experience and expertise

Prior to joining the Group, Mr Cregan was the Executive Vice President of NetSpend Corporation in the US. NetSpend is a market leader in the pre-paid card industry which was acquired by Total Systems for $1.6Bn. Previous roles held include Founder and Managing Director of E-pay Australia and New Zealand Pty Ltd, President of E-pay Americas, and Sales and Channel Management positions at Westpac Bank, Singtel Optus Limited and Mobil Oil Australia.

Other listed company current directorships

Nil

Former listed company directorships in last 3 years

Nil

Special responsibilities

Chief Executive Officer

Interest in shares and options

Ordinary Shares in Emerchants Ltd	17,614,213
Options over ordinary shares – Emerchants Ltd	2,962,121

Tony Adcock
Independent Non-Executive Director

MBA (University of Hull)
B. Sc (Hons) (Keele University)
Fellow of the Institute of Company Directors

Experience and expertise

Mr Adcock has extensive international banking, capital markets and financial services experience at board, operational and consulting levels.

He is a former Managing Partner of the Birchman Group Asia Pac, an international management consulting firm and Founding Director of Red Pill Performance Consultants Pty Ltd which provides executive coaching, high performing teams and strategic management consulting services. Prior to founding Red Pill, he was a Partner in PricewaterhouseCoopers Consulting and IBM Business Consulting Services running a business across Asia Pacific.

Other listed company current directorships

Discovery Resources Ltd

Former listed company directorships in last 3 years

Nil

Special responsibilities

Member of Audit and Risk Committee

Interest in shares and options

Ordinary Shares in Emerchants Ltd	110,549
Options over ordinary shares – Emerchants Ltd	450,310

David Liddy
Independent Non-Executive Director

MBA (Macquarie University)
Senior Fellow of the Financial Services Institute of Australasia
Fellow of the Australian Institute of Company Directors.

Experience and expertise

Mr Liddy has over 43 years' experience in banking, including international postings in London and Hong Kong. He was Managing Director and Chief Executive Officer of Bank of Queensland from April 2001 to August 2011.

Other listed company current directorships

Collection House Limited
Steadfast Group Limited

Former listed company directorships in last 3 years

Nil

Special responsibilities

Member of Audit and Risk Committee

Interest in shares and options

Ordinary Shares in Emerchants Ltd	1,200,000
Options over ordinary shares – Emerchants Ltd	450,310

Robert Browning
Independent Non-Executive Director

MBA (University of Phoenix)
MS International Business Management (Massachusetts Institute of Technology)

Experience and expertise

Mr Browning has over 30 years' experience in executive management roles. As Managing Director of Alinta Limited for over six years and Austal Limited for three years, he oversaw the successful development of corporate strategy and operational business plans.

Mr Browning retired as Chairman of the Board on 18 February 2015.

Other listed company current directorships

Nil

Former listed company directorships in last 3 years

Nil

Special responsibilities

Member of Audit and Risk Committee

Interest in shares and options

Ordinary Shares in Emerchants Ltd	1,650,375
Options over ordinary shares – Emerchants Ltd	706,522

John Toms
Independent Non-Executive Director

B. Commerce (UNSW)
Graduate of the Australian Institute of Company Directors

Experience and expertise

Mr Toms experience includes 17 years as CEO of an Approved Deposit-taking Institution (ADI), Non-executive Director for 17 years of Australian Payments Clearing Association, Non-executive Director of Mercer Nominees, and executive director of Insurance Agents Association of Australia, Consulting Director to government, business and not-for-profits and a senior Commonwealth public servant.

Other listed company current directorships

Nil

Former listed company directorships in last 3 years

Nil

Special responsibilities

Chair of Audit and Risk Committee

Interest in shares and options

Ordinary Shares in Emerchants Ltd	Nil
Options over ordinary shares – Emerchants Ltd	465,839

Louise Bolger – Company Secretary and General Counsel

Experience and expertise

Ms Bolger is a qualified solicitor with more than 15 years' experience across a variety of industry sectors, including financial services, media and telecommunications. Prior to joining Emerchants in April 2014, Louise was General Counsel and Company Secretary at ASX listed companies Southern Cross Media Group Limited and PIPE Networks Limited.

Directors' Report

Directors' Meetings

The number of meetings of the Company's Board of Directors attended by each Director during the year ended 30 June 2015 were as follows:

Directors	Number of Board Meetings Held Whilst in Office	Number of Board Meetings Attended
Tony Adcock	6	6
Robert Browning	6	6
Thomas Cregan	6	6
David Liddy	6	6
Peter Martin	6	6
John Toms	6	6

Audit and Risk Committee (AC) Members	Number of AC Meetings Held Whilst on Committee	Number of AC Meetings Attended
Tony Adcock	6	6
David Liddy	6	6
John Toms	6	6

Independent Board Committee (IBC) Members	Number of IBC Meetings Held Whilst on Committee	Number of IBC Meetings Attended
Tony Adcock	7	6
Robert Browning	7	7
David Liddy	7	6
Peter Martin	7	7
John Toms	7	7

Interests in shares and options of the Company and related bodies corporate

Options

The following share options of the Company were granted to Directors and executives of the Company during or since the end of the financial year as part of their remuneration:

Executives		
Alastair Wilkie	Series 11	300,000
David Shewmaker	[(1)]Series 12	660,000
Stuart Green	[(1)]Series 12	390,000

[(1)] A total of 1,500,000 options were issued under Series 12. The remaining options not disclosed above were issued to non key management personnel. Further information on the Group's option plans is disclosed at Note 17.

At the date of signing of this report unissued ordinary shares of the Company under option are:

Expiry date	Options series	Exercise price	Number of options	Class of share
Unlisted				
30/9/2015	Series 6 & 7	$0.15	10,250,000	Ordinary
31/3/2016	Series 8	$0.10	2,500,000	Ordinary
30/9/2016	Series 9	$0.40	1,900,000	Ordinary
30/9/2016	Series 10	$0.00	1,212,121	Ordinary
18/11/2015	Series 11	$0.56	100,000	Ordinary
18/11/2016	Series 11	$0.56	100,000	Ordinary
18/11/2017	Series 11	$0.56	100,000	Ordinary
30/06/2016	Series 12	$0.00	500,000	Ordinary
30/06/2017	Series 12	$0.00	500,000	Ordinary
30/06/2018	Series 12	$0.00	500,000	Ordinary
			17,662,121	

The following ordinary shares were issued by the Company during or since the end of the financial year as a result of the exercise of options.

Grant Date	Options Exercised	Issue Price	Number of Shares issued	Class of share
03/01/2012	2,000,000	$0.00	245,614	Ordinary
01/02/2012	1,000,000	$0.00	180,328	Ordinary
			425,942	

Dividends

No dividends were declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the entities within the Emerchants Group during the year was the provision of payment services in Australia and Europe.

Review of operations

The full review of operations immediately precedes this report.

Operating results for the year

The net result of operations for the year was a profit after income tax of $3,041,696 (2014: Loss $5,412,358).

($ Millions)	FY 2015	Growth on prior comparative 12 months	FY 2014	Growth on prior comparative 12 months
Total dollars loaded (Millions)				
Reloadable	252.60	210%	81.35	54%
Non-reloadable	194.91	124%	87.15	6%
Total dollars loaded	**447.51**	**165%**	**168.50**	**25%**
Revenue	14.40	178%	5.18	3%
Gross profit	**11.28**	**179%**	**4.05**	**(7%)**
Gross profit %	78%	0%	78%	(10%)
Other income	0.00	n/a	0.06	n/a
Research and Development tax offset	0.70	60%	0.44	(12%)
Overheads – employment related	(6.02)	(23%)	(4.89)	7%
Overheads – acquisition related	(0.35)	(100%)	-	-
Overheads – other	(2.98)	(0%)	(3.00)	(17%)
EBITDA*	**2.63**	**179%**	**(3.34)**	**(12%)**
Less:				
Research and Development tax offset included above	(0.70)	60%	(0.44)	(12%)
Depreciation and amortisation expense	(2.69)	274%	(0.72)	25%
Share-based payments	(5.10)	264%	(1.40)	3%
Other non-cash charges	0.05	1%	0.05	26%
Profit / (Loss) for the year before tax	**(5.81)**	**(7%)**	**(5.85)**	**(1%)**
Tax (including Research and Development tax offset)	8.67	1888%	0.44	(12%)
Net Profit / (Loss) for the year	**2.86**	**153%**	**(5.41)**	**(1%)**

* EBITDA is reconciled above and disclosed within the Directors' Report and is equivalent to the Net loss for the period excluding Share-based payments, Depreciation and amortisation expense, included within the Statement of Comprehensive income and has been subject to review by our auditors. The analysis of results below is primarily based on EBITDA so as to align the information that is given to users of financial reports to the way the Directors view the business and to assist better understanding of the Group's performance. The Directors believe that EBITDA is the most appropriate measure of maintainable earnings of the Group and therefore best reflects the core drivers and ongoing influences upon those earnings. The Directors also link the CEO and Senior Executives' short and long term incentives to EBITDA as detailed in the remuneration report.

The key drivers for the increase in the net profit for the year by 153% to $2.86M were:

Revenue increased by 178% to $14.4M for the year ended 30 June 2015. This was underpinned by:

- A strong contribution from the European acquisition of Store Financial Services UK ("SFUK" or "Store Financial Europe") which occurred on 1 December 2014. The European operations contributed $5.8M in revenue for the seven month period of ownership. SFUK is an international prepaid card program manager and payment processor, largely focused on gift cards for shopping malls in the UK and Europe. Its business is underpinned by multi-year contractual arrangements with its customers (average life of existing relationships is approximately 4.5 years), resulting in the development of relatively strong and embedded relationships. Further information regarding the acquisition is disclosed at Note 26.
- The Australian operations, contributed $8.6M in revenue to group revenue with the Australian Reloadable segment generating $3.9M and Non-reloadable $4.6M respectively. Further revenue segment information is disclosed at Note 3.

- Robust growth was experienced in the Australian Reloadable segment with revenue growing 186% on prior year to $3.9M with two of the online wagering clients, Sportsbet and Ladbrokes being fully operational in the 2015 year. The group experienced strong growth from other Reloadable clients such as Ingogo, Nimble and CC Investment Group (Cash Converters Franchise).

Gross profit improved over the period by 179% to $11.28M, generating a 78% gross profit margin (2014:78%).

The refund from the R&D Tax Concession program has been included in the EBITDA measure as this is a refund of expenditure previously incurred, predominantly as internal employment costs, on qualifying research and development activities that the Group undertakes to ensure we are able to continue offering innovative market leading products. The 60% improvement on the prior year (2014: $0.44M) is due to the completion of various projects which were in progress during the 2013/2014 financial year.

Employment related overhead expenses increased by 23% to $6.02M (2014:$4.89M). This is mainly due to:

- The inclusion of SFUK from 1 December 2014; and
- In the 2014 financial year, the Non-executive Directors chose to forego Director's fees for the period from March 2013 to June 2014. No such election was made during the financial year ended 30 June 2015.

One-off acquisition related costs of $0.35M were incurred in relation to the acquisition of SFUK. Further information regarding the acquisition is disclosed at Note 28.

Depreciation and amortisation expense has increased in the current financial year due to the amortisation expense on Customer relationships and Customer contracts acquired as part of the SFUK acquisition.

The large increase in share base payments expense is due to the awarding of 5.82M shares with a fair value of $3.49M to two executives of SFUK following the acquisition of SFUK and upon the execution and implementation of customer contracts for Hammersons and MFI, which at the time of the acquisition, were not finalised.

Other overhead expenses declined marginally to $2.98M (2014:$3.00M) despite the acquisition of SFUK on 1 December 2014. Australian operational overheads declined due to continued Management focus on the automation of domestic operations and the scalability of our product.

The large inflow in the tax line reflects the fact that the Company expects to be generating taxable income in the near future and consequently, under the accounting standards, has recognised it's carried forward Australian tax losses. Further information regarding the deferred tax asset is disclosed at Note 5.

($ Millions)	FY 2015	Growth on prior comparative 12 months	FY 2014	Growth on prior comparative 12 months
Summary Financial Position				
Cash and cash equivalents	4.27	(5%)	4.50	231%
Other receivables and other assets	6.28	250%	1.79	20%
Receivable from financial institutions	6.89	100%	-	-
Deferred tax asset	7.55	100%	-	-
Plant and equipment	0.79	(18%)	0.96	58%
Goodwill and intangibles	38.98	247%	11.22	(2%)
Total assets	**64.76**	**251%**	**18.47**	**23%**
Liabilities to cardholders	6.89	100%	-	-
Deferred tax liabilities	2.06	100%	-	-
Other liabilities	3.23	82%	1.77	35%
Total Liabilities	**12.18**	**590%**	**1.76**	**35%**
Equity	**52.58**	**215%**	**16.71**	**22%**
Cash flows from operating activities	(0.35)	89%	(3.19)	(3%)
Cash flows from investing activities	(13.18)	(1682%)	(0.74)	(2639%)
Cash flows from financing activities	13.29	88%	7.06	222%

Other receivables and other assets includes an accrual of $3.96M for Breakage on Non-reloadable accounts that the Group has previously sold and expects to convert to Cash within 12 months. The increase over the prior year relates to the inclusion of SFUK which generates a significant amount of its Revenue from Breakage.

Receivable from financial institutions and the offsetting amount reflected in Liabilities to cardholders relates to a number of payment programs that are issued directly by SFUK, with the terms of the funding onto the accounts determined between SFUK and the clients, as opposed to a Bank or Authorised Deposit taking Institution.

Deferred tax asset reflects the fact that the Company expects to be generating taxable income in the near future and consequently, under the accounting standards, has recognised it's carried forward tax losses. See Note 5 for further detail.

Cash outflows from investing activities increased by 1682% to $13.18M primarily due to the acquisition of SFUK. The cash consideration attributable to the SFUK acquisition was $12.5M. Further information relating to the acquisition is disclosed at Note 28.

Additional investing activities related to the development the new Cash load product, Eachway, the implementation of additional features on the Australian processing platform and the acquisition of an ERP system as part of the Group's international integration.

Cash inflows from financing activities increased to $13.29M as a result of a placement to sophisticated and institutional investors of 28 million shares at $0.50 in November 2014 and associated share issue costs.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year, other than the acquisition of SFUK.

Significant events after balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial periods.

Likely developments and expected results

The Company will continue to grow volumes by identifying industries that offer significant mass and will benefit from customised payment solutions to improve their offerings or current processes. This strategy has been successfully demonstrated with the recent execution of a number of agreements in the online wagering market and we expect a significant increase in the volumes associated with these Reloadable products in coming financial year, with additional increase load volumes coinciding with the spring racing carnival following the imminent launch of two additional online wagering customers. We have identified a number of industries that would offer similar scale to the online wagering market and would benefit from customised functionality. In the coming financial year we will continue to improve our product offerings and actively target clients in these industries in Australia and Europe. We will continue to leverage our relationships with third party distributors to offer our Non-reloadable products and seek opportunities that offer significant mass.

Environmental legislation

The Group is not subject to any significant environmental legislation.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the Directors and the Company Secretary of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors or Company Secretary of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Remuneration report

This report outlines the remuneration arrangements in place for the key management personnel of the Group for the financial year ended 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the parent company, directly or indirectly, including any Director (whether executive or otherwise) of the parent Company.

Key Management Personnel

The Directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Non-executive Directors	Position
Peter Martin	Chairman
Tony Adcock	Non-executive Director
Robert Browning	Non-executive Director
David Liddy	Non-executive Director
John Toms	Non-executive Director

Executive Director	
Thomas Cregan	Managing Director, Chief Executive Officer

Executive	
Andrew Betts	Chief Risk Officer
Louise Bolger	General Counsel and Company Secretary
Stuart Green (Appointed 1 December 2014)	Managing Director Europe
Steven Nagy (Appointed 1 May 2015)	Chief Information Officer
David Shewmaker (Appointed 1 December 2014)	Chief Executive Officer Europe
Bruce Stewart	Chief Financial Officer
Alastair Wilkie (Appointed 11 November 2014)	Chief Operations Officer

Remuneration philosophy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- Set competitive remuneration packages to attract and retain high calibre employees;
- Link executive rewards to shareholder value creation; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

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

Voting and comments made at the company's 2014 Annual General Meeting

The Group passed the resolution on the adoption of the remuneration report for the 2014 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration structure

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

Non-executive Director Remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Extraordinary General Meeting held on 22 July 2010 when shareholders approved an aggregate remuneration of $500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external shareholders, as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process.

Each Non-executive Director receives a fee for being a Director of the Company. An additional fee is also paid to the chairman and members of the Audit Committee. The payment of additional fees for serving on as chairman on a Board committee recognises the additional time commitment required by the chairman of the committee.

Senior manager and Executive Director Remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Services from Remuneration consultants

The Board did not engage remuneration consultants for their services during the financial year.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Senior managers and executive Directors are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the group.

Short-term incentives

The Short-term Incentive Plan ("STIP") is an "at risk" bonus pool provided in cash calculated annually by any surplus achieved in excess of the Board approved annual EBITDA budget, determined at the beginning of each financial year. This is paid to the Chief Executive Officer ("CEO") and other employees not entitled to participate in the Sales Commission Plan, as a maximum tiered percentage of their annual remuneration and a component of the STI linked to the individual performance of the employee (this is based on a number of factors, including achievement of Key Performance Indicators ("KPI's") and other personal objectives).

The STI bonus pool is payable at the discretion of the Board and is determined at the time of publishing the Company's full year audited results. The STI bonus pool will only be available to fund STI payments if the Company exceeds the annual Board approved EBITDA budget determined at the beginning of each financial year. Employees will only become entitled to a STI bonus payment if they have met their individual KPI's and the Board elects to pay a STI. All potential STI payments to the CEO and other executives are set by the Board at the beginning of each performance year.

Using the EBITDA performance targets and personal performance objectives assessed against KPIs, the Company ensures variable rewards are only paid when the CEO and other executives have met or exceeded their agreed individual work plan objectives and value has been created for shareholders.

The STI target annual payment is reviewed annually. The Board reserves the right to exercise ultimate discretion in the assessment of STIs.

Long-term incentives

Long-term incentives to the CEO and employees are provided via the Group's Long Term Incentive Plan by way of an Employee Share Option Plan ("ESOP"). Information on the ESOP is detailed under Note 17 to the financial statements. The Group Long-Term Incentive Plan ("LTIP") is part of Group's remuneration strategy and is designed to align the interests of its management and shareholders and assist the Group in the attraction, motivation and retention of executives. In particular, the LTIP is designed to provide relevant executives with an incentive for future performance, with conditions for the vesting and exercise of options and performance rights under the ESOP encouraging those executives to remain with Emerchants and contribute to the future performance of the Group. The Company's shareholders approved the terms, the implementation and the operation of the LTIP on 20 November 2006.

Under the LTIP, eligible persons participating in the ESOP may be granted options on terms and conditions determined by the Board from time to time. An option is a right to acquire a share, subject to the satisfaction of applicable vesting and/or exercise conditions. The Board determine the exercise price required to be paid to exercise a vested option. Options granted under the plan carry no dividend or voting rights.

The Board is responsible for administering the LTIP in accordance with the ESOP Rules and the terms and conditions of specific grants of options and/or performance rights to participants in the LTIP. The Board may determine which persons will be eligible to participate in the LTIP from time to time. The Group had the performance based remuneration components built into Director and executive remuneration packages in the current financial year.

Remuneration and Company Performance

A key objective of the Executive Remuneration Policy is to link an increased proportion of Executive Remuneration to the performance of the Company, with an emphasis on the creation of sustainable value for shareholders. Financial performance from continuing operations for the past four years is indicated by the following table:

	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Revenue	14,436,799	5,184,092	5,033,617	3,771,285
Net loss before tax	(5,810,595)	(5,848,454)	(5,853,080)	(10,424,445)
Net profit / (loss) after tax	2,857,378	(5,412,358)	(5,359,071)	(10,027,335

	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Share price at start of year	$0.64	$0.31	$0.10	$0.75[1]
Share price at end of year	$0.57	$0.64	$0.31	$0.10
Interim dividend	n/a	n/a	n/a	n/a
Final dividend	n/a	n/a	n/a	n/a
Basic earnings / (loss) per share	1.82	(4.47)	(5.50)	(16.11)
Diluted earnings / (loss) per share	1.72	(4.40)	(5.50)	n/a

[1] Relisted on the ASX on 18 July 2011 after the acquisition of Emerchants Payment Solutions Pty Limited.

Service agreements

Remuneration and other terms of employment for the chief executive officer and the other executives are formalised in service agreements.

Name	Title	Type of agreement	Base salary including superannuation	Termination notice period
Thomas Cregan	Chief Executive Officer	Permanent	AUD 416,000	3 months either party
Andrew Betts	Chief Risk Officer	Permanent	AUD 218,000	3 months either party
Louise Bolger	Company Secretary & General Counsel	Permanent	AUD 215,000	1 month either party
Stuart Green	Managing Director – Europe	Permanent	GBP 105,000	6 months either party
Steven Nagy	Chief Information Officer	Permanent	AUD 210,000	1 month either party
Bruce Stewart	Chief Financial Officer	Permanent	AUD 240,000	3 months either party
David Shewmaker	Chief Executive Officer – Europe	Consultant	USD 253,000	3 months either party
Alastair Wilkie	Chief Operating Officer	Permanent	AUD 265,000	3 months either party

30 June 2015

	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Share-based Payments				
	Salary & Fees	Bonuses	Non-Monetary Benefits	Other	Superannuation	Long-service leave	Options	Shares	Total	Performance Related	Value of Share-based payments as a Proportion of Remuneration
Non-executive Directors	$	$	$	$	$	$	$		$	%	%
Robert Browning	77,312	-	-	-	7,345	-	-	-	**84,657**	-	-
Tony Adcock	58,000	-	-	-	5,510	-	-	-	**63,510**	-	-
David Liddy	58,000	-	-	-	5,510	-	-	-	**63,510**	-	-
Peter Martin	67,687	-	-	-	6,430	-	-	-	**74,117**	-	-
John Toms	60,000	-	-	-	5,700	-	-	-	**65,700**	-	-
Executive Director											
Thomas Cregan	397,217	-	-	-	18,783	-	595,769	71,634	**1,083,403**		62%
Executives											
Andrew Betts	199,217	-	-	-	18,783	-	35,423	-	**253,423**	-	14%
Louise Bolger	196,347	-	-	-	18,653	-	-	51,349	**266,349**	-	19%
Stuart Green [1]	118,524			607	5,531		63,019	1,152,363 [5]	**1,340,044**	-	91%
Steven Nagy [2]	167,782	19,762	-	-	16,643	-	26,452	-	**230,639**	9%	11%
David Shewmaker [3]	181,614	-	-	-	-	-	106,647	2,339,646 [6]	**2,627,907**	-	93%
Bruce Stewart	221,217	-	-	-	18,783	-	99,875	69,082	**408,957**	-	41%
Alastair Wilkie [4]	152,307	-	-	-	12,522	-	36,893	41,382	**243,104**	-	32%
Total key management personnel compensation (group)	**1,955,224**	**19,762**	**-**	**607**	**140,193**	**-**	**964,078**	**3,725,456**	**6,805,320**		

[1] Stuart Green was appointed on 1 December 2014.
[2] Steven Nagy was internally appointed as Chief Information Officer on 1 May 2015.
[3] David Shewmaker was appointed on 1 December 2014. [6] David Shewmaker was awarded 3,051,392 shares with a value of $2,339,646 for the execution and implementation of customer contracts.
[4] Alastair Wilkie was appointed on 11 November 2014.
[5] Stuart Green was awarded 2,768,624 shares with a value of $1,152,363 for the execution and implementation of customer contracts.

30 June 2014

	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Share-based Payments				
	Salary & Fees	Bonuses	Non-Monetary Benefits	Other	Superannuation	Long-service leave	Options	Shares	Total	Performance Related	Value of Share-based payments as a Proportion of Remuneration
Non-executive Directors	$	$	$	$	$	$	$		$	%	%
Robert Browning	(33,063)[1]	-	-	-	-	-	335,221[1]	**-**	**302,158**	-	111%
Tony Adcock	(21,073) [1]	-	-	-	-	-	178,174[1]	**-**	**157,101**	-	113%
David Liddy	(21,073)[1]	-	-	-	-	-	178,174[1]	**-**	**157,101**	-	113%
Peter Martin	(19,983)[1]	-	-	-	-	-	168,958[1]	**-**	**148,975**	-	113%
John Toms	(21,800) [1]	-	-	-	-	-	184,318[1]	**-**	**162,518**	-	113%
Executive Director											
Thomas Cregan	386,225	-	-	-	29,775	-	145,475	170,648	**732,123**	-	43%
Executives											
Richard Anderson	218,225	-	-	-	17,775	-	-	**-**	**236,000**	-	-
Andrew Betts	179,633	-	-	-	16,367	-	-	**-**	**196,000**	-	-
Louise Bolger	37,353	-	-	5,000 [2]	4,444	-	-	-	**46,797**	-	-
Yasmin Broughton	135,387	-	-	-	10,369	-	24,356	**-**	**170,112**	-	14%
James Ingham	281,498 [3]	-	-	9,758 [4]	20,737	-	-	**-**	**311,993**	-	-
Bruce Stewart	217,225	-	-	-	22,775	-	57,307	16,227	**313,534**	-	23%
Total key management personnel compensation (group)	**1,338,554**	**-**	**-**	**14,758**	**122,242**	**-**	**1,271,983**	**186,875**	**2,934,412**	**-**	**-**

[1] In order to assist with cash management, for the period 1 March 2013 to 30 June 2014, the Non-executive Directors agreed to forego the cash payment of Director’s fees in substitution for an issue of options, which were subsequently approved by shareholders at the Company’s Annual General Meeting in November 2013.
[2] Relates to relocation assistance payments paid to Ms Bolger.
[3] Mr Ingham resigned effective 1 July 2014 and as part of the resignation, the Company agreed to pay Mr Ingham an additional two months’ pay in lieu of notice of $37,004; and one month ex-gratia pay of $18,502 plus superannuation. The amounts were paid and expensed in June 2014.
[4] Relates to relocation assistance payments paid to Mr Ingham.

Bonuses and share-based payments granted as compensation for the current year

During the year ended 30 June 2015, the following issued capital transactions occurred with key management personnel:

Name of KMP	Number of fully paid ordinary shares granted	Value of the share-based payments recognised in the current financial year	Reason for the transaction	Date of release from escrow	Key terms and restrictions of the shares
David Shewmaker	3,841,210	$2,339,646	Post-completion shares issued under the terms of the Share Sale Agreement in connection with the successful implementation of two large customer contracts.	2/1/2016	No key terms or restrictions
Stuart Green	1,978,805	$1,152,363	Post-completion shares issued under the terms of the Share Sale Agreement in connection with the successful implementation of two large customer contracts.	2/1/2016	No key terms or restrictions
Alastair Wilkie	223,214	$41,382	Appointment as Chief Operating Officer	19/11/2016	If Mr Wilkie is deemed to be a Bad Leaver prior to the date the bonus shares are released from escrow, all the shares will be forfeited.
Louise Bolger	250,000	$51,349	Performance related to the successful acquisition of SFUK.	1/7/2016	The shares will vest evenly on a monthly basis from 1 January 2015 until 1 July 2016 but remain in escrow until 1 July 2016. If Ms Bolger is deemed to be a Bad Leaver prior to the date the bonus shares vest, all the unvested shares will be forfeited.
Bruce Stewart	250,000	$51,349	Performance related to the successful acquisition of SFUK.	1/7/2016	The shares will vest evenly on a monthly basis from 1 January 2015 until 1 July 2016 but remain in escrow until 1 July 2016. If Mr Stewart is deemed to be a Bad leaver prior to the date the bonus shares vest, all the unvested shares will be forfeited.

Employee share option plan

The Company operates an ownership-based scheme for Executives and senior employees of the consolidated entity. In accordance with the provisions of the plan, as approved by shareholders at the Annual General Meeting held on 29 June 2011.

Each employee share option converts into one ordinary share of Emerchants Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

The number of options granted is determined by the Chief Executive Officer of the Company and is subject to Board approval. The awarding of options to Executives and senior employees rewards employees against the extent of the consolidated entity's and individual's achievement against both qualitative and quantitative requirements.

The options granted generally expire within three years of their issue, or upon the resignation of the executive or senior employee (unless deemed under a good leaver provision), whichever is the earlier.

The following grants of share-based payment compensation to key management personnel relate to the current financial year. No share based payment compensation was granted to Non-executive directors or the Executive director in the current financial year.

Employee	Options Series	Date Granted	During the financial year: No. granted during the year	No. vested during the year	% of grant vested	% of grant forfeited	Share Option Plan
Executives							
Alastair Wilkie	Series 11	19/11/2014	300,000	-	-	-	ESOP 2
David Shewmaker	Series 12	02/03/2015	660,000	-	-	-	ESOP 2
Stuart Green	Series 12	02/03/2015	390,000	-	-	-	ESOP 2

Other transactions

Where Directors had other transactions with the Company, particulars of those transactions, which do not form part of this Remuneration Report, are shown at Note 18(c) to the Financial Statements.

The following table summarises the value of options to key management personnel granted, exercised or lapsed during the year:

Employee	Options Series	Value of the options granted at the grant date [1] $	Value of the options exercised at the exercised date[3] $	Value of the options lapsed at the lapsed date [2] $	Share Option Plan
Non-Executive Director					
Robert Browning	Series 1 & 2	48,353	-	48,353	ESOP 1
John Toms	Series 1 & 2	628,587	-	628,587	ESOP 1
Executive Director					
Thomas Cregan	Series 3	437,620	137,544	-	ESOP 2
Executives					
Bruce Stewart	Series 4	172,078	110,000	-	ESOP 2
Alastair Wilkie	Series 11	96,378	-	-	ESOP 2
David Shewmaker	Series 12	353,760	-	-	ESOP 2
Stuart Green	Series 12	209,040	-	-	ESOP 2

[1] The value of the options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

[2] The value of options lapsed during the period was based on the initial value that was ascribed to the options under the Black Scholes valuation model taking into account the terms and conditions upon which the options were granted. The options expired with an exercise price less than the Companies market price and consequently the relevant option holders opted not to exercise the options.

[3] The value of options exercised at the exercised date was based on the number of shares actually awarded to the key management personnel at the market value of the shares on the date exercised. Thomas Cregan exercised 245,614 shares on 2 January 2015 when the market price of the Company's shares was $0.56. Bruce Stewart exercised 180,328 shares on 3 February 2015 when the market price of the Company's shares was $0.61.

Shares under option

Unissued ordinary shares

Unissued ordinary shares of Emerchants Limited under option at the date of this report are as follows:

Options – Series	Share Option Plan	Grant Date	Expiry Date	Fair value at grant date	Number outstanding at date of report	Vest Date	Exercise Price
Series 6	ESOP 2	21/9/2012	30/9/2015	$0.07	8,500,000	21/9/2015	$0.15
Series 7	ESOP 2	13/11/2012	30/9/2015	$0.13	1,750,000	21/9/2015	$0.15
Series 8	n/a	13/11/2013	31/3/2016	$0.40	2,500,000	[2]	$0.10
Series 9	ESOP 2	9/8/2013	30/9/2016	$0.25	1,900,000	1/9/2016	$0.40
Series 10	ESOP 2	13/11/2013	30/9/2016	$0.58	1,212,121	1/9/2016	$0.00
Series 11	ESOP 2	19/11/2014	18/11/2015	$0.56	100,000	11/11/2015	$0.56
Series 11	ESOP 2	19/11/2014	18/11/2016	$0.56	100,000	11/11/2016	$0.56
Series 11	ESOP 2	19/11/2014	18/11/2017	$0.56	100,000	11/11/2017	$0.56
Series 12	ESOP 2	02/03/2015	30/06/2016	$0.67	500,000	28/02/2016	$0.00
Series 12	ESOP 2	02/03/2015	30/06/2017	$0.67	500,000	28/02/2017	$0.00
Series 12	ESOP 2	02/03/2015	30/06/2018	$0.67	500,000	28/02/2018	$0.00

[1] In accordance with the terms of the share-based arrangements, the options will vest in three tranches on 18 April 2012, 18 April 2013 and 18 April 2014.
[2] In accordance with the terms of the share-based arrangements, the options will vest in seven tranches over the period from 31 December 2013 to 30 June 2014.

For details of employee share option plans in existence during the year, refer to Note 15 to the Financial Statements.

For details on the valuation of the options, including models and assumptions used, refer to Note 16. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Option series subject to performance hurdles vesting conditions:

	Series 6	Series 7	Series 9	Series 10	Series 12
Financial year in which performance hurdles will be measured	FY15	FY15	FY16	FY16	FY15-FY18
Financial performance hurdles					
(a) Revenue	= or > $16.7M	= or > $16.7M	n/a	n/a	n/a
(b) EBITDA	= or > $2.33M	= or > $2.33M	= or > $4.48M	= or > $4.48M	= or > $2.00M
(c) EBIT	= or > $1.22M	= or > $1.22M	= or > $2.94M	= or > $2.94M	n/a
Other performance hurdles					
(d) Total dollars loaded	n/a	n/a	> $450M	> $450m	n/a
(e) Gross margin percentage	n/a	n/a	> 85%	> 85%	n/a
(f) Total active accounts	n/a	n/a	> 1.1M	> 1.1M	n/a

Number of performance hurdles required for options to vest

Series 6 and 7

Should any of the applicable performance hurdles not be fully achieved , the options will be pro rata vested on a sliding scale, provided the total percentage of the performance hurdles achieved is greater than 90% of the target amount. Two out of the three performance hurdles must be met.

In November 2014, the Board elected to remove the performance hurdles for employees that remain eligible employees at the vesting date (21 September 2015). The performance hurdles were removed for these employees for a number of factors including demonstrable shareholder value creation in terms of the increase in the market capitalisation of the company from the grant date.

Series 9 and 10

Should any of the applicable performance hurdles not be fully achieved, the options will be pro rata vested on a sliding scale, provided the total percentage of the performance hurdles achieved is greater than 90% of the target amount.

Three or more of the performance hurdles must be met, one of which must be either (e) gross margin percentage or (f) total active accounts.

Series 12

Series 12 consists of three tranches, each of 500,000 options. Should the applicable performance hurdles not be fully achieved in each relevant financial year, the performance options will rollover into the following tranche. Where the performance hurdles are not met in the final year, the performance options will be forfeited.

(i) In the period between 1 January 2015 and 31 December 2015 SFUK achieves EBITDA of AUD 2,000,000;

(ii) In the period between 1 January 2016 and 31 December 2016 SFUK achieves EBITDA of AUD 2,000,000.

(iii) In the period between 1 January 2017 and 31 December 2017 SFUK achieves EBITDA of AUD 2,000,000.

Share holdings of key management personnel

Ordinary shares held in Emerchants Limited (number)

30 June 2015	Balance at beginning of year	Granted as remuneration	On Exercise of Options	Net change Other	Balance at end of year/Ceasing employment
Non-executive Directors					
Robert Browning	1,600,375	-	-	50,000	**1,650,375**
Tony Adcock	80,549	-	-	30,000	**110,549**
David Liddy	1,000,000	-	-	200,000	**1,200,000**
Peter Martin	9,486,320	-	-	100,000	**9,586,320**
John Toms	-	-	-	-	**-**
Executive Director					
Thomas Cregan	11,111,109	-	245,614	6,257,490	**17,614,213**
Executives					
Andrew Betts	-	-	-	100,000	**100,000**
Louise Bolger	-	250,000	-	-	**250,000**
Stuart Green	-	1,978,805	-	-	**1,978,805**
Steven Nagy	-	-	-	-	**-**
David Shewmaker		3,841,210		7,596,990	**11,438,200**
Bruce Stewart	684,385	250,000	180,328	100,000	**1,214,713**
Alastair Wilkie		223,214	-	60,000	**283,214**
Total	**23,962,738**	**6,543,229**	**425,942**	**14,494,480**	**45,426,389**

30 June 2014	Balance at beginning of year	Granted as remuneration	On Exercise of Options	Net change Other	Balance at end of year/Ceasing employment
Non-executive Directors					
Robert Browning	1,600,375	-	-	-	**1,600,375**
Tony Adcock	80,549	-	-	-	**80,549**
David Liddy	1,000,000	-	-	-	**1,000,000**
Peter Martin	9,486,320	-	-	-	**9,486,320**
John Toms	-	-	-	-	**-**
Executive Director					
Thomas Cregan	11,111,109	-	-	-	**11,111,109**
Executives					
Richard Anderson	277,777	-	-	-	**277,777**
Andrew Betts	-	-	-	-	**-**
Louise Bolger	-	-	-	-	**-**
Yasmin Broughton	8,300	-	-	-	**8,300**
James Ingham	444,444	-	-	(70,736)	**373,708**
Bruce Stewart	564,385	120,000[1]	-	-	**684,385**
Total	**24,573,259**	**120,000**	**-**	**(70,736)**	**24,622,523**

[1] Mr Bruce Stewart was granted 120,000 fully paid ordinary shares on 26 July 2013, for exceptional performance. The shares will remain in voluntary escrow until 6 August 2015 and Mr Stewart will be required to remain employed by the company until the date the bonus shares are released from escrow in order to become entitled to the shares. The fair value of the award amounted to $36,000 and will be amortised over the financial years 2014, 2015 and 2016.

Option holdings of key management personnel

30 June 2015	Opening Balance	Granted as remuneration	Options exercised	Options lapsed	Net change Other	Closing balance	Balance vested at 30 June 2015	Vested but not exercisable	Vested and exercisable	Options vested during year
Non-executive Directors										
Robert Browning	3,306,522	-	-	2,600,000	-	706,522	706,522	706,522	-	-
Tony Adcock	450,310	-	-	-	-	450,310	450,310	450,310	-	-
David Liddy	450,310	-	-	-	-	450,310	450,310	450,310	-	-
Peter Martin	427,019	-	-	-	-	427,019	427,019	427,019	-	-
John Toms	665,839	-	-	200,000	-	465,839	465,839	465,839	-	-
Executive Director										
Thomas Cregan	4,962,121	-	(2,000,000)	-	-	2,962,121	-	-	-	-
Executives										
Andrew Betts	650,000	-	-	-	-	650,000	-	-	-	-
Louise Bolger	-	-	-	-	-	-	-	-	-	-
Stuart Green	-	390,000	-	-	-	390,000	-	-	-	-
Steven Nagy	150,000	-	-	-	-	150,000	-	-	-	-
David Shewmaker	-	660,000	-	-	-	660,000	-	-	-	-
Bruce Stewart	2,900,000	-	(1,000,000)	-	-	1,900,000	-	-	-	-
Alastair Wilkie	-	300,000	-	-	-	300,000	-	-	-	-
Total	**13,962,121**	**1,350,000**	**(3,000,000)**	**2,800,000**	**-**	**9,512,121**	**2.500,000**	**2,500,000**	**-**	**-**

30 June 2014	Opening Balance	Granted as remuneration	Options exercised	Net change Other	Closing balance	Balance vested at 30 June 2014	Vested but not exercisable	Vested and exercisable	Options vested during year
Non-executive Directors									
Robert Browning	2,600,000	706,522	-	-	3,306,522	3,306,522	706,522	2,600,000	1,506,522
Tony Adcock	-	450,310	-	-	450,310	450,310	450,310	-	450,310
David Liddy	-	450,310	-	-	450,310	450,310	450,310	-	450,310
Peter Martin	-	427,019	-	-	427,019	427,019	427,019	-	427,019
John Toms	200,000	465,839	-	-	665,839	665,839	465,839	200,000	665,839
Executive Director									
Thomas Cregan	3,750,000	1,212,121	-	-	4,962,121	-	-	-	-
Executives									
Richard Anderson	1,750,000	100,000	-	-	1,850,000	-	-	-	-
Andrew Betts	500,000	150,000	-	-	650,000	-	-	-	-
Louise Bolger	-	-	-	-	-	-	-	-	-
Yasmin Broughton	2,950,000	150,000	-	-	3,100,000	1,200,000	-	1,200,000	350,000
James Ingham	1,750,000	100,000	-	-	1,850,000	-	-	-	-
Bruce Stewart	2,750,000	150,000	-	-	2,900,000	-	-	-	-
Total	**16,250,000**	**4,362,121**	**-**	**-**	**20,612,121**	**6,500,000**	**2,500,000**	**4,000,000**	**3,850,000**

Proceedings on behalf of the Company

No persons have applied for leave pursuant to Section 327 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of Emerchants Limited.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 4 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 4 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

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

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page the next page and forms part of this Directors' report for the year ended 30 June 2015.

Signed in accordance with a resolution of the Directors.

Peter Martin
Non-executive Chairman

24 August 2015

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The Board of Directors
Emerchants Limited
22 Commercial Road
NEWSTEAD QLD 4006

24 August 2015

Dear Board Members

Emerchants Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Emerchants Limited.

As lead audit partner for the audit of the financial statements of Emerchants Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

	Notes	Consolidated 30 June 2015 $	Consolidated 30 June 2014 $
Revenue	2,3	14,436,799	5,184,092
Cost of sales		(3,155,592)	(1,135,301)
Gross Profit	3	**11,281,207**	**4,048,791**
Other income		-	60,393
Expenses			
Employee benefits expense		6,018,407	4,887,589
Acquisition related expenses		347,055	-
Share-based payments	18	5,104,212	1,402,548
Depreciation expense	11	350,274	286,097
Amortisation expense	22	2,339,794	429,862
Other expenses	2	2,932,060	2,951,542
Total expenses		**17,091,802**	**9,957,638**
Loss before income tax		(5,810,595)	(5,848,454)
Income tax benefit	5	8,667,973	436,096
Net profit / (loss) for the year		**2,857,378**	**(5,412,358)**
Other comprehensive income, net of income tax			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		2,170,742	-
Other comprehensive income for the year, net of income tax		**2,170,742**	-
Total comprehensive profit / (loss) for the year		**5,028,120**	**(5,412,358)**
Profit / (Loss) per share (cents per share)	6		
Basic (cents per share)		1.82	(4.47)
Diluted (cents per share)		1.72	(4.40)

The accompanying notes form part of these financial statements.

Statement of Financial Position

	Notes	Consolidated 30 June 2015 $	Consolidated 30 June 2014 $
Current Assets			
Cash and cash equivalents	7	4,263,672	4,495,896
Other receivables	8	1,549,657	343,248
Receivable from financial institution	9	6,895,488	-
Other assets	10	4,248,809	972,787
Total Current Assets		**16,957,626**	**5,811,931**
Non-Current Assets			
Other receivables	8	479,633	474,007
Plant and equipment	11	793,261	963,984
Intangibles	22	38,982,041	11,222,883
Deferred tax asset	5	7,552,143	-
Total Non-Current Assets		**47,807,078**	**12,660,874**
Total Assets		**64,764,704**	**18,472,805**
Current Liabilities			
Trade and other payables	12	2,408,625	712,075
Employee benefits	13	361,999	314,399
Provisions		142,416	430,922
Liabilities to stored value account holders	14	6,895,488	-
Total Current Liabilities		**9,808,528**	**1,457,396**
Non-Current Liabilities			
Lease incentive		164,214	217,286
Deferred income		88,569	40,635
Deferred tax liabilities	5	2,063,068	-
Employee benefits	13	56,705	51,050
Total Non-Current Liabilities		**2,372,556**	**308,971**
Total Liabilities		**12,181,084**	**1,766,367**
Net Assets		**52,583,620**	**16,706,438**
Equity			
Issued capital	15	70,227,532	44,482,683
Reserves	16	11,723,015	4,448,060
Accumulated losses		(29,366,927)	(32,224,305)
Total Equity		**52,583,620**	**16,706,438**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

	Notes	Consolidated 30 June 2015 $	30 June 2014 $
Cash Flows From Operating Activities			
Receipts from customers		9,233,377	4,340,223
Payments to suppliers and employees		(10,739,449)	(8,766,089)
R & D tax offset refunded		698,033	436,096
Receipts / (Payments) for exploration and evaluation expenditure		-	33,769
Acquisition – related expenses		(347,059)	-
Interest received		803,095	768,979
Net cash used in operating activities	19	**(352,003)**	**(3,187,022)**
Cash Flows From Investing Activities			
Payments for plant and equipment	11	(55,225)	(641,067)
Payments for intangibles	22	(669,845)	(148,169)
Proceeds from sale of mining tenements		-	50,000
Payment for subsidiary, net of cash acquired	28	(12,450,000)	-
Net cash used in investing activities		**(13,175,070)**	**(739,236)**
Cash Flows From Financing Activities			
Proceeds from issue of shares	15	14,000,000	7,500,900
Capital raising costs	15	(705,151)	(438,144)
Net cash provided from financing activities		**13,294,849**	**7,062,756**
Net increase / (decrease) in cash held		(232,224)	3,136,498
Cash at beginning of year		4,495,896	1,359,398
Cash at end of year	7	**4,263,672**	**4,495,896**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

	Notes	Issued Capital	Accumulated Losses	Other Reserve	Foreign Currency Translation Reserve	Total
		$	$	$	$	$
Balance at 1 July 2013		**37,419,927**	**(26,811,947)**	**3,045,512**	**-**	**13,653,492**
Total comprehensive income						
- Loss for the period		-	(5,412,358)	-	-	(5,412,358)
Transactions recorded directly in equity						
- Share-based payments		-	-	1,402,548	-	1,402,548
- Issue of share capital	15	7,500,900	-	-	-	7,500,900
- Issue costs		(438,144)	-	-	-	(438,144)
Balance at 30 June 2014		**44,482,683**	**(32,224,305)**	**4,448,060**	**-**	**16,706,438**
Balance at 1 July 2014		**44,482,683**	**(32,224,305)**	**4,448,060**	**-**	**16,706,438**
Total comprehensive income						
- Profit for the period		-	2,857,378	-		2,857,378
Other comprehensive income						
Unrealised foreign currency gain, net of tax		-	-	-	2,170,743	2,170,743
Transactions recorded directly in equity						
- Share-based payments		-		5,104,212	-	5,104,212
- Issue of share capital	15	26,450,000	-	-	-	26,450,000
- Issue costs		(705,151)	-	-	-	(705,151)
Balance at 30 June 2015		**70,227,532**	**(29,366,927)**	**9,552,272**	**2,170,743**	**52,583,620**

The accompanying notes form part of these financial statements

Notes to Financial Statements

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Emerchants Limited (Company) is a company incorporated and domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2015 comprises the Company and its subsidiaries (together referred to as the Group or consolidated entity or Emerchants).

(b) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Emerchants Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis except where otherwise stated. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are the provision of payment services.

For the purpose of preparing the consolidated financial statements, the company is a for profit entity.

(c) Adoption of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current year.

Standards and Interpretations in issue not yet adopted

Standards/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

At the date of publication, there have been no IASB Standards or IFRIC Interpretations that are issued but not yet effective not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies for the period ended 30 June 2015. The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015.

The directors of the Company anticipate that the application of AASB 9 and AASB 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of these standards until the Group performs a detailed review. The Directors have determined that there is no impact, material or otherwise, of the remaining new and revised Standards and Interpretations on its business and, therefore, no adjustments will be necessary as a result of applying these revised accounting standards.

(d) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The financial report was authorised for issue on the date the Directors' Report and declaration was signed.

(e) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2015 and the results of all subsidiaries for the year then ended.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its return. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations are accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and other intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and other intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and other intangibles with indefinite useful lives are discussed in Note 22.

Share-based payment transactions

Equity-settled transactions

The Group measures the cost of equity-settled transactions with employees and Directors 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 Black Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in reserves under equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit within profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised separately in share-based payments expense (Note 18).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. 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 awards are treated as if they were a modification of the original award.

Breakage income

Breakage income is recognised following the funds being loaded onto Non-reloadable cardholder accounts based on agreed terms and the residual percentage of the initial load amount that is expected to be left on a card upon expiry.

The residual percentage is calculated using the historical data of residual funds remaining on Non-reloadable accounts after their expiration over the funds initially loaded on these Non-reloadable accounts each month. The calculated residual percentage is reviewed regularly in line with new commercial agreements and changes in cardholder behaviour.

Recovery of deferred tax assets

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

(g) Going Concern

The Directors believe the Group will continue to operate as a going concern for the foreseeable future.

(h) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Emerchants Limited.

(i) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised 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) Sale of goods

Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Contract income is recognised by reference to the total actual costs incurred at the end of the reporting period relative to the proportion of the total costs expected to be incurred over the life of the contract;
- Servicing fees are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

(iii) Breakage income

Breakage income is recognised following the funds being loaded onto Non-reloadable cardholder accounts based on agreed terms and the residual percentage of the initial load amount that is expected to be left on a card upon expiry.

(iv) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(k) Income tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance 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; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference 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; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance 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 balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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.

Tax consolidation legislation

The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

The Company recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

(l) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST and Value Added Tax (VAT) except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT 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 statement of cash flows on a gross basis and the GST or VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(m) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an 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 independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its 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 balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable 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 loss 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 profit or loss 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.

(n) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(o) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(p) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(q) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(r) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of profit and loss and other comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(s) Plant and equipment

Plant and equipment is stated at 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.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Computer Equipment	over 4 years
Office Equipment	over 10 years
Leasehold Improvements	over 6 to 7 years
Low Value Pool	over 2 to 3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

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

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. 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.

For an asset that does not generate largely independent cash inflows, 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 approximate fair value.

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

For plant and equipment, impairment losses are recognised in the statement of profit and loss and other comprehensive income in the cost of sales line item.

(ii) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further 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 profit or loss in the year the asset is derecognised.

(t) Goodwill

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

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

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(u) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

- Customer contracts 1 year
- Customer Relationships 5 years
- Capitalised development 5 years

(v) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(w) Provisions

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. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

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

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(x) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date, they are measured at the amounts expected to be paid when the liabilities are settled. Liabilities 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 in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expect future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(y) Share-based payment transactions

(i) Equity settled transactions:

The Group provides benefits to Directors and employees (including senior executives) 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).

There are currently two plans in place to provide these benefits:

- the Employee Share Option Plan (ESOP 1)
- the Employee Share Option Plan (ESOP 2)

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 17.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Emerchants Limited (market conditions) if applicable.

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

The cumulative expense recognised for equity-settled transactions at each balance 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. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit and loss and other comprehensive income charge or credit for a year represents the movement in cumulative expense recognised as at the beginning and end of that year.

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

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified.

In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the director or employee, as measured at the date of modification.

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(z) Issued capital

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(aa) Earnings per share

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

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

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

(ab) Parent entity financial information

The financial information for the parent entity, Emerchants Limited, disclosed in Note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Emerchants Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(ac) Foreign Currency Translation

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Disposal of foreign operations

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(ad) Determination of fair values

A number of the Group’s accounting policies and disclosures requires the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes to the specific to the asset or liability. Assets and liabilities for which are determination of fair value is required are as follows:

- Plant and Equipment – Note 11
- Intangibles – 22
- Liability to stored value account holders – Note 14

Financial Instruments

The following summarises the major methods and assumptions used in estimating fair values for measurement and disclosure purposes:

Fair value measurements hierarchy

In valuing financial instruments, the Group uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: quoted market price (unadjusted) in an active market for identical assets and liabilities;

Level 2: valuation techniques on observable inputs, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation.

(ae) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets at Fair Value Through Profit and Loss

Financial assets are classified as at Fair Value Through Profit and Loss (“FVTPL”) when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 ‘Financial Instruments: Recognition and Measurement’ permits the entire combined contract to be designated as at FVTPL.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group
- manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139

'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note (ad) above.

NOTE 2 REVENUE AND OTHER EXPENSES

The following revenue and expense items are relevant in explaining the financial performance for the year

	Consolidated	
(a) Revenue includes	**2015 $**	**2014 $**
Breakage income	5,504,941	1,152,157
Establishment income	3,211,058	1,096,858
Transaction fees	4,617,210	1,987,895
Interest income – host based stored value	813,857	612,885
Interest income – group funds	118,927	177,901
Service fees	170,806	156,396
	14,436,799	**5,184,092**
(b) Other expenses include		
Advertising	162,927	151,614
Audit services	161,363	222,376
Communication	171,127	238,580
Consultancy and advisory services	454,399	497,597
Insurance	142,335	120,551
Recruitment	163,044	166,538
Rent & Buildings	495,150	473,422
Software subscription and support	349,900	213,484
Travel and entertainment	747,132	424,970
Other	84,683	442,410
	2,932,060	**2,951,542**

NOTE 3 SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Emerchants Limited.

The accounting policies of the reportable segments are the same as the Group's accounting policies. The Group, for the year ended 30 June 2014, predominantly operated in one geographical segment (Australia). As of 1 December 2014, following the acquisition of a UK based operation, the Group now operates in two geographical locations, being Australia and Europe. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is more specifically focused on the category of customer for the type of accounts and the geography of the customer. The Group's reportable segments under AASB 8 are therefore as follows:

- Australia Reloadable
- Australia Non-reloadable
- Europe

The reportable segment Reloadable refers to accounts that can be loaded with funds as many times as desired within applicable limits. The reportable segment Non-reloadable refers to accounts that can only be loaded once with funds within applicable limits.

Segment gross profit represents the gross profit earned by each segment without allocation of central administration costs and Directors' salaries, investment revenue and finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The following is an analysis of the Group's revenue and results by reportable operating segment for the half-years under review:

	Australia Reloadable	Australia Non-reloadable	Australia adjustments and eliminations	Australia segments	Europe	Total segments
Year ended 30 June 2015	$	$	$	$	$	$
Revenue	3,915,885	4,602,684	118,927	**8,637,496**	5,799,303	**14,436,799**
Gross profit	2,586,519	4,098,801	118,927	**6,804,247**	4,476,960	**11,281,207**
Net (loss) / profit	n/a	n/a	n/a	**(90,343)**	2,947,723	**2,857,378**
Year ended 30 June 2014						
Revenue	1,366,930	3,639,261	177,901	**5,184,092**	-	**5,184,092**
Gross profit	754,369	3,116,481	177,901	**4,048,751**	-	**4,048,751**
Net (loss) / profit	n/a	n/a	n/a	**(5,412,398)**	-	**(5,412,358)**

Central administration costs, Directors' salaries, investment revenue, finance costs and income tax expense relating to the Australian operations are not allocated to the underlying reloadable or Non-reloadable Australian segments as these are managed on an overall geographical basis. These are included in the Australia adjustments and eliminations disclosures above.

Assets and liabilities are not reported to the chief operating decision maker at a segment level but are managed on an overall group basis.

NOTE 4 AUDITOR'S REMUNERATION

	2015 $	2014 $
(a) Audit services (current auditor):		
Deloitte Touche Tohmatsu Australian firm:		
Statutory audit and review of financial reports	194,880	111,000
Total remuneration for audit services	**194,880**	**111,000**
(b) Non-audit services (current auditor):		
Deloitte Touche Tohmatsu Australian firm:		
ASAE3402 Internal control audit services	27,500	74,000
Other consulting services	-	6,000
Total remuneration for Non-audit services	**-**	**80,000**
Total (current auditor)	**222,380**	**191,000**
(c) Audit services (former auditor):		
HLB Mann Judd Australian firm:		
Statutory audit and review of financial reports	-	37,376
BDO Audit Pty Ltd		
Other services – audit of Cardholders funds accounts required under agreement with existing Authorised Deposit-taking Institutions	-	5,832
Total (former auditor)	**-**	**43,208**

NOTE 5 TAXATION

(a) Recognised in the statement of Profit or Loss and Other Comprehensive income

	Consolidated	
	2015 $	2014 $
Current income tax expense	680,119	-
Deferred tax expense relating to the origination and reversal of temporary differences	7,289,820	-
Refundable R & D tax offset	698,033	436,096
Total income tax benefit	**8,667,973**	**436,096**

(b) Reconciliation between income tax expense and pre-tax profit/ (loss)

Profit / (Loss) before income tax	(5,810,595)	(5,848,454)
Income tax expense/ (benefit) using the domestic corporation tax rate of 30% (2014: 30%)	(1,743,178)	(1,754,536)
Tax effect of:		
Non-deductible expenses	1,991,681	432,805
Temporary differences not recognised as deferred tax assets	(1,265,566)	30,484
Unused tax losses not recognised as deferred tax assets	-	1,291,247
Refundable R & D tax offset	(698,033)	(436,096)
Effect of change in tax rates[1]	(80,555)	-
Recognition of unused tax losses[2]	(6,872,022)	-
Income tax benefit	**(8,667,973)**	**(436,096)**

[1]United Kingdom corporate tax rate is 20%

[2]The Group is recognising the deferred tax asset in full arising from unused carried forward losses of the Australian operating group. The Group has assessed that sufficient future taxable profit will be available against which the unused tax losses will be able to applied. The Group has not recognised the deferred tax arising from unused carried forward losses of the European operating group as the amounts are not material and management are assessing whether tax losses remain utilisable post acquisition with independent tax advisers. The deferred tax assets and liabilities are not offset due to arising in different tax jurisdictions.

(c) Deferred Tax [1]

	Assets	Liabilities	Net
Plant and Equipment	-	(324,180)	(324,180)
Intangibles	-	(256,100)	(256,100)
Employee Benefits	160,359	-	160,359
Breakage Provision	512,273	-	512,273
Other Assets	-	-	-
Other Provisions	133,770	-	133,770
Accruals	141,173	-	141,173
Lease Amortisation Asset	49,264	-	49,264
Share Capital Costs	263,561	-	263,561
Deferred Tax Asset Recognised	6,872,022	-	6,872,022
Deferred Tax Asset	**8,132,422**	**(580,279)**	**7,552,143**

[1] Australian corporate tax rate is 30%

(d) Deferred Tax [1]

	Assets	Liabilities	Net
Customer Contracts	-	1,326,915	1,326,915
Customer Receipts	-	189,867	189,867
Foreign Currency Translation Reserve	-	546,286	546,286
Deferred Tax Liability	**-**	**2,063,068**	**2,063,068**

[1]United Kingdom corporate tax rate is 20%

The Group has not recognised the deferred tax arising from unused carried forward losses of the European operating group as the amounts are not material and management are assessing whether tax losses remain utilisable post acquisition with independent tax advisers. The deferred tax assets and liabilities are not offset due to arising in different tax jurisdictions.

NOTE 6 EARNINGS / (LOSS) PER SHARE

	Consolidated	
(a) From continuing operations attributable to shareholders	**2015 Cents per share**	**2014 Cents per share**
Basic earnings / (loss) per share	1.82	(4.47)
Diluted earnings / (loss) per share	1.72	(4.40)
(b) Profit / (Loss) used in calculating basic and diluted loss per share	2,857,378	(5,412,358)
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	156,950,630	121,168,869
Adjustment for shares deemed to be issued at nil consideration in respect of option rights entitlements	9,608,098	1,725,197
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings / (loss) per share [1]	166,558,729	122,894,066

[1] The number of options included in the calculation of the denominator above are 5,000,000 options for Series 6 and all outstanding options for Series 7, Series 8, Series 9, Series 10, Series 11 and Series 12. The only outstanding options not included in the calculation above, were 3,500,000 Series 6 options as the performance hurdles associated with these options were not achieved at the year end. Those hurdles are described in the Remuneration report.

NOTE 7 CASH AND CASH EQUIVALENTS

	Consolidated	
	2015 $	**2014 $**
Cash on hand and at bank	2,216,015	969,555
Short-term deposits	2,047,657	3,526,341
	4,263,672	**4,495,896**

Cash at bank earns interest at floating rates on daily bank deposit rates.

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

NOTE 8 OTHER RECEIVABLES

	Consolidated	
Current	2015 $	2014 $
Interest receivable	182,184	154,034
Other receivables	1,367,473	189,214
	1,549,657	**343,248**
Non-current		
Cuscal security deposit [1]	250,000	250,000
Bank guarantee deposit [2]	169,908	160,462
Other	59,725	63,545
	479,633	**474,007**

No receivables are overdue.

[1] Security Deposit required in regard to obligations under Cuscal Limited Standard Terms and Conditions for the provision of services.
[2] Deposit placed for the issue of bank guarantee to the lessor of premise located at 26 Commercial Road, Newstead QLD.

NOTE 9 RECEIVABLE FROM FINANCIAL INSTITUTIONS

	Consolidated	
	2015 $	2014 $
Receivable from financial institution	**6,895,488**	-

Receivable from financial institution represents funds on deposit with a financial institution in respect of stored value accounts issued by the Company that have in turn been funded by external account holders. The liability to the external account holders is disclosed in Note 14.

NOTE 10 OTHER ASSETS

	Consolidated	
	2015 $	2014 $
Accrued breakage fee [1]	3,959,484	653,455
Prepaid insurance expenses	271,692	275,688
Other	17,633	43,644
	4,248,809	**972,787**

[1] Accrued breakage represents the portion of expired funds that the Company expects to receive when a non-reloadable card expires.

NOTE 11 PLANT AND EQUIPMENT

The useful life of the assets was estimated as follows for both 2014 and 2015:

Computer Equipment	4 years
Office Equipment	10 years
Leasehold Improvements	6 – 7 years
Low Value Pool	2 – 3 years

	Consolidated				
	Computer Equipment $	Office Equipment $	Leasehold Improvements $	Low Value Pool $	Total $
Year ended 30 June 2015					
At 1 July 2014, net of accumulated depreciation and impairment	669,442	59,118	231,244	4,180	963,984
Additions	139,665	37,410	1,210	695	178,980
Disposals	-	-	-	(4,875)	(4,875)
Effect of unrealised foreign currency exchange differences	2,022	3,424	-	-	5,446
Depreciation charge for the year	(266,293)	(14,977)	(69,004)	-	(350,274)
At 30 June 2015, net of accumulated depreciation and impairment	**544,836**	**84,975**	**163,450**	**-**	**793,261**
At 1 July 2014					
Cost	1,169,707	87,112	418,914	27,498	1,703,231
Accumulated depreciation and impairment	(500,265)	(27,994)	(187,670)	(23,318)	(739,247)
Net carrying amount	**669,442**	**59,118**	**231,244**	**4,180**	**963,984**
At 30 June 2015					
Cost	1,309,112	194,437	420,124	-	1,923,673
Accumulated depreciation and impairment	(764,276)	(109,462)	(256,674)	-	(1,130,412)
Net carrying amount	**544,836**	**84,975**	**163,450**	**-**	**793,261**

	Consolidated				
	Computer Equipment $	Office Equipment $	Leasehold Improvements $	Low Value Pool $	Total $
Year ended 30 June 2014					
At 1 July 2013, net of accumulated depreciation and impairment	251,043	58,908	299,063	-	609,014
Additions	627,867	7,752	990	4,458	641,067
Depreciation charge for the year	(209,468)	(7,542)	(68,809)	(278)	(286,097)
At 30 June 2014, net of accumulated depreciation and impairment	**669,442**	**59,118**	**231,244**	**4,180**	**963,984**
At 1 July 2013					
Cost	541,840	79,398	417,924	23,041	1,062,203
Accumulated depreciation and impairment	(290,797)	(20,490)	(118,861)	(23,041)	(453,189)
Net carrying amount	**251,043**	**58,908**	**299,063**	**-**	**609,014**
At 30 June 2014					
Cost	1,169,707	87,112	418,914	27,498	1,703,231
Accumulated depreciation and impairment	(500,265)	(27,994)	(187,670)	(23,318)	(739,247)
Net carrying amount	**669,442**	**59,118**	**231,244**	**4,180**	**963,984**

NOTE 12 TRADE AND OTHER PAYABLES

	Consolidated	
	2015 $	2014 $
Trade and other payables	**2,408,625**	**712,075**

All payables are non-interest bearing and are normally settled on 30 day terms.

NOTE 13 EMPLOYEE BENEFITS

	Consolidated	
Current	2015 $	2014 $
Employee benefits	361,999	314,399
Non-current		
Employee benefits	56,705	51,050
	418,704	**365,449**

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(x).

NOTE 14 LIABILITIES TO STORED VALUE ACCOUNT HOLDERS

	Consolidated 2015 $	Consolidated 2014 $
Liabilities to stored value account holders	**6,895,488**	**-**

Liabilities to stored value account holders represents funds received for stored value accounts issued by the Company that have in turn been deposited by the Company with a financial institution. The receivable from the financial institution is disclosed in Note 9.

NOTE 15 ISSUED CAPITAL

	Consolidated 2015 $	Consolidated 2014 $
184,537,219 fully paid ordinary shares (30 June 2014:124,668,047)	**70,227,533**	**44,482,683**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.
On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.
Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	2015		2014	
Movement in issued shares	No.	$	No.	$
Balance at start of the year	124,668,047	44,482,683	101,818,047	37,419,927
Issued for cash[1]	28,000,000	14,000,000	22,730,000	7,500,900
Issued for consideration[2]	24,900,000	12,450,000	-	-
Share-based payments to directors & executives[3]	6,543,230	-	120,000	-
Options exercised	425,942	-	-	-
Costs associated with the issue of shares	-	(705,151)	-	(438,144)
Balance at end of the year	**184,537,219**	**70,227,532**	**124,668,047**	**44,482,683**

[1] Issued for cash:
- 28,000,000 fully paid ordinary shares issued at a price of $0.50 on 19 November 2014 which comprised a placement of $14,000,000 to institutional and sophisticated investors.

[2] Issued for consideration:
- Relates to acquisition of subsidiary, SFUK. Refer to Note 26 for further information.

[3] Share based payments:
- 223,214 fully paid ordinary shares were issued to Mr Alastair Wilkie upon appointment as Chief Operation Officer. The fair value of the award was $125,000 which will be amortised over the 2015 - 2017 financial years.
- 250,000 fully paid ordinary shares were issued to Ms Louise Bolger as a bonus for the successful acquisition of Store Financial Services UK Limited. The fair value of the award was $140,000 which will be amortised over the 2015 and 2016 financial years.
- 250,000 fully paid ordinary shares were issued to Mr Bruce Stewart as a bonus for the successful acquisition of Store Financial Services UK Limited. The fair value of the award was $140,000 which will be amortised over the 2015 and 2016 financial years.
- 5,820,016 fully paid ordinary shares were issued to Mr David Shewmaker and Mr Stuart Green under the terms of the Share Sale Agreement following the implementation of two large customer contracts. The fair value of the award was $3,492,009 which was amortised in full in the 2015 year as no vesting conditions are attached. The ordinary shares remain in voluntary escrow for a one year period.

Options over ordinary shares	Consolidated 2015 No.	Consolidated 2014 No.
Options on issue at beginning of year	25,362,121	21,666,668
Options issued during the year[1]	1,800,000	6,312,121
Options exercised during the year	(3,000,000)	-
Options cancelled during the year	(350,000)	(1,950,000)
Options expired during the year	(6,000,000)	(666,668)
Options on issue at end of year	**17,812,121**	**25,362,121**

[1.] Options issued during the year

(i) 300,000 Non-performance based options

On 19 November 2014, Mr Alastair Wilkie was awarded 300,000 time-based options upon appointment as Chief Operating Officer of Emerchants Payment Solutions Pty Limited. The options were granted with an exercise price of $0.56 per option. The share options are not listed, carry no rights to dividends or voting rights. The options were granted in three tranches and expire on 18 November of the 2015, 2016 and 2017 year. The fair value of the three tranches at grant date, using the Black Scholes model was:

- Tranche 1 – $0.26
- Tranche 2 - $0.33
- Tranche 3 - $0.37

A total expense of $36,397 was recognised in the statement of profit or loss during the year in relation to the award of 300,000 non-performance based options.

(ii) 1,500,000 Performance based options

On 2 March 2015 an award of 1,500,000 options were granted to selected Store Financial Services UK employees. No exercise price was attached. The share options are not listed, carry no rights to dividends or voting rights. The options were granted in three tranches and expire on 30 June of the 2016, 2017 and 2018 year and are exercisable subject to certain financial criteria being achieved in the calendar years ending 31 December 2015, 2016 and 2017. The fair value of the three tranches at grant date, using the Black Scholes model was:

- Tranche 1 – $0.53
- Tranche 2 - $0.53
- Tranche 3 - $0.53

Date of Expiry	Exercise Price	Options Series	Consolidated 2015 No.	Consolidated 2014 No.
18 July 2014	$1.45	Series 1	-	200,000
18 July 2014	$1.45	Series 2	-	5,800,000
5 January 2015	$0.50	Series 4	-	2,000,000
4 February 2015	$0.50	Series 5	-	1,000,000
30 September 2015	$0.15	Series 6	8,500,000	8,500,000
30 September 2015	$0.15	Series 7	1,750,000	1,750,000
18 November 2015	$0.56	Series 11	100,000	-
31 March 2016	$0.10	Series 8	2,500,000	2,500,000
30 September 2016	$0.40	Series 9	2,050,000	2,400,000
30 September 2016	-	Series 10	1,212,121	1,212,121
18 November 2016	$0.56	Series 11	100,000	-
25 November 2017	$0.56	Series 11	100,000	-
30 June 2016	-	Series 12	500,000	500,000
30 June 2017	-	Series 12	500,000	500,000
30 June 2018	-	Series 12	500,000	500,000
Options on issue at end of year			**17,812,121**	**25,362,121**

NOTE 16 RESERVES

Reserves	Consolidated 30 June 2015 $	Consolidated 30 June 2014 $
Share and options reserve	9,552,272	4,448,060
Foreign currency translation reserve (net of tax)	2,170,743	-
Balance at end of the period	**11,723,015**	**4,448,060**

Share and options reserve	Consolidated 2015 $	Consolidated 2014 $
Balance at beginning of the financial year	4,448,060	3,045,512
Bonus shares	3,725,457	186,869
Share-based payments	1,378,754	1,215,679
Balance at end of the year	**9,552,272**	**4,448,060**

The share and share options reserve arises on the grant and/or issue of shares and share options. Amounts are transferred out of the reserve to accumulated losses when the shares or share options lapse or expire. When shares and share options are exercised, amounts carried in the reserve related to those particular shares and share options are dealt with based on their origination. If cash-related those amounts may be transferred out of the reserve to issued capital. If not cash-related the amounts are transferred out of the reserve to accumulated losses.

NOTE 17 SHARE OPTION PLAN

(a) Employee Share Option Plan (1) ("ESOP 1")

The Group has an equity-based compensation plan for employees which has been in existence since December 2006. In accordance with the provisions of ESOP 1, as approved by shareholders at an Annual General Meeting, Directors may issue options to purchase shares in the Company to employees at an issue price determined by the market price of ordinary shares at the time the option is granted. No Directors participate in ESOP 1.

In accordance with the terms of ESOP 1, options vest at grant date and may be exercised at any time from the date of their issue to the date of their expiry.

The options are not listed, carry no rights to dividends and no voting rights.

The expense recognised in the statement of profit and loss and other comprehensive income in relation to share-based payments made under ESOP 1 is $0 (2014: $0).

(b) Employee Share Option Plan (2) ("ESOP 2")

The Group established an equity-based compensation plan for employees which was approved by shareholders at an Extraordinary General Meeting held on 29 June 2011. ESOP 2 is open to any person who is a full-time or permanent part-time employee or Director of the Company or a related body corporate of the Company. Options may not be granted to a Director or his or her associates under ESOP 2 unless approval of the grant is given by shareholders in general meeting in accordance with the requirements of the ASX Listing Rules.

The Board has broad discretions under ESOP 2, including (without limitation) as to:

(a) the timing of making an offer to participate in ESOP 2;

(b) identifying persons eligible to participate in ESOP 2; and

(c) the terms of issue of options (including vesting conditions, if any).

The share options are not listed, carry no rights to dividends and no voting rights.

The expense recognised in the statement of profit and loss and other comprehensive income in relation to share-based payments made under ESOP 2 is $1,268,457 (2014: $226,500).

The following share-based payment arrangements were in existence during the year under the ESOP 2:

Options	Grant date	Number	Vest Date	Expiry Date	Exercise Price	Fair value at grant date
ESOP 2						
Series 1	29/6/2011	200,000	29/6/2011	18/7/2014	$1.45	$0.24
Series 2	29/6/2011	5,800,000	(I)	18/7/2014	$1.45	$0.24
Series 4	3/1/2012	2,000,000	2/1/2015	5/1/2015	$0.50	$0.22
Series 5	1/2/2012	1,000,000	1/2/2015	4/2/2015	$0.50	$0.17
Series 6	21/9/2012	8,500,000	21/9/2015	30/9/2015	$0.15	$0.03
Series 7	13/11/2012	1,750,000	21/9/2015	30/9/2015	$0.15	$0.07
Series 9	9/8/2013	2,400,000	9/8/2013	30/9/2016	$0.40	$0.25
Series 10	13/11/2013	1,212,121	13/11/2013	30/9/2016	$0.00	$0.58
Series 11	19/11/2014	100,000	11/11/2015	18/11/2015	$0.56	$0.56
Series 11	19/11/2014	100,000	11/11/2016	18/11/2016	$0.56	$0.56
Series 11	19/11/2014	100,000	11/11/2017	18/11/2017	$0.56	$0.56
Series 12	02/03/2015	500,000	28/02/2016	30/06/2016	$0.00	$0.67
Series 12	02/03/2015	500,000	28/02/2017	30/06/2017	$0.00	$0.67
Series 12	02/03/2015	500,000	28/02/2018	30/06/2018	$0.00	$0.67

[1] The weighted average of fair value of options granted during the year under ESOP 2 is $0.6517 per option (2014: $0.4558).

The following reconciles outstanding issued employee share options at the beginning and end of the financial year under ESOP 2:

	Consolidated			
	2015		2014	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of financial year	22,862,121	$0.5554	21,000,000	$0.5714
Issued during the financial year	1,800,000	$0.0933	3,812,121	$0.2728
Exercised during the financial year[1]	(3,000,000)	($0.50)	-	-
Cancelled during the financial year	(350,000)	($0.40)	(1,950,000)	($0.1756)
Lapsed during the financial year	(6,000,000)	($1.45)		-
Balance at end of the financial year [2]	**15,312,121**	**$0.3661**	**22,862,121**	**$0.5554**

[1] Options exercised during the financial year:
No share options granted under the plans were exercised during the financial year.
[2] Options outstanding at end of the financial year:
Issued share options outstanding at the end of the financial year had a weighted average exercise price of $0.36114 (2014: $0.5554) and a weighted average remaining contractual life of 153 days (2014: 347 days).

NOTE 18 SHARE-BASED PAYMENTS

The fair value of equity-settled share options is estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted.

	Series 1	Series 2	Series 4	Series 5	Series 6
Share option plan	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2
Number at the end of financial year	-	-	-	-	8,500,000
Dividend yield	0%	0%	0%	0%	0%
Expected volatility	70%	70%	135%	136%	99%
Risk-free interest rate	5.29%	5.29%	4.76%	4.76%	2.52%
Expected life of option (years)	3.05 years	3.02 years	3.01 years	3.01 years	3.02 years
Vesting date	29/6/2011	[3]	2/1/2015	1/2/2015	21/9/2015
Expiry date	18/7/2014	18/7/2014	5/1/2015	4/2/2015	30/9/2015
Exercise price	$1.45	$1.45	$0.50	$0.50	$0.15
Grant date share price	$0.85	$0.85	$0.37	$0.30	$0.07
Fair value of option	$0.24	$0.24	$0.22	$0.17	$0.03
Performance measures	n/a	n/a	n/a	n/a	[1]

	Series 7	Series 8	Series 9	Series 10
Share option plan	ESOP 2	n/a	ESOP 2	ESOP 2
Number at the end of financial year	1,750,000	2,500,000	2,050,000	1,212,121
Dividend yield	0%	0%	0%	0%
Expected volatility	124%	100%	147%	100%
Risk-free interest rate	2.52%	2.92%	3.24%	2.92%
Expected life of option (years)	2.88 years	2.38 years	3.15 years	2.88 years
Vesting date	21/9/2015	(4)	1/9/2016	1/9/2016
Expiry date	30/9/2015	31/3/2016	30/9/2016	30/9/2016
Exercise price	$0.15	$0.10	$0.40	$0.00
Grant date share price	$0.13	$0.58	$0.39	$0.58
Fair value of option	$0.07	$0.40	$0.25	$0.58
Performance measures	[1]	n/a	[2]	[3]

	Series 11	Series 11	Series 11	Series 12	Series 12	Series 12
Share option plan	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2
Number at the end of financial year	100,000	100,000	100,000	500,000	500,000	500,000
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	158%	158%	158%	159%	159%	159%
Risk-free interest rate	2.78%	2.78%	2.78%	2.07%	2.07%	2.07%
Expected life of option (years)	1.00	2.00	3.00	1.33	2.33	3.33
Vesting date	11/11/2015	11/11/2016	11/11/2017	28/02/2016	28/02/2017	28/02/20018
Expiry date	18/11/2015	18/11/2016	18/11/2017	30/06/2016	30/06/2017	30/06/2017
Exercise price	$0.56	$0.56	$0.56	$0.00	$0.00	$0.00
Grant date share price	$0.56	$0.56	$0.56	$0.67	$0.67	$0.67
Fair value of option	$0.26	$0.33	$0.37	$0.54	$0.54	$0.54
Performance measures	n/a	n/a	n/a	[5]	[5]	[5]

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

[1] In accordance with the terms of the share-based arrangements, the options are exercisable subject to at least two of three specific financial performance criteria being achieved in the financial year ending 30 June 2015, unless the Board have elected to remove the performance criteria for eligible employees. The specific details of the financial performance criteria have been disclosed in the Remuneration report.

[2] In accordance with the terms of the share-based arrangements, the options are exercisable subject to at least three of five specific financial performance criteria being achieved in the financial year ending 30 June 2016, one of which must be either Gross margin percentage or Total active accounts. The specific details of the financial performance criteria have been disclosed in the Remuneration report.

[3] In accordance with the terms of the share-based arrangements, the options vested in three tranches on 18 April 2012, 18 April 2013 and 18 April 2014.

[4] In accordance with the terms of the share-based arrangements, the options vested in seven tranches over the period from 31 December 2013 to 30 June 2014.

[5] Series 12 consists of three tranches, each of 500,000 options. Should the applicable performance hurdles not be fully achieved in each relevant financial year, the performance options will rollover into the following tranche. Where the performance hurdles are not met in the final year, the performance options will be forfeited.

NOTE 19 STATEMENT OF CASH FLOWS

Reconciliation of operating profit / (loss) after income tax to net cash used in operating activities

	Consolidated	
	2015 $	2014 $
Operating profit / (loss) after income tax	2,857,378	(5,412,358)
Add: Non-cash items		
Depreciation and amortisation	2,690,068	715,959
Loss on disposal of plant and equipment	(4,179)	-
Share-based payments	5,104,212	1,402,548
Breakage accrual	(2,961,362)	(74,890)
Change in operating assets and liabilities		
(Increase) / decrease in other assets	(740,868)	(186,528)
(Increase) / decrease in other receivables	(1,206,409)	(110,354)
(Increase) / decrease in deferred tax receivable	(7,552,143)	-
Increase / (decrease) in trade and other payables	1,696,550	(43,558)
Increase / (decrease) in employee benefits	53,255	91,237
Increase / (decrease) in provisions	(288,506)	430,922
Net cash used in operating activities	**(352,003)**	**(3,187,022)**

NOTE 20 KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	2015 $	2014 $
Short-term employee benefits	1,975,593	1,353,312
Post-employment	140,193	122,242
Other long-term benefits	-	-
Share-based payments	4,689,534	1,458,858
	6,805,320	**2,934,412**

NOTE 21 RELATED PARTY DISCLOSURES

(a) Equity Interests in related parties

Equity Interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 23 to the financial statements.

(b) Transactions within wholly owned group

The wholly owned group includes:

- The ultimate parent entity in the wholly-owned group; and
- The wholly-owned controlled entities

The ultimate parent entity in the wholly-owned group is Emerchants Limited.

During the financial year Emerchants Limited provided accounting and administrative services at no cost to the controlled entities and the advancement of loans under arm's length terms.

(c) Transactions with key management personnel

The following comprises amounts paid or payable to entities in which Directors have an interest.

	Consolidated entity			
	Expenditure Related Parties		Amounts Owed to Related Parties	
Non-executives Directors	2015 $	2014 $	2015 $	2014 $
Robert Browning[1]	-	(33,063)	-	-
Tony Adcock[1]	-	(21,073)	-	-
David Liddy[1]	-	(21,073)	-	-
Peter Martin[1]	-	(19,983)	-	-
John Toms[1]	-	(21,800)	-	-

[1] Director's fees accrued from 1 March to 30 June 2013. The Non-executive Directors agreed to forgo Director's fees from March 2013 until June 2014 in return for a long-term, three year escrowed option grant. The options were approved by shareholders at the Annual General Meeting in November 2013 and the accrued Director's fees were extinguished in FY14.

NOTE 22 INTANGIBLES

	Consolidated				
	Software licenses $	Customer Relationships $	Customer contracts $	Goodwill $	Total $
Balance at 1 July 2014					
At 1 July 2014, net of accumulated amortisation and impairment	400,510	-	45,000	10,777,373	11,222,883
Additions	676,198	2,056,161	6,796,601	17,817,791	27,346,751
Disposals	(14,850)	-	-	-	(14,850)
Amortisation charge for the year	(247,744)	(1,259,439)	(832,611)	-	(2,339,794)
Effect of unrealised foreign currency exchange differences	-	152,612	688,586	1,925,853	2,767,051
At 30 June 2015, net of accumulated amortisation and impairment	**814,114**	**949,334**	**6,697,576**	**30,521,017**	**38,982,041**
At 30 June 2015					
Cost or fair value	2,987,769	2,056,161	6,841,601	28,595,164	40,480,695
Accumulated amortisation and impairment	(2,173,655)	(1,259,439)	(832,611)	-	(4,265,705)
Accumulated effect of unrealised foreign currency exchange differences	-	152,612	688,586	1,925,853	2,767,051
Net carrying amount	**814,114**	**949,334**	**6,697,576**	**30,521,017**	**38,982,041**

No impairment loss was recognised for continuing operations for the year ended 30 June 2015.

	Consolidated				
	Software licenses $	Restraint of trade $	Customer contracts $	Goodwill $	Total $
Balance at 1 July 2013					
At 1 July 2013, net of accumulated amortisation and impairment	682,203	-	45,000	10,777,373	11,504,576
Additions	148,169	-	-	-	148,169
Amortisation charge for the year	(429,862)	-	-	-	(429,862)
At 30 June 2014, net of accumulated amortisation and impairment	**400,510**	**-**	**45,000**	**10,777,373**	**11,222,883**
At 30 June 2014					
Cost or fair value	2,331,991	54,000	1,085,325	10,777,373	14,248,689
Accumulated amortisation and impairment	(1,931,481)	(54,000)	(1,085,325)	-	(3,025,806)
Net carrying amount	**400,510**	**-**	**-**	**10,777,373**	**11,222,883**

Carrying amount of goodwill, allocated to the cash generating units

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

	Carrying amount of goodwill allocated to CGU	
	2015 $	2014 $
Australia		
Reloadable	7,147,536	7,147,536
Non-reloadable	3,629,837	3,629,837
	10,777,373	**10,777,373**
Europe		
Europe	19,743,644	-
Consolidated Group	**30,521,017**	**10,777,373**

The recoverable amount of the Groups cash generating units has been determined based on a value-in-use calculation using cash flow projections based on financial forecasts approved by senior management and the Directors covering a 5 year period and a terminal rate of 4.5% into perpetuity.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 15.5% that reflects current market assessments of the time value of money and the risks specific to the cash generating units.

Key assumptions used in value-in-use calculations for the cash generating units at 30 June 2015.

Assumptions	How Determined
Forecast revenues	The basis used to determine the value assigned to the forecast revenues is the volume growth in the four key metrics and the forecasted sales price for each client. A probability factor was applied to $ Loaded values (the major driver of revenues) following consideration of recent contracts and the sales pipeline and ultimately the following reloadable transaction volume growth rates, which represent the lower end of the growth rate scenarios, was applied for the purpose of the value in use assessment:
Forecast Growth	Actual and forecast growth in the FY15 and FY16 financial years is driven primarily by customer programs which were launched during financial year FY15 and growth increases in FY16 represent the full year equivalent growth. Forecast growth represent management's best estimates of loads related to new customer contracts which have been signed but are will commence in FY16.
Forecast gross margin	The basis used to determine the value assigned to the forecasted gross margins is the average gross margins achieved in FY15, decreased for expected margin erosion thereafter. Thus, values assigned to gross margins reflect past experience, with some provision for margin erosion based on increased sales volumes.
Interest Income	Interest income on Stored value is based on the relevant Central Bank overnight lending rate at the beginning of the budgeted year, less the specific yield charged by each ADI.
Weighted Average Cost of Capital (WACC)	The above long-term growth rate for each of the CGUs does not exceed the long-term average growth rate for the business in which the CGU operates. The discount rate applied to the cash flows of each of the Group's CGU's is based on the risk free rate for ten year Commonwealth Government bonds as at 30 June 2015, adjusted for a risk premium to reflect both the increased risk of investing in equities. In making this adjustment, inputs required are the equity markets risk premium (that is the required increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the Group relative to the market as a whole, giving rise to the Group's Cost of Equity Capital. The Group's WACC is calculated with reference to its Cost of Equity Capital, based on a theoretical long-term capital structure for the Group (comprising 80% equity and 20% debt).

	Actual	Forecast
	FY15	FY16 – FY20 CAGR
Australian Reloadable $ Loaded growth	210%	28%
Australian Non-reloadable $ Loaded growth	20%	4%
Europe $ Loaded growth	n/a	20%

Sensitivity to changes in key assumptions

The Group has conducted sensitivity analysis on the assumptions above to assess the effect on recoverable amount of changes in the key assumptions.

The Group is satisfied that all the assumptions on which the recoverable amounts are based are fair and reasonable, and that currently, there are no reasonably known changes to these assumptions that would cause the aggregate carrying amount to exceed the aggregate recoverable amount of any of the Group's CGUs as at 30 June 2015. The recoverable amount is most sensitive to revenue growth assumptions and the Directors believe that the likelihood of a reduction in anticipated growth to a level where carrying value would exceed recoverable amount, is remote.

NOTE 23 CONTROLLED ENTITIES

	Country of Incorporation	Ownership Interest	
		2015 %	2014 %
Parent Entity [1]			
Emerchants Limited	Australia		
Controlled Entities			
Australasia Gold (SA) Pty Ltd	Australia	100	100
Emerchants Payment Solutions Limited	Australia	100	100
Store Financial Services UK Limited	United Kingdom	100	0

[1] There is no significant restrictions or financial support from the parent entity to the controlled entities. The transactions related to the intercompany loan from Emerchants Limited to Emerchants Payment Solutions Limited are eliminated according to the Group's accounting policy, refer to Note 1(e).

NOTE 24 COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

(a) Other Expenditure Commitments

Commitments contracted for at balance date but not recognised as liability are as follows:

	2015 $	2014 $
Not later than one year	300,977	241,590
Later than one year but not later than five years	497,741	57,928
	798,718	**299,518**

The Group has the following material commitments:

1. Service agreement with Cuscal Limited. The terms are 60 months and are due to expire in June 2019.
2. Service agreement with Heritage Bank Limited. The terms are 24 months and are due to expire in August 2017.

(b) Operating Lease Commitments

Commitments for minimum lease payments and outgoings (excluding GST) are:

	2015 $	2014 $
Not later than one year	401,883	410,508
Later than one year but not later than five years	946,804	1,336,682
More than five years	-	-
	1,348,687	**1,747,190**

The Group has the following non-cancellable operating leases:

1. Rental of office premise in Brisbane, Queensland from Trust Company (Australia) Pty Limited. The terms are 84 months and are due to expire in August 2018.
2. Rental of computing equipment from BOQ Finance (Aust) Limited. The terms are 36 months and are due to expire in September 2015.

(c) Finance Lease Commitments

The group leases plant and equipment with a carrying amount of $128,174 (2014 – $0) under finance leases expiring within three years. There are no residual payments under the lease terms.

Commitments in relation to finance leases are payable as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
Not later than one year	52,844	-	48,976	-
Later than one year and not later than five years	101,672	-	75,195	-
Later than five years	-	-	-	-
	154,516	**-**	**124,171**	**-**
Less future finance charges	(30,345)	-	-	-
Present value of minimum lease payments	**124,171**	**-**	**124,171**	**-**

Fair Value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

(d) Contingent Liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

Host-Based Store Value (HBSV) account with Cuscal Limited (Cuscal)

Cuscal provides an HBSV account to Emerchants Payment Solutions Limited for use as a licensee which facilitates clients of Emerchants Payment Solutions Limited to deposit funds relating to the provision of prepaid payment products. Cuscal has sole authority to transact on the licensee HBSV account. Due to the fact that the licensee does not have ownership or the right to direct operation of the HBSV account, the account is not recognised as an asset in the financial statements of the Company. The total Emerchants Payment Solutions Limited system cardholder account balances as at 30 June 2015 is $27,308,830 (2014: $22,183,309).

Under the agreement:

(i) In consideration of Cuscal performing any Authorised Act, the licensee will indemnify Cuscal and the Directors, employees, officers, agent and independent contractors of Cuscal on demand from time to time; and

(ii) The licensee is liable to Cuscal in respect of any debit balance of the HBSV account and in respect of any other moneys owing or contingently owing by the licensee to Cuscal under or in connection with the HBSV account.

Prepaid Card Deposit (PCD) account with Heritage Bank Limited (Heritage)

Heritage provides a PCD account to Emerchants Payment Solutions Limited for use as a licensee which facilitates clients of Emerchants Payment Solutions Limited to deposit funds relating to in the provision of prepaid payment products. Heritage has sole authority to transact on the licensee PCD account. Due to the fact that the licensee does not have ownership or the right to direct operation of the PCD account, the account is not recognised as an asset in the financial statements of the Company. The total Emerchants Payment Solutions Limited system cardholder account balances as at 30 June 2015 is $12,165,750. (2014: $4,559,145).

Under the agreement:

(i) Emerchants Payment Solutions Limited will indemnify Heritage and its representatives, against all losses, damages, liabilities, claims and expenses (including legal costs) incurred by Emerchants Payment Solutions Limited and Representatives, arising out of or in connection with any negligence, default, fraud or dishonesty of Emerchants Payment Solutions Limited or its officers, employees or agents in performing the duties and obligations imposed on Heritage under the agreement.

(ii) The licensee is liable to Heritage in respect of any debit balance of the PCD account and in respect of any other moneys owing or contingently owing by the licensee to Heritage under or in connection with the PCD account agreement.

NOTE 25 FINANCIAL INSTRUMENTS

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. At the balance date there were no significant concentrations of credit risk.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables

The Group where necessary establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	Carrying amount	
	2015 $	2014 $
Cash and cash equivalents	4,263,672	4,495,896
Receivables from Financial Institutions	6,895,488	-
Bank Security deposits	419,908	410,462
Other receivables	1,549,657	343,248

Impairment Losses

None of the Group's other receivables are past due (2014: nil).

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The following are the Group's contractual maturities of financial liabilities, including estimated interest payments:

30 June 2015

	Carrying amount $	Contractual cash flows $	6 mths or less $	6-12 mths $	1-2 years $	2-5 years $
Non-interest bearing	2,408,625	2,408,625	2,408,625	-	-	-
Payables to stored value account holders	6,895,488	6,895,488	6,895,488	-	-	-
Total	9,304,113	9,304,113	9,304,113	-	-	-

30 June 2014

	Carrying amount $	Contractual cash flows $	6 mths or less $	6-12 mths $	1-2 years $	2-5 years $
Non-interest bearing	1,119,485	1,119,485	1,119,485	-	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Company does not use derivatives to mitigate these exposures. The Company manages these risks by ensuring that the operating revenue and expenses are incurred in the same currency and the Company intentionally seeks to generate earnings in currencies other tha Australian dollars.

Foreign currency sensitivity

The sensitivity to a reasonably possible change in GBP exchange rates, with all other variables held constant, is immaterial.

Interest Rate Risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Company does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposit at interest rates maturing over 90 day rolling periods.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Consolidated	
	Carrying amount	
	2015 $	2014 $
Variable rate instruments		
Financial assets – cash and cash equivalents	4,263,672	4,495,896
Bank Security deposits	419,908	410,462
Bank guarantee deposit	169,908	160,462
	4,853,488	5,066,820

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or through equity, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Company	**Profit or loss**		**Equity**	
	100bp increase $	**100bp decrease $**	**100bp increase $**	**100bp decrease $**
30 June 2015				
Variable rate instruments	42,637	(42,637)	42,637	(42,637)
Bank Security Deposits	4,199	(4,199)	4,199	(4,199)
30 June 2014				
Variable rate instruments	44,959	(44,959)	44,959	(44,959)
Bank Security Deposits	4,105	(4,105)	4,105	(4,105)

Fair Values

Fair values versus carrying amounts

The fair values of financial assets and liabilities are equivalent of carrying value.

Capital Management

Capital is defined as the equity of the Group.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future working capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to continue its operations. The Group monitors capital on the basis of the gearing ratio, however there are no external borrowings as at balance date.

The Group encourages employees to be shareholders through Share Option Plans.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

The Group is not subject to externally imposed capital requirements.

NOTE 26 PARENT ENTITY DISCLOSURES

Financial position	30 June 2015 $	30 June 2014 $
Assets		
Current assets	1,833,262	3,762,536
Non-current assets	53,036,556	20,380,890
Total assets	**54,869,818**	**24,143,426**
Liabilities		
Current Liabilities	316,810	332,436
Total liabilities	**316,810**	**332,436**
Net Assets	**54,553,008**	**23,810,990**
Equity		
Issued capital	70,227,532	44,482,683
Reserves	11,712,129	4,448,060
Accumulated losses	(27,386,653)	(25,119,753)
Total equity	**54,553,008**	**23,810,990**

Financial performance	30 June 2015 $	30 June 2014 $
Profit/(Loss) after income tax for the year	(2,216,900)	(3,095,920)
Other comprehensive income	2,109,856	-
Total comprehensive profit(loss) for the year	**(107,044)**	**(3,095,920)**

Commitments and Contingencies – refer Note 24.

Operating lease commitments referred to the Parent Entity.

NOTE 27 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial periods.

NOTE 28 ACQUISITION OF A SUBSIDIARY

On 1 December 2014, the Group acquired a 100% interest in Store Financial Services UK Limited ('SFUK'), an unlisted entity based in the United Kingdom.

SFUK is an international prepaid card program manager and payment processor, largely focused on gift cards for shopping malls in the UK and Europe. Its business is underpinned by multi-year contractual arrangements with its customers, resulting in the development of relatively strong and embedded relationships. The Group acquired SFUK because it provides the Company with a presence in the European prepaid market with demonstrable organic growth and a predictable financial contribution. The Group intends to leverage our Reloadable technology in Australia and launch similar programs in the UK and Europe

The Group has elected to measure the interest in the acquiree at fair value.

Consideration transferred

	$
Shares issued at fair value [1]	12,450,000
Cash consideration	12,450,000
Total consideration	**24,900,000**

[1] The Group issued 24,900,000 ordinary shares as 50% of the consideration for the 100% interest in Store Financial Services UK Limited. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition which was $0.50 per share. The fair value of the consideration given was therefore $12,450,000.

Acquisition related costs of $347,059 have been excluded from the consideration transferred and have been recognised as an expense in the profit or loss for the year, within the 'Acquisition related expense – cash payments' line item. The attributable costs to the issuance of the shares to fund the acquisition of SFUK of $705,151 have been charged to equity as a reduction to issued capital.

Analysis of cashflows on acquisition

	$
Transaction costs of the acquisition (included in cash flows from operating activities)	(347,059)
Transaction costs attributable to issuance of shares (included in cash flows from financing activities)	(705,151)
Net cash flow from acquisition	**(1,052,210)**

Assets acquired and liabilities assumed

The fair value of the identifiable intangible assets at liabilities of Store Financial Services UK Limited as at the date of the acquisition were as follows. No other identifiable assets were acquired.

Fair value recognised on acquisition

	Note	$
Goodwill	22	17,817,791
Customer contracts	22	6,796,601
Customer Relationships	22	2,056,161
Less:		
Deferred tax effect on customer contracts		(1,770,552)
Fair value recognised on acquisition		**24,900,000**

Goodwill arising on acquisition

	Note	$
Consideration transferred		24,900,000
Less:		
Fair value of identifiable intangible assets acquired		8,852,762
Add:		
Deferred tax effect on customer contracts		1,770,552
Goodwill arising on acquisition		**17,817,791**

The goodwill of $17,817,971 does not comprise the value of the customer relationships and customer contracts as these are separately recognised as they meet the criteria for recognition as an intangible asset under AASB 138. Goodwill represents the expected synergies from combining operations of the acquirer and the acquirer. None of the goodwill recognised is expected to be deductible for income tax purposes.

Net cash outflow arising on acquisition

	Note	$
Consideration paid in cash		12,450,000
Net cash outflow		**12,450,000**

Impact of acquisition on the results of the Group

From the date of the acquisition, SFUK contributed $5,799,302 of revenue and $2,947,723 to profit before tax from continuing operations of the Group.

Had the acquisition of SFUK been effected at 1 July 2014, the revenue contributed to the Group from continuing operations for the year ended 30 June 2015 would have been $11,857,771 and the net profit before tax for the year would have been $2,231,711.

The Directors of the Company consider these ‘pro-forma’ numbers to represent an approximate measure of the performance of the combined group on a yearly basis and to provide a reference point for comparison in future years.

DIRECTOR'S DECLARATION

1. In the opinion of the Directors of Emerchants Limited (the "Company"):

(a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the Group's financial position at 30 June 2015 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

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

(c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1(d).

2. This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

Peter Martin
Chairman

24 August 2015

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report
to the members of Emerchants Limited

Report on the Financial Report

We have audited the accompanying financial report of Emerchants Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 29 to 71.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Emerchants Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(d).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 26 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion the Remuneration Report of Emerchants Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants
Brisbane, Queensland
24 August 2015

ASX Additional Information

Additional information as required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

1.1 Share Information

As at 6 August 2015 the Company only has one class of shares, fully paid ordinary share. Therefore all holders listed hold fully paid ordinary shares. There are no unlisted securities and there is currently no on-market buy-back.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

1.2 Distribution of Shares (as at 6 August 2015)

No.	No of Shareholders	Fully Paid Shares
1-1,000	253	92,028
1,001-5,000	437	1,249,368
5,001-10,000	294	2,379,470
10,001-100,000	752	25,933,297
100,001-over	161	154,883,056
Total	**1,897**	**184,537,219**
Unmarketable Parcels	**194**	**37,793**

The number of shareholders holding less than a marketable parcel is 194.

1.3 Substantial Shareholders (as at 6 August 2015)

The following shareholders are recorded as substantial shareholders:

Name	Fully Paid Shares
	Number
National Nominees Limited	19,310,844
Store Financial Services LLC	9,960,000
Total	**29,270,844**

1.4 Holders of Unquoted Equity Securities (as at 6 August 2015)

A total of 17,662,121 unlisted options are on issue. With the exception of 2,500,000 unlisted options held by Non-executive directors, all unlisted options are held by employees under the Company's Employee Share Options Plan.

1.5 Twenty Largest Shareholders (as at 6 August 2015)

	Fully Paid Ordinary	
Ordinary Shareholders	**Number**	**Percentage**
NATIONAL NOMINEES LIMITED	19,310,844	10.46%
STORE FINANCIAL SERVICE LLC	9,960,000	5.40%
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,495,273	4.60%
DKS INVESTMENTS LLC	7,596,990	4.12%
TACDBM PTY LTD	7,373,104	4.00%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	6,860,000	3.72%
DKS-SG INVESTMENTS LLC	5,820,016	3.15%
BT PORTFOLIO SERVICES LIMITED	5,697,432	3.09%
MS DIANA BARTON CREGAN	5,555,555	3.01%
WILDWOOD CAPITAL PTY LTD	4,378,490	2.37%
BNP PARIBAS NOMS PTY LTD	4,318,136	2.34%
THOMAS ANTHONY CREGAN	3,888,888	2.11%
BT PORTFOLIO SERVICES LIMITED	3,888,888	2.11%
MR IVAN TANNER & MRS FELICITY TANNER	3,104,500	1.68%
WULURA INVESTMENTS PTY LTD	3,087,314	1.67%
SANDHURST TRUSTEES LTD	3,060,243	1.66%
ACK PROPRIETARY LTD	2,400,000	1.30%
CITICORP NOMINEES PTY LIMITED	2,189,512	1.19%
BT PORTFOLIO SERVICES LIMITED	1,971,111	1.07%
UBS NOMINEES PTY LTD	1,816,644	0.98%
LEE SMASH REPAIRS PTY LTD	1,500,000	0.81%
Total	**112,272,940**	**60.84%**

1.6 Share Buy-Backs

There is no current on-market buy-back scheme.

2. Other Information

Emerchants Limited, incorporated and domiciled in Australia, is a public listed company limited by Shares.