The dawn of a new eftpos
Year in review

2.4 billion
Transactions

Number of eftpos enabled cards on issue in Australia – millions

Source: Reserve Bank of Australia Debit Card Statistics (C5) and eftpos data FY14, 1 July 2013 to 30 June 2014.

Average transaction size

$ Value – billions

Average of
6.5 million
eftpos transactions a day, worth about
$380 million

There are
826,769
eftpos terminals across Australia

Approximately
274,361
transactions an hour

Approximately
4,573
transactions a minute

Approximately
76
transactions a second

Up to
460
transactions a second in peak periods

Source: Reserve Bank of Australia Debit Card Statistics (C5) and eftpos data FY14, 1 July 2013 to 30 June 2014.

2014
1.9 million
2013
1.6 million
2012
1.3 million
2011
1.2 million

Source: Reserve Bank of Australia Debit Card Statistics (C5) and eftpos data FY14, 1 July 2013 to 30 June 2014.
A message from the Chairman and Managing Director

eftpos transformation – a new era of industry collaboration and innovation

During the 2013/14 Financial Year, eftpos began to roll out new products and payments infrastructure across the industry, heralding the beginning of a new era for the Company and biggest change since the eftpos network was originally started 30 years ago.

eftpos is a fundamental part of the Australian payments industry and our priority is to ensure that we provide merchants, consumers and the industry with vibrant local payments options.

As Australians change the way they shop and pay, eftpos is evolving its technology to meet their needs. As such, we are committed to the development of new eftpos payment products on new technology platforms such as Contactless, Online and Mobile.

Our transformation program harnesses the unique position of eftpos in the Australian market as an industry-owned company based on a model of true collaboration and consultation.

Transformation and the evolution of eftpos

The move to new payments technologies such as Online and Mobile is exactly why the eftpos company (eftpos Payments Australia Limited) was formed in 2009.

The Company inherited management of the eftpos payment system which had previously been managed by agreements between each of the financial institutions and retailers. It remained largely unchanged since the 1980s.

Our brief was to provide focused management for the system, in response to significant technological change and increasing competition from global payment schemes and other providers.

Now, after five years of building the foundations for change, it is time to move eftpos to the next stage, with product enhancements that provide consumers and merchants with a truly local choice on a range of new technology platforms.

In 2013/14, we made good progress on the three core streams of the transformation. We have:

- Completed the build of the centralised payments Hub and connected the first industry participants in September 2014
- Commenced test and pilot for eftpos Chip and Contactless cards across the industry, with issuing due to commence in late 2014, and
- Developed a Digital Payments Engine and online payments solution, in preparation for a large consumer trial with a major retailer which launched in August 2014.

During the period, the eftpos Hub infrastructure build was completed and plans were in place to connect all of our 15 Members by the end of 2014. The first Members went live on the eftpos Hub in September 2014 and the eftpos Hub is scheduled to have capability for digital payments in FY15. This single change transforms eftpos into a processing company, providing new services and infrastructure to the industry.

“...we are committed to the development of new eftpos payment products on new technology platforms such as Contactless, Online and Mobile.”

Industry participants will soon begin to migrate to eftpos Chip and Contactless, after widespread participation in our test and pilot and certification programs. Testing commenced in July 2014 and Members are expected to begin issuing eftpos Chip cards before the end of 2014.

During the period, we built a Digital Payments Engine to conduct Mobile and Online digital payments trials. Our first major consumer eftpos Online trial commenced in August with Coles and the Commonwealth Bank. We expect further trials to extend to other Members, including ANZ, before the end of 2014.

Our new platforms, capability and enhanced strategy

During the period, we enhanced our strategic position and business model to create new value through the platforms we are creating in the transformation program. The strategy involves capturing new business development opportunities by expanding to a more diversified platform and processing model.

We continued to build organisational capability to roll out the transformation projects across the Membership, investigate new business development opportunities and to operate our new platforms.

We continued to consult with merchants, Members and consumers, particularly in relation to online user experience. We adopted a new tagline, ‘My Money’ and progressed our brand evolution strategy, to ensure that our brand can move effectively into new technology platforms as we implement our product enhancements over the coming years.

eftpos continues to be Australia’s most widely used card system. In 2013/14, eftpos continued to be the preferred way for Australians to access their own money. Australians made more than 2.4 billion eftpos transactions, worth more than $139 billion. This is equivalent to an average of more than 6.5 million eftpos Chip and Chip and Contactless transactions a day.

Terminal numbers continued to show strong growth, with around 45,000 additional point of sale terminals added to the network.

Transaction numbers were lower than forecast, due to a reduction of proprietary eftpos cards and consumer adoption of technologies such as contactless and online payments. However, the new platforms we are building through our transformation program will enable us to compete on these platforms in the future and create new business opportunities and revenue streams for the Company.

Our new platforms, capability and enhanced strategy

During the period, eftpos continued to implement marketing initiatives to encourage Australians to use eftpos by pressing CHEQ or SAV at the checkout, targeting areas such as everyday food. We also continued to progress our brand evolution.

We were active in the community, sponsoring activities such as MoneySmart Week and the eftpos ARA Australian Retail Awards.

During the period, we ran our third eftpos Giveback Corporate Social Responsibility program, resulting in significantly enhanced community engagement and a donation of $2 million, shared between Diabetes Australia and Cancer Council Australia.

The charities are using the funding to fight two of Australia’s most prevalent diseases – skin cancer and diabetes.

Diabetes Australia is using the donation to develop an awareness program, a digital platform and mobile application that will assist more than a million Australians with the management of the disease.

Cancer Council Australia is using the donation to fund their Shade for Secondary School Grant Program across the country. eftpos also donated $40,000 to Camp Quality to support 38 families who have a newly-diagnosed child with cancer.

Conclusion

We are proud of the significant progress that the eftpos team and the industry made in FY14 towards ensuring that Australia continues to have a competitive domestic payments alternative for many years to come.

The new platforms we are now rolling out as part of the eftpos transformation will enable us to compete on new technology platforms such as Contactless, Online and Mobile, and also create new business opportunities for the Company and the industry into the future.

eftpos was born from collaboration and cooperation across the industry almost 30 years ago and support for the transformation demonstrates that this commitment continues to be our strength today.

Community and marketing

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Implementing the eftpos transformation

“eftpos offers a ubiquitous, secure and affordable payments option for almost all Australian consumers who have access to a bank account, and we want to extend it to as many platforms as possible.”

DAVID HEINE
Chief Operating Officer
The eftpos transformation is a comprehensive, multi-year program across the Australian industry which is being implemented in 2014 and 2015. It is a collaborative industry program that aims to provide consumers and merchants with a competitive, low-cost, eftpos domestic payments choice on technology platforms such as Online, Mobile and Contactless.

“The eftpos Hub transforms eftpos into a processing company, providing new services and infrastructure to the industry.”

BRUCE MANSFIELD
eftpos CEO

Enable Member Product Value Proposition for retail consumers and merchants through agile, flexible and low-cost platform infrastructure

Strategic focus
Build and launch Digital Payments Engine to provide Mobile and Online capability
Evolve Scheme minimum standards (Rules, Pricing, Chip, Hub and Digital products)
Build eftpos Hub network to provide multi-lateral links to all Members and support innovation agility

The transformation involves three core streams:
1. Commercialisation and deployment of eftpos Chip and Contactless,
2. The development of the eftpos Hub infrastructure to move work associated with our pipeline of product enhancements away from the outdated and cumbersome bilateral environment, and
3. Building on the eftpos Digital Payments program to support Online and Mobile.

The transformation will also help us to drive our strategy to expand from our current scheme model to a more diversified platform and processing model.
In 2014 and 2015 we will see elements of the three core streams being launched in the marketplace, representing the first significant technology change to the eftpos system in almost three decades.

The transformation will help the industry to drive:
• Price competition,
• Local product innovation, and
• Payments choice for our Members, merchants and consumers.

Driving ideation and industry payments innovation:
Our new transformation platforms will enable industry innovation and help bring new, Australian ideas to market through a structured co-ideation process.
This process builds on our collaborative approach while also enabling each industry participant to differentiate its payment services and retain its unique customer relationships.
“This new eftpos Hub has the potential to be one of the most significant developments in Australia’s payments industry since eftpos cards first entered the market almost 30 years ago.”

PAUL JENNINGS
Chief Technology Officer
A new era begins with a single transaction at Freshwater

During 2013 we launched, a comprehensive, multi-year program across the industry called the ‘eftpos transformation’.

Just 11 months after eftpos signed the contract to build the eftpos Hub, Bendigo and Adelaide Bank, ING Direct, Suncorp Bank and Strategic Payments Services (SPS) were already connected, with ANZ and Cuscal expected to follow before the end of 2014. We expect all of our Members to be connected to the Hub by September 2015, marking a significant achievement in industry cooperation.

At 7.20am on 9 September 2014 the first consumer transaction was made across the new eftpos Hub at a newsagent in Freshwater, on Sydney’s northern beaches. It was the first of billions of transactions that will flow through the new Hub and it marked a significant milestone for both eftpos and the Australian payments industry.

“IT WILL NOT ONLY HELP US TO GET OUR PRODUCTS TO MARKET MUCH FASTER, BUT IT ALSO AIMS TO SIGNIFICANTLY REDUCE THE COSTS ASSOCIATED WITH PRODUCT IMPLEMENTATION FOR THE INDUSTRY AS A WHOLE.”

MARK DIMERO
Freshwater Newsagency Proprietor

“An agent for change – reliable and secure

The eftpos Hub will simplify the eftpos network and features architecture that is designed for high reliability and availability. It will not only help to get new eftpos products to market much faster, but it also aims to significantly reduce the costs associated with product implementation and ongoing maintenance.

It means that participants will only need to do system changes once via a single eftpos Hub link to support new or enhanced eftpos products, rather than having to make multiple changes on numerous bilateral links.

It also means less work when participants upgrade their system, when existing participants consolidate or when new players join.

This new centralised infrastructure will help boost industry innovation, to ensure that eftpos continues to be a local, trusted payments choice for Australians into the future, as we move to new technology platforms such as Mobile and Online.

The eftpos Hub also has the potential to carry other payments traffic and support industry initiatives in the future.

PAUL JENNINGS
Chief Technology Officer
TEMOGEN HIELD
Chief Innovation Officer

“While eftpos is the most widely used debit card system in Australia at point of sale, we are now moving into the digital world with Online and Mobile payments. We want to find the best online experience for Australian merchants and consumers and offer them a new, secure payments choice that has been specifically designed for this market.”

TEMOGEN HIELD
Chief Innovation Officer
A digital gateway for eftpos Online and Mobile payments

In September 2014, eftpos launched its first major Online payments trials, with eftpos Online payments made available to 350 consumers via a Coles website. eftpos also established digital trials with ANZ and CBA.

The trials were an important step towards offering a secure and affordable eftpos Online payments option for the Australian industry, consumers and merchants. It can be integrated with existing bank assets and could be made available to almost anyone with a bank account and an eftpos card.

The eftpos Online solution provides a number of benefits, including real-time transaction updates on bank accounts, and the ability for merchants and consumers to set their own limits to trigger additional security features.

We expect the solution to be commercially available to consumers and merchants in 2015.

The Online trial followed a Mobile payments trial with CBA and 20 merchants in Sydney and Melbourne.

The Mobile solution can potentially be used on most smartphones without costly additional hardware, and has the potential to work with a range of technologies such as Wireless, NFC, Bluetooth and QR Codes. It does not necessarily require the use of traditional card-based technologies such as EMV.

Online and Mobile solution features:

- Real-time payments,
- Risk parameters that dictate when a second factor verification is required,
- No card details are handled or passed between consumers and merchants, and users are pre-registered, and
- Supports the merchant and consumer relationship remaining with the customer’s financial institution.

During the period, eftpos spent a lot of time talking to retailers, consumers and financial institutions about what they want to see from eftpos Online and Mobile payments products. This kind of market research is important because we want to produce products that are relevant to Australians, and follow our core promise of being accessible, affordable, easy to use and secure.
Towards the end of 2014 Australian financial institutions will begin to roll out new eftpos Chip cards, with increased security and functionality.

The roll out of new eftpos Chip cards will continue over the next few years, as the cards are reissued as part of the normal replacement process.

In July 2014 eftpos commenced a test and pilot program for eftpos Chip across the industry, as the last step in the test and certification process.

The eftpos Chip rollout is expected to be completed by the end of 2017.

“Industry participants will soon begin to migrate to eftpos Chip and Contactless, after widespread participation in our test and pilot and certification programs.”

BRUCE MANSFIELD
eftpos Managing Director

Dec 2017

Total eftpos cards
(>38 million)

Approx 28 million eftpos Chip cards

Dec 2016

Total eftpos cards
(>38 million)

Approx 19 million eftpos Chip cards

Dec 2015

Total eftpos cards
(>38 million)

Approx 9 million eftpos Chip cards

Forecast issuing numbers based on eftpos data and may change.
“Good Corporate Governance is vital, as we work to ensure that Australians continue to have confidence in our decisions and the integrity of our network into the future. We are an important part of the fabric of Australia’s financial system and trust is essential.”

BRUCE RATHIE
cftpos Chairman

(Governance)

Taking care of business
Corporate governance

Corporate governance and regulation
The establishment of a sound framework of corporate governance and the implementation of the corresponding governance culture and processes throughout eftpos Payments Australia Limited is one of the primary responsibilities of the Board. The eftpos Board (the Board) supports the Corporate Governance Principles and Recommendations (third edition) as developed by the ASX Corporate Governance Council. Even though eftpos is not listed, the Board has adopted many of these Principles and Recommendations. This Corporate Governance Statement provides details on eftpos’ implementation of the Principles and Recommendations for the reporting period 1 July 2013 to 30 June 2014.

Board Charter
eftpos has a formal Board Charter. This Charter details the functions and responsibilities of the Board which include:
(a) setting the ethical tone for eftpos;
(b) setting eftpos’ strategic direction and ensuring that management’s implementation of that strategy is effective;
(c) monitoring financial outcomes and the integrity of reporting. In particular, approving annual budgets and longer-term strategic and business plans;
(d) appointing the Chief Executive Officer (CEO) and determining the terms and conditions of employment (including remuneration);
(e) reviewing the performance of the CEO at least annually;
(f) ensuring that the delegations of authority from the Board to the CEO are clearly defined;
(g) ensuring effective and timely reporting to the Members;
(h) approving and monitoring the progress of major capital expenditure and the capital budget;
(i) ensuring that effective audit, risk management and compliance systems are in place to protect eftpos’ assets and to minimise the possibility of eftpos operating beyond legal requirements or acceptable risk parameters;
(j) reviewing the performance of the Board and its Committees at least annually; and
(k) overseeing aspects of the employment of senior executives, including remuneration, performance and succession planning.
The Board Charter also sets out the specific powers and responsibilities of the Chair and Managing Director.

Structure of the eftpos Board
The Board comprises the Managing Director (CEO), eight Member appointed Directors and three Independent, non-executive Directors who bring with them a broad range of skills, expertise and experience from a diverse range of backgrounds. The composition of the Board is determined using the following principles:
- The Chair of the Board is an independent, non-executive Director;
- No Director can be a Director of another card payments scheme; and
- The roles of the Chair and Managing Director are not exercised by the same person.
etpos’ definition of an Independent Director is consistent with the definition in Recommendation 2.3 of the ASX Corporate Governance Principles and Recommendations (third edition), and is assessed on an ongoing basis. Director attendance at eftpos Board and Committee meetings is disclosed in the Directors’ report.

The Independent Directors are paid by eftpos for their services as Directors. The amount is determined from time to time by the Members at an Annual General Meeting. In keeping with sections 291 and 392 of the Corporations Act 2001 (Cth), eftpos has established protocols for dealing with issues of Director material personal interests. eftpos’ procedures are detailed in the Directors’ Manual. eftpos provides a Code of Conduct for eftpos Directors, as well as a Code of Conduct for eftpos personnel.

Any Director may seek independent, professional advice about any matter that he/she considers necessary in order to discharge his/her responsibilities, at eftpos’ expense.

Board Committees
The Board established the following Committees by delegated authority to assist in carrying out Board responsibilities. Each Committee has a Board approved term of reference which sets out the composition, responsibilities and administration of these Committees:
• Finance, Risk and Audit Committee
• Remuneration and Nominations Committee
• Marketing Committee
• Rebate Committee
• Technical and Operations Committee
• Finance, Risk and Audit Committee
The Finance, Risk and Audit Committee assists the Board by ensuring that the framework of internal controls, practices and systems of risk oversight and management are robust and the Company’s financial statements and processes are externally audited. The Committee has Members who have appropriate financial experience and the Committee reports and makes recommendations to the Board on the following matters:
(a) that eftpos’ accounts fairly represent eftpos’ financial position and performance and comply with all regulatory requirements;
(b) the appointment of external auditors, receipt of audit reports and liaising with the auditors on:
(i) internal financial practices;
(ii) the scope of audits;
(iii) management arising from audits; and
(iv) any other matter relevant to its responsibilities.
(c) monitoring eftpos’:
(i) internal financial controls;
(ii) exposure to financial and internal operational risk and ensuring they are kept within acceptable limits;
(iii) ethical conduct to ensure an exemplary standard of behaviour on the part of both management and the Board;
(iv) administrative policies, financial practices and controls; and
(v) related party transactions; and
(vi) risk management governance framework;
(d) reviewing eftpos’ budget and monitoring expenditure against the budget;
(e) reviewing and recommending changes to eftpos’ insurance policies;
(f) reviewing and recommending changes to eftpos’ spending delegations; and
(g) establishing and reviewing a risk management framework so as to facilitate the monitoring and management of risk as contemplated in (c)(ii) above.

During the reporting period, the Members of the Finance, Risk and Audit Committee were:
• Mr Stuart Woodward (Chair)
• Mr David Jay (Appointed 21 May 2014)
• Ms Leslie Martin (Resigned 21 May 2014)
• Ms Vicky Papachristos
• Mr Bruce Rathie
• Mr Douglas Swansson

All Members of the Finance, Risk and Audit Committee are non-executive Directors, including two Independent Directors. Each Member is appointed for an initial term of two years, with no Member serving more than four consecutive years.

Remuneration and Nominations Committee
The Remuneration and Nominations Committee assists the eftpos Board in fulfilling oversight responsibilities on the following matters:
(a) reviewing and making recommendations to the Board with respect to the remuneration framework for the Independent Directors, the Chief Executive Officer (CEO/MD) and senior executives;
(b) developing policies and practices concerning the remuneration (including merit recognition, expenditure, incentives and other benefits) for the CEO and senior executives;
(c) assessing the skills, knowledge and experience required by the Board, Independent Directors, the CEO and senior executives;
(d) assessing and reviewing the performance of the Independent Directors;
(e) advising on recruitment, retention, succession planning and termination policies and procedures for the CEO and senior executives; and
(f) making recommendations to the Board concerning (a) to (c) above.

During the reporting period, the members of the Remuneration and Nominations Committee were:
• Ms Leslie Martin (Chair)
• Mr Stephen Benton (Appointed 20 November 2013)
• Mr Greg Devlin (Resigned 20 December 2013)
• Ms Manuel Garcia
• Ms Dhun Karai (Appointed 21 May 2014)
• Ms Vicky Papachristos (Appointed 21 May 2014)
• Mr Bruce Rathie

All Members of the Remuneration and Nominations Committee are non-executive Directors, including three Independent Directors. Each Member is appointed for an initial term of two years with no Member serving more than four consecutive years.


Corporate governance

Marketing Committee
The Marketing Committee was disbanded by the Board on 30 March 2014. Its responsibilities had included:
(a) ensuring that eftpos’ marketing and brand strategies were consistent with, and support eftpos’ corporate strategy;
(b) reviewing current marketing strategies, budget and resources to ensure that they were aligned with the Strategic Plan objectives; and
(c) reviewing major marketing proposals and providing strategic direction to management before proposals were submitted to the Board for approval.

During the reporting period, until it was disbanded, the Members of the Marketing Committee were:
· Ms Vicky Papachristos (Chair)
· Mr Brad Gravell
· Ms Dhun Karai
· Mr Bruce Mansfield
· Mr Michael Shurlin (Appointed 20 November 2013)
· Mr Douglas Swanson
· Mr Dominic White (Resigned 30 September 2013)

The Members of the Marketing Committee comprised non-executive Directors and an Independent Director as Chair.

Rebate Committee
The Rebate Committee has responsibilities for the following matters:
(a) authorisation to distribute rebate payments following the Finance, Risk and Audit Committee’s approval of an available pool for Members; and
(b) reviewing the following matters before authorising any payments:
(i) eftpos’ financial state;
(ii) eftpos’ cash flow requirements;
(iii) any tax implications; and
(iv) the assessment of each Member’s entitlement to a rebate, in accordance with the Rebate Policy.

During the reporting period, the Members of the Rebate Committee were the three Independent Directors and the Managing Director:
· Mr Bruce Rathie (Chair)
· Ms Leslie Martin
· Ms Vicky Papachristos
· Mr Bruce Mansfield

Technical and Operations Committee
During the period, the Board approved the establishment of a new Board sub-committee, called the Technical and Operations Committee. The responsibilities of this Committee include:
(a) approving and overseeing the implementation of eftpos’ information technology and processing strategy, including strategic investment priorities, and associated matters such as relevant policies, costs, deliverables, scheduling, implementation risk and the robustness of the overall technology and production management solution; and
(b) overseeing the delivery of information technology and processing services to the eftpos Membership including performance outcomes for quality, stability and reliability, and where reliable information and metrics are available, eftpos’ performance relative to its Australian and offshore peers.

This Committee comprises 3-5 Directors, including at least one Independent Director. Each Director is appointed for an initial term of two years with no Director serving more than four consecutive years.

The first meeting of this Committee occurred after the end of the reporting period. Directors appointed to this Committee during the reporting period were:
· Ms Leslie Martin (Chair)
· Mr Stephen Benton
· Mr Brad Gravell
· Mr Michael Shurlin
· Mr Douglas Swanson
· Mr Bruce Rathie

Ethical standards
eftpos has an established Code of Conduct which clarifies the standard of ethical behaviour required of Directors, employees and contractors. The Code of Conduct requires Directors, employees and contractors to:
· Act with honesty and integrity
· Respect confidentiality and not misuse information
· Avoid conflicts of interest
· Value and maintain professionalism

Whistleblowing
eftpos has ratified a ‘Whistleblower’s Policy’ to reinforce eftpos’ commitment to maintaining a working environment in which Directors, employees, contractors and visitors are able to report suspected incidences of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal. The purpose of the policy is to assist eftpos in the detection and resolution of unacceptable conduct and to protect those persons who raise issues of unacceptable conduct.

The Protected Disclosure Officer is the Company Secretary.

Member communication and participation
eftpos is committed to providing all Members with comprehensive, timely and equal access to information about its activities. Members can access information from a range of sources. These include direct communication via the eftpos transformation Bulletin and regular direct communications and consultations with Member representatives through both established and ad hoc processes such as the bi-monthly meetings of the Member Advisory Committee (MAC).

eftpos also publishes relevant company information on its eftpos website, as well as in publications such as the Annual Report, Member Advisories and various brochures and fact sheets.

Members are encouraged to attend and participate at the Annual General Meeting (AGM). The External Auditor attends the AGM to answer any questions the Members may have about the conduct of the audit and the preparation and content of the Audit Report.

Website
During 2014, the company website underwent continuous improvement. This can be found at www.eftposaustralia.com.au

eftpos also continued to improve its website capabilities for social media engagement, because this will become increasingly important as a mechanism to engage stakeholders, merchants, consumers and Members, and will be fundamental to our commercial success as eftpos product functionality moves online in the near future.

Corporate social responsibility
eftpos aims to provide accessible, relevant, affordable, competitive and secure payment services to Members to provide to Australian consumers and merchants.

eftpos strives to retain its position in the market as a viable, locally owned and operated alternative to international payment schemes. The Company will continue to play a significant role in displacing cash to reduce the nation’s need for increased production of bank notes and coins, and the associated transport, management and storage costs.

Through our marketing and community activity, eftpos is also committed to encouraging Australians to adopt responsible spending and money management by using their own money. This commitment was demonstrated by the adoption of the new brand sign of, “My Money”, and the Company’s Sponsorship for the nation’s MoneySmart Work campaign.

The Company strives to increase the contributions it can make to society, through programs such as Giveback and employee giving, while also committing to employee health, safety and wellbeing, and to minimising our impact on the environment. This means eftpos is committed to conducting its business in a responsible, trustworthy and ethical manner, while minimising any impact on the environment.

During the period, we donated $2 million shared between Cancer Council Australia and Diabetes Australia through the Giveback campaign to help them combat two of Australia’s most prevalent diseases – skin cancer and diabetes.

eftpos encourages recycling options in office facilities and makes conscious choices relating to everyday materials such as paper and cleaning products. The company uses sensor lights in meeting rooms and has a paperless office program.

eftpos is committed to diversity, with women making up three of 11 Board positions and three of nine Management Team positions, during the period.

Our staff represent a broad cross-section of social and ethnic groups across Australian society.

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Our staff represent a broad cross-section of social and ethnic groups across Australian society.
Stephen Benton
BCom
Non-executive Director

Stephen is a lifelong banking and finance industry veteran, who has served in executive roles at ANZ and Westpac Group. He was appointed to the eftpos Board in February 2015.

Manuel Garcia
BBUS, SFFin, GAICD
Non-executive Director

Manuel Garcia is a chartered accountant and chartered financial analyst with a career spanning more than 30 years in the financial services and accounting sectors. He has held senior executive and management roles in both listed and private companies. In addition to his role on the eftpos Board, Manuel is a non-executive director of the Australian Payments Clearing Association and a non-executive director of the Australian Payments Council.

David Jay
BEc, MBA, FCPA, PSA, FAMI, MBA, MACD
Non-executive Director

David Jay is the Managing Director of the Australian Payments Clearing Association (APCA). He has more than 20 years of experience in the financial services industry, including executive and management roles in the areas of banking, payments, and corporate finance. He has served on the boards of several Australian and international companies and has been a member of the audit and risk committees of several companies.

Stuart Woodward
BA (Hons), FFin, GAICD
Non-executive Director

Stuart Woodward is a chartered accountant and chartered financial analyst with a career spanning more than 30 years in the financial services industry. He has held senior executive roles in both the banking and payments sectors, including roles at ANZ Bank, Commonwealth Bank of Australia, and the Australian Payments Clearing Association. He has been a member of the audit and risk committees of several companies.

Richard Wormald
MAICD, MEng, ACMA
Non-executive Director

Richard Wormald is a chartered accountant and chartered financial analyst with a career spanning more than 30 years in the financial services industry. He has held senior executive roles in both the banking and payments sectors, including roles at ANZ Bank, Commonwealth Bank of Australia, and the Australian Payments Clearing Association. He has been a member of the audit and risk committees of several companies.

Members of the eftpos Board at the time of publication. For listing of Board Members during reporting period, please refer to the Director’s Report on page 30.
Leadership team

Bruce Mansfield
Managing Director

Bruce was appointed in May 2010. He is responsible for the development and management of the Company’s business activities in line with the Board-approved strategic plan. Before joining eftpos, Bruce previously held a number of senior executive positions for Visa Inc. in Australia and around the globe, including executive vice-president – Australia, New Zealand and Pacific Islands. Bruce is a seasoned executive in the payments industry with international experience and insight to tackle the complexity of the Australian landscape and lead the organisation through this transformational phase.

David Heine
Chief Operating Officer

David was appointed in September 2013 to lead eftpos to operational excellence. His responsibilities include finance, strategy, legal, risk, compliance and certification, as well as program office, human resources, Corporate Affairs and administration. David has more than 20 years of experience in the financial services industry, covering payments, financial markets and risk management. He was a former Board Director of eftpos when he represented Cuscal in 2010. At Cuscal, David was responsible for product management, marketing and business development functions.

Temogen Hield
Chief Innovation Officer

Temogen was appointed in January 2010 as Chief Operating Officer and he played an integral role in the development and delivery of eftpos’ strategy and business plans. As Chief Innovation Officer, Temogen is now responsible for leading the development and implementation of our transformation and innovation pipeline. Before joining eftpos, Temogen was Head of Self Regulation and General Counsel for the Australian Payments Clearing Association Limited. Temogen is passionate about the cause and his years at APCA have prepared him well to drive necessary changes at eftpos towards mutual benefits for all its stakeholders.

Paul Jennings
Chief Technology Officer

Paul was appointed in February 2012 as Head of Infrastructure. He is responsible for leading the development and management of eftpos infrastructure, along with our other IT and data systems. Paul came to eftpos with extensive experience in Australian banking and finance, including 22 years at Westpac where he held management positions in areas such as online banking, infrastructure, smart cards, payments and call centres.

1 July 2013 – 30 June 2014

Leadership team

Bruce Mansfield
Managing Director

Bruce was appointed in May 2010. He is responsible for the development and management of the Company’s business activities in line with the Board-approved strategic plan. Before joining eftpos, Bruce previously held a number of senior executive positions for Visa Inc. in Australia and around the globe, including executive vice-president – Australia, New Zealand and Pacific Islands. Bruce is a seasoned executive in the payments industry with international experience and insight to tackle the complexity of the Australian landscape and lead the organisation through this transformational phase.

David Heine
Chief Operating Officer

David was appointed in September 2013 to lead eftpos to operational excellence. His responsibilities include finance, strategy, legal, risk, compliance and certification, as well as program office, human resources, Corporate Affairs and administration. David has more than 20 years of experience in the financial services industry, covering payments, financial markets and risk management. He was a former Board Director of eftpos when he represented Cuscal in 2010. At Cuscal, David was responsible for product management, marketing and business development functions.

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Report

for the year ended 30 June 2014

Directors’ Report

Your Directors present their report on eftpos Payments Australia Limited for the period commencing 1 July 2013 and ending 30 June 2014 (the reporting period).

Directors appointed during the reporting period
The following Directors were appointed during the reporting period on the dates stated:
Mr Stephen Benton (23 July 2013)
Mr Michael O'Shea (30 January 2014)

Alternate Directors appointed during the reporting period
The following Alternate Directors were appointed during the reporting period on the dates stated:
Mr Steve Aliferis (23 July 2013)
Mr Michael Shurlin (30 September 2013)
Mr Stephen Benton (23 July 2013)

The names of the Directors in office at the date of this report are set out below.
Mr Paul Richards (17 April 2014)
Mr Michael O'Shea (30 January 2014)
Mr Dominic White (1 October 2013)
Mr Steve Aliferis (23 July 2013)

Alternate Directors
Mr Steve Aliferis
Mr Michael Swannell
Mr Michael O'Shea
Ms Danielle Murrie
Mr Steve Aliferis
Alternate Director resignations
Mr Serg Premier (30 September 2013)
Mr David Jay (20 December 2013)
Ms Vicky Papachristos, BE, MBA, MAICD
Ms Dhun Karai, BCom, MBA
Mr Bruce Mansfield, BCA, FFin, GAICD
Alternate Directors
Mr Steve Aliferis
Ms Danielle Murrie
Mr Michael O'Shea
Mr Michael Swannell
Mr Paul Richards

Directors’ Report and Statutory Financial Statements

Principal activities
The Company has responsibility for managing and promoting the Australian debit card system and associated infrastructure known as eftpos in Australia.

Results
The operating profit after income tax for the year ended 30 June 2014 was $10,173,751 (2013: $7,980,012).

Dividends
The Company is limited by guarantee and does not provide dividends to Members.

Review of operations to 30 June 2014
In the 2013/14 Financial Year we made significant progress on our transformation program, developing new infrastructure and platforms to more efficiently deliver product enhancements, create new revenue opportunities and enable our Members to make eftpos transactions available to their customers via technologies such as online, mobiles and contactless cards.

During the period, we built the eftpos Hub, a centralised payments platform designed to replace the current bilateral network, and undertook testing and development of eftpos Chip and digital product enhancements that are scheduled to commence issuing in market by our Members over the coming year. eftpos continued to be the preferred way for Australians to access their own money. Australians made more than 2.4 billion eftpos transactions, worth more than $139 billion, and an average of more than 6.5 million transactions a day.

Transaction numbers were lower than forecast, due to a reduction of proprietary eftpos cards and the increased issuance of dual network eftpos/scheme debit cards in the market, along with consumer adoption of technologies such as contactless and online payments.

The new platforms we are building through our transformation program will enable eftpos to compete on these technology platforms, including contactless on proprietary cards and online payments. This will help to increase eftpos transactions over the coming years and regain market share. eftpos also made progress on its Member and industry engagement initiatives, and continued to build the organisation’s capabilities to operate new infrastructure and build a sustainable future for the Company.

During the reporting period, eftpos continued to implement marketing initiatives to encourage Australians to use eftpos by pressing CHQ or SLV at the checkout, targeting areas such as everyday food. We also introduced our new brand tagline, “My Money”. We ran our third eftpos Give Back Corporate Social Responsibility program, resulting in significantly enhanced community engagement and a donation of $2 million, shared between Diabetes Australia and Cancer Council Australia. Both charities are using the funding to roll out a series of community assets across the country over the coming year. We continued to position eftpos as the preferred payment choice for Australians who want to take control of their finances through activities such as our sponsorship of MoneySmart Week.

Review of operations to 30 June 2014
The Company has responsibility for managing and promoting the Australian debit card system and associated infrastructure known as eftpos in Australia.

Results
The operating profit after income tax for the year ended 30 June 2014 was $10,173,751 (2013: $7,980,012).

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The Company is limited by guarantee and does not provide dividends to Members.

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During the period we implemented our decision to build the eftpos Hub. By the end of the period, the infrastructure build was complete and plans were in place to connect all of our 15 Members by the end of 2015. The first Members went live on the eftpos Hub in September 2014 and the eftpos Hub is scheduled to have capability for both digital and Automatic Teller Machine (ATM) payments before the end of FY15.

We completed detailed planning for our Members and other industry participants to migrate to eftpos Chip and Contactless, including wide-spread participation in an eftpos Chip and Contactless test and pilot program ahead of card issuance. Testing commenced in July 2014 and Members are expected to begin issuing eftpos Chip cards before the end of 2014.

A digital payments engine was built to conduct Mobile digital payments trials with a number of merchants in Sydney and Melbourne, as well as a major bank. We also completed the groundwork for an Online payments trial that commenced with a major retailer in August 2014. We expect further trials to extend to other Members before the end of 2014. We continue to focus on our customer-centric approach to product development, consulting with merchants, Members and consumers to assess their needs, particularly in relation to online user experience. We released brand guidelines for softscreen terminals, as well as new branding for eftpos digital ahead of products being launched.
Leveraging our new platforms and building capabilities

We continued to build organisational capability to roll out the transformation projects across the Membership, investigate new business development opportunities and to operate our new platforms.

We established the eftpos Member Support (eMS) team to support Members as they connect and operate transactions over the eftpos Hub.

The team will be the primary contact point for all Member queries on eftpos Hub operational matters, including requests and change notifications.

In order to leverage our new platforms, increase sustainability and create value for our Members, we expanded our business development capability to assess and prioritise potential opportunities to increase transaction volumes and diversify eftpos revenue streams.

During the period, eftpos strengthened its engagement capabilities with Members and the industry to inform planning, product development and decision making, particularly around implementation of the core transformation projects. We introduced new Member forums around the transformation, including a Digital Reference Group (DRG) to discuss strategic and business matters relating to the eftpos Digital Payments Program.

Regulatory environment

An open, fair and competitive payments system is good for eftpos, its Members, consumers, merchants and, ultimately, Australia. With this in mind, eftpos has in the past year strived for an environment that supports open and fair competition. This has involved engagement with the industry’s self-regulatory structures (the Australian Payments Clearing Association) and the Australian Payments Council (of which eftpos is a representative), as well as with the Reserve Bank of Australia (RBA), the Federal Government’s Financial System Inquiry.

Significant changes in the state of eftpos

The following changes were significant in the period:

- Increased competition from technologies such as online and contactless, and reduction of proprietary eftpos cards resulted in declining market share compared to scheme debit.

Likely developments and expected results of operations

During 2014/15 the following developments and results are expected:

- The eftpos Hub is live and new eftpos product enhancements will be issued by Members, including eftpos Chip and Contactless cards and eftpos digital products.

Matters subsequent to the end of the reporting period

There were no significant changes subsequent to the end of the reporting period.

Environmental regulation

eftpos is not subject to any significant environmental regulation in respect of its activities.

1 July 2013 – 30 June 2014

Directors’ meetings attendance schedule

<table>
<thead>
<tr>
<th>Director</th>
<th>Board</th>
<th>Finance, Risk and Audit Committee</th>
<th>Remuneration and Nominations Committee</th>
<th>Marketing Committee</th>
<th>Rebate Committee (Rebate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephen Benton</td>
<td>5/6</td>
<td>3/3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greg Devlin</td>
<td>3/3</td>
<td>4/4</td>
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<tr>
<td>Manuel Garcia</td>
<td>6/6</td>
<td>3/3</td>
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<tr>
<td>Brad Gravell</td>
<td>6/6</td>
<td>1/2</td>
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<tr>
<td>David Jay</td>
<td>3/3</td>
<td>1/3</td>
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<td></td>
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<tr>
<td>Dhun Karai</td>
<td>5/6</td>
<td>1/1</td>
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<tr>
<td>Bruce Mansfield</td>
<td>6/6</td>
<td>1/2</td>
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<tr>
<td>Leslie Martin</td>
<td>6/6</td>
<td>7/7</td>
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<tr>
<td>Vicky Papachristos</td>
<td>6/6</td>
<td>7/8</td>
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<tr>
<td>Bruce Rathie</td>
<td>6/6</td>
<td>8/8</td>
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<tr>
<td>Michael Shurlin</td>
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<tr>
<td>Douglas Swansson</td>
<td>5/6</td>
<td>8/8</td>
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<tr>
<td>Dominic White</td>
<td>2/2</td>
<td>4/4</td>
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<tr>
<td>Stuart Woodward</td>
<td>5/6</td>
<td>8/8</td>
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<tr>
<td>Alternate Directors</td>
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<td>Steve Aliferis</td>
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<td>David Jay</td>
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<td>Danielle Murrie</td>
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<td>Michael O’Shea</td>
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<td>Seng Premier</td>
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<tr>
<td>Michael Swannell</td>
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<tr>
<td>Dominic White</td>
<td>1/1</td>
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<tr>
<td>Paul Richards</td>
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</tr>
</tbody>
</table>

Note: Directors attendance schedule from 1 July 2013 to 30 June 2014

Finance, Risk and Audit Committee

The Finance, Risk and Audit Committee consisted of the following members during the year:

Stuart Woodward (Chair), Bruce Rathie, Vicky Papachristos, Leslie Martin, Douglas Swannson and David Jay (from 21 May 2014).

Remuneration and Nominations Committee

The Remuneration and Nominations Committee consisted of the following members during the year:

Leslie Martin (Chair), Bruce Rathie, Greg Devlin (until 21 December 2013), Manuel Garcia, Stephen Benton (from 21 November 2013), Dhun Karai (from 21 May 2014) and Vicky Papachristos (from 21 May 2014).

Marketing Committee

The Marketing Committee consisted of the following members during the year:

Vicky Papachristos (Chair), Bruce Mansfield, Dhun Karai, Brad Gravell, Douglas Swannson and Michael Shurlin (from 20 November 2013).

Rebate Committee

The Rebate Committee consisted of the following members during the year:

Bruce Rathie (Chair), Vicky Papachristos, Leslie Martin, Bruce Mansfield.

Technical and Operations Committee

The Technical and Operations Committee consisted of the following members during the year:

Leslie Martin (Chair), Stephen Benton, Brad Gravell, Michael Shurlin, Bruce Rathie and Douglas Swannson.
Directors’ benefits
Since the date of incorporation no Director of eftpos has received, or has become entitled to receive, a benefit other than:
- The Directors’ fees payable to the Chairman and two other independent Directors, set out in note 15 to the financial statements;
- Normal benefits as a full-time employee of eftpos, which are payable to the CEO and are included in note 15 to the financial statements; and
- The benefit of the indemnity described below.

Directors’ and officers’ indemnity
The Corporations Act 2001 (Cth) prohibits a company from indemnifying company Directors, secretaries, executive officers and auditors from liability except for liability to a party, other than eftpos or a related body corporate, where the liability does not arise out of conduct involving a lack of good faith and

except for liability for costs and expenses incurred in successfully defending certain proceedings. An indemnity for officers or employees, who are not Directors, secretaries or executive officers, is not expressly restricted by the Corporations Act 2001 (Cth).

Article 15.1 provides in effect that every person who is or has been a Director or secretary of eftpos is entitled to be indemnified by eftpos against any liabilities and expenses incurred by that person relating to that person’s position with eftpos other than to the extent prohibited by statute.

The Directors of eftpos and Alternate Directors named earlier have the benefit of the indemnity in Article 15.1, as do the following executive officers of eftpos:
- Chief Executive Officer and Managing Director, Mr B Mansfield;
- Chief Operating Officer, Mr D Heine;
- Chief Technology Officer, Mr R Jennings;
- Chief Innovation Officer, Mr Temogen Hield; and
- Company Secretary, Ms S Blevins (appointed 30 January 2014).

Insurance
During the reporting period, eftpos paid a premium under a contract insuring each of the Directors and Alternate Directors of eftpos and each of the executive officers referred to above. Disclosure of the nature of the liability insured against and the amount of the premium is prohibited by the confidentiality clause of the insurance policy, in accordance with common commercial practice.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporation Act 2001 (Cth).

Auditor’s independence declaration
A copy of the auditor’s independence declaration as required under section 307C of the Corporation Act 2001 (Cth) is set out on page 37.

This report is made in accordance with a resolution of Directors.

This declaration is made in accordance with a resolution of the Directors.

Auditor’s Independence Declaration
As lead auditor for the audit of eftpos Payment Australia Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

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

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

Sam Hinchliffe
Partner
PricewaterhouseCoopers
Sydney
17 September 2014
In financial year 2013/14 Australians made 2.4 billion eftpos transactions worth more than $139 billion. That means, on average, every second of every day, Australians make 76 eftpos transactions.
Statement of comprehensive income

<table>
<thead>
<tr>
<th>Notes</th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from continuing operations</td>
<td>$42,850,646</td>
<td>$43,944,942</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>$(9,815,403)</td>
<td>$(8,040,223)</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>$(623,146)</td>
<td>$(433,976)</td>
</tr>
<tr>
<td>Marketing expenses</td>
<td>$(9,793,054)</td>
<td>$(13,179,066)</td>
</tr>
<tr>
<td>Product and implementation expenses</td>
<td>$(5,437,372)</td>
<td>$(8,564,557)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$(2,634,334)</td>
<td>$(2,862,987)</td>
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<tr>
<td>Profit before tax</td>
<td>$14,547,337</td>
<td>$10,863,393</td>
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<tr>
<td>Income tax expense</td>
<td>$(4,373,586)</td>
<td>$(2,883,381)</td>
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<tr>
<td>Profit for the year</td>
<td>$10,173,751</td>
<td>$7,980,012</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>$10,173,751</td>
<td>$7,980,012</td>
</tr>
</tbody>
</table>

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

This financial report covers eftpos Payments Australia Limited as an individual entity. The financial report is presented in Australian dollars. eftpos Payments Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

eftpos Payments Australia Limited
Suite 1, Level 9, 60 Carrington Street
Sydney NSW 2000

A description of the nature of the entity’s operations and its principal activities is included in the Directors’ Report commencing page 30.
Statement of financial position

<table>
<thead>
<tr>
<th>Assets</th>
<th>Notes</th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
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<td>26,089,727</td>
<td>21,622,110</td>
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<tr>
<td>Receivables</td>
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<td>10,235,208</td>
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<td>Prepayments</td>
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<td>1,545,977</td>
<td>1,328,320</td>
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<tr>
<td>Total current assets</td>
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<td>32,763,932</td>
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<tr>
<td>Non-current assets</td>
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<tr>
<td>Property, plant and equipment</td>
<td>11</td>
<td>1,165,326</td>
<td>1,249,457</td>
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<tr>
<td>Deferred tax asset</td>
<td>7</td>
<td>1,971,266</td>
<td>654,191</td>
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<tr>
<td>Intangible asset</td>
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<td>14,970,105</td>
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<tr>
<td>Total non-current assets</td>
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<td>18,106,717</td>
<td>2,161,842</td>
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<tr>
<td>Total assets</td>
<td></td>
<td>55,997,629</td>
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</table>

Liabilities

<table>
<thead>
<tr>
<th>Liabilities</th>
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</thead>
<tbody>
<tr>
<td>Current liabilities</td>
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<tr>
<td>Trade and other payables</td>
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<td>16,316,121</td>
<td>7,581,381</td>
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<td>Provisions</td>
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<td>409,487</td>
<td>603,564</td>
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<td>Current tax liability</td>
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<td>5,686,517</td>
<td>3,502,898</td>
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<tr>
<td>Total current liabilities</td>
<td></td>
<td>22,412,125</td>
<td>11,887,833</td>
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<tr>
<td>Non-current liabilities</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
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<td>32,206</td>
<td>37,003</td>
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<tr>
<td>Provisions</td>
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<td>259,567</td>
<td>80,978</td>
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<tr>
<td>Total non-current liabilities</td>
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<tr>
<td>Total liabilities</td>
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<tr>
<td>Net assets</td>
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<td>33,293,731</td>
<td>23,119,980</td>
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Equity

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained profits</td>
<td></td>
<td>33,293,731</td>
<td>23,119,980</td>
</tr>
<tr>
<td>Total equity</td>
<td></td>
<td>33,293,731</td>
<td>23,119,980</td>
</tr>
</tbody>
</table>

Statement of changes in equity

<table>
<thead>
<tr>
<th></th>
<th>Contributed equity $</th>
<th>Retained profits $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 July 2012</td>
<td></td>
<td></td>
<td>15,139,968</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>–</td>
<td>7,980,012</td>
<td>7,980,012</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>–</td>
<td>7,980,012</td>
<td>7,980,012</td>
</tr>
<tr>
<td>Balance as at 30 June 2013</td>
<td>–</td>
<td>23,119,980</td>
<td>23,119,980</td>
</tr>
<tr>
<td>Balance as at 1 July 2013</td>
<td>–</td>
<td>23,119,980</td>
<td>23,119,980</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>–</td>
<td>10,173,751</td>
<td>10,173,751</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>–</td>
<td>10,173,751</td>
<td>10,173,751</td>
</tr>
<tr>
<td>Balance as at 30 June 2014</td>
<td>–</td>
<td>33,293,731</td>
<td>33,293,731</td>
</tr>
</tbody>
</table>

The above statement of changes in equity should be read in conjunction with the accompanying notes.
Statement of cash flow

<table>
<thead>
<tr>
<th>Notes</th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions towards expenses by members and scheme fees (inclusive of goods and services tax)</td>
<td>47,462,469</td>
<td>44,301,265</td>
</tr>
<tr>
<td>Payments to suppliers and employees (inclusive of goods and services tax)</td>
<td>(34,982,961)</td>
<td>(36,505,830)</td>
</tr>
<tr>
<td>Interest received</td>
<td>636,084</td>
<td>533,426</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(22,437)</td>
<td></td>
</tr>
<tr>
<td>Net cash inflow (outflow) from operating activities</td>
<td>20,123,592</td>
<td>8,306,424</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(67,959)</td>
<td>(1,011,495)</td>
</tr>
<tr>
<td>Payments for intangible assets</td>
<td>(8,580,016)</td>
<td>–</td>
</tr>
<tr>
<td>Net cash (outflow) inflow from investing activities</td>
<td>(8,647,975)</td>
<td>(1,011,495)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from financing activity</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net cash inflow (outflow) from financing activities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>4,467,667</td>
<td>7,294,929</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>21,622,110</td>
<td>14,327,181</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the Reporting Period</td>
<td>26,089,727</td>
<td>21,622,110</td>
</tr>
</tbody>
</table>

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

Notes to the financial statements

Note 1: Summary of significant accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the reporting periods presented, unless otherwise stated.

v. Critical accounting estimates and judgement
The preparation of financial statements requires the use of certain critical accounting estimates and judgment. It also requires management to exercise its judgement in the process of applying the entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

a. Property, plant and equipment
Where indicators for impairment exist, the property, plant and equipment’s carrying value is considered, to determine whether any impairment is required.

Management have assessed the useful lives of the component assets making up of property, plant and equipment. Computer hardware and software assets have been determined to have a useful life of three years. Other assets are determined on an assessment of each asset.

b. Intangible assets
Intangible assets are recognised through the capitalisation of expenses, when:

• eftpos has control of the intangible asset;
• the asset is considered to be separately identifiable; and
• future economic benefit will flow from the asset.

The entity has considered the future economic benefits and compliance with the Australian Accounting Standard when determining the useful life of intangible assets.

vi. Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of any financial assets and liabilities at fair value through profit or loss and certain classes of property, and plant and equipment.

a) Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001 (Cth). eftpos Payments Australia Limited (the company) is a manual for the purpose of preparing the financial statements.

i. Compliance with IFRS
The financial statements of the company comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii. New and amended standards adopted by the company
Certain new accounting standards and interpretations have been published as at 30 June 2014:

AASB 119 Employee Benefits (September 2011) and AASB 2011-8 Amendment to Australian Accounting Standard.

The revisions to AASB 119 impacted the Company’s measurement of Employee Annual Leave Liability. The change relates to the definition of short-term employee benefits. The new definition states that a short-term benefit is one that is to be settled within 12 months after the annual reporting period which the employee served for the related services.

Long-term benefits must be measured using present values which take into account future salary increases, while short-term benefits can use an undiscounted approach. The impact of these changes is not deemed significant to the Company.

iii. Early adoption of standards
The company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

iv. Keywords
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of any financial assets and liabilities at fair value through profit or loss and certain classes of property, and plant and equipment.
b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates. The entity recognises revenue when the amount of revenue can be reliably measured, it is probable future economic benefits will flow to the entity and specific criteria have been met for each of the entity’s activities as described below.

Revenue is recognised for the major business activities as follows:

i. Joining fees

Members are required to pay a joining fee on becoming a member. Joining fees are recognised when the Member lodges an application and qualifies.

ii. Scheme fees

Scheme fees were effective for the reporting period. Scheme fee revenue is recognised in the statement of comprehensive income either at the end of the month in which the fees were earned, or when an invoice is raised.

iii. Rebates

Revenue is presented net of fee rebates provided to members. Fee rebates that contribute to the success of the company are provided to members in accordance with the Rebate Policy and subject to the approval of the Rebate Committee or Managing Director (depending on the amount of the rebate). Rebate arrangements covering multiple financial years may be entered into. The rebate amount is recognised in the statement of comprehensive income in the profit or loss section if it relates to the specific rebate agreement allowing their separate recognition.

c) Income tax

The income tax expense or revenue for the period is the tax payable on the current year’s taxable income based on the applicable income tax rate for Australia, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge and deferred tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia where the company operates and generates taxable income. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss.

d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Operating lease payments are charged to the statement of comprehensive income in the reporting period it is incurred, hence representing the pattern of benefits derived. Amounts recognised are net of any incentives received from the lessor, and are incurred on a straight-line basis over the period of the lease. Lease income from operating leases where the company is a lessee is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

e) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash at bank, deposits at call which are readily convertible to cash (within three months) and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. There is no bank overdraft drawn down as at the end of the reporting period.

f) Trade receivables

Trade receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Scheme fees are invoiced in arrears within 28 days of the month end with settlement due within 14 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Depreciation rates used for plant and equipment range between 10% and 40% and reflect the expected useful life of the assets.

The asset’s residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Office Equipment and Furniture 3–5 years
Computer Hardware 3 years
Computer Software 3 years
Lease Improvements 5 years

h) Property and equipment

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Operating lease payments are charged to the statement of comprehensive income in the reporting period it is incurred, hence representing the pattern of benefits derived. Amounts recognised are net of any incentives received from the lessor, and are incurred on a straight-line basis over the period of the lease. Lease income from operating leases where the company is a lessee is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

i) Financial instruments

Lease income is recognised on a basis that reflects the timing, nature and value of benefits provided.
Notes to the financial statements (continued)

h) Intangible assets

Software Development costs include only the costs directly attributable to the development and build phase of the asset. Costs capitalised include external direct costs of materials and services, and employee costs directly related to the development and build phase. Amortisation is calculated using the straight-line method to allocate the cost, net of their residual value, over the estimated useful life. The straight-line method, elected as the declining balance method of amortisation, can not be reasonably estimated. Amortisation rates used for Software Development costs range between 15% to 25% and reflect the expected useful life of the assets.

An annual assessment of the carrying amount versus the recoverable value has been performed. The value in use model has been used to assess indicators of impairment.

i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

j) Provisions

Provisions for legal claims and make good obligations are recognised when the company has a present legal or constructive obligation with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

a. Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service. These amounts are measured at an amount the Company expects to pay when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii. Long-term obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service 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 end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities at the end of each reporting period of the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

iii. Bonus plans

The company recognises a liability and an expense for bonuses based on a formula that takes into consideration the performance of the overall company. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

iv. Long-term incentives

A long-term cash incentive program vesting over three years is recognised in the financial statements. The obligation is presented as a non-current liability and is recognised proportionately over the vesting period for which the long-term incentive applies.

v. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

l) Commitments

Contractual commitments made in the current and future period are disclosed in Note 15. The fair value of the current and future commitment is disclosed in the note.
Note 2: Financial risk management

The company’s activities expose it to market risk, credit risk and liquidity risk. The company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. During the reporting period, the company has assessed the risk position and no significant risks have been identified.

a) Market risk

i. Price risk

The company does not hold any financial instruments which are subject to price risk.

ii. Cash flow, fair value and interest rate risk

The company’s main interest rate risk arises from its holdings of cash and term deposits. There is no material interest rate risk exposure on financial liabilities. During 2013 and 2014, the company’s investments were denominated in Australian Dollars.

iii. Sensitivity analysis

The following table summarises the sensitivity of the company’s financial assets and financial liabilities to interest rate risk. The analysis has been prepared by taking the balances of financial assets and liabilities at reporting date and calculating the sensitivity on profit and equity. The cash and term deposits have been analysed using a 1% increase/decrease in interest rates (excluding the impact on cash which is locked at a fixed rate). It is considered that the 1% sensitivities are reasonably possible at year end.

<table>
<thead>
<tr>
<th>Interest rate risk</th>
<th>30 June 2014</th>
<th>30 June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Profi $</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalent</td>
<td>26,089,727</td>
<td>(238,375)</td>
</tr>
<tr>
<td>Investments at fair value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total increase/(decrease)</td>
<td>26,089,727</td>
<td>(238,375)</td>
</tr>
<tr>
<td>30 June 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalent</td>
<td>21,622,110</td>
<td>(188,818)</td>
</tr>
<tr>
<td>Investments at fair value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total increase/(decrease)</td>
<td>21,622,110</td>
<td>(188,818)</td>
</tr>
</tbody>
</table>

b) Credit risk

Credit risk arises from cash and cash equivalents and deposits held with banks and financial institutions, as well as credit exposures to etpos members, including outstanding receivables. For banks and financial institutions, only independently rated parties with a high quality rating are used. Otherwise, if there is no independent rating, management assesses the credit quality of the member, taking into account its financial position, past experience and other factors.

<table>
<thead>
<tr>
<th>Trade receivables and accrued revenue</th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterparties with external credit ratings (Fitch Rating – Long term)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AA-</td>
<td>7,944,217</td>
<td>7,596,525</td>
</tr>
<tr>
<td>A+</td>
<td>811,947</td>
<td>247,772</td>
</tr>
<tr>
<td>A</td>
<td>581,947</td>
<td>581,734</td>
</tr>
<tr>
<td>A-</td>
<td>841,085</td>
<td>812,047</td>
</tr>
<tr>
<td>BBB+</td>
<td>723,681</td>
<td>692,902</td>
</tr>
<tr>
<td>B</td>
<td>78,493</td>
<td>78,493</td>
</tr>
<tr>
<td>Total</td>
<td>10,090,930</td>
<td>9,434,953</td>
</tr>
</tbody>
</table>

Counterparties without external credit ratings

* Group 1

<table>
<thead>
<tr>
<th>Counterparties with external credit ratings</th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Group 1 – existing Members (more than six months) with no defaults in the past</td>
<td>164,278</td>
<td>378,549</td>
</tr>
</tbody>
</table>

Total trade receivables and accrued revenue subject to credit risk

<table>
<thead>
<tr>
<th>Total trade receivables and accrued revenue</th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,255,208</td>
<td>9,813,502</td>
</tr>
</tbody>
</table>

Cash at bank and short-term deposits

<table>
<thead>
<tr>
<th>Cash at bank and short-term deposits</th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Counterparties with external credit ratings (Fitch Rating – Long term)

<table>
<thead>
<tr>
<th>Counterparties with external credit ratings</th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA-</td>
<td>26,089,727</td>
<td>21,622,110</td>
</tr>
</tbody>
</table>

Total cash and cash equivalent

<table>
<thead>
<tr>
<th>Total cash and cash equivalent</th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26,089,727</td>
<td>21,622,110</td>
</tr>
</tbody>
</table>
c) Liquidity risk

At the end of the reporting period the company held cash and cash equivalent of $26,089,727 (2013: $21,622,110) in order to manage liquidity risk. In order to monitor liquidity risk, the company monitors forecasts of the company’s liquidity reserve on the basis of expected cash flow.

The tables below analyse the company’s financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are undiscounted cash flows.

<table>
<thead>
<tr>
<th></th>
<th>Less than 6 months</th>
<th>Greater than 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>$16,118,457</td>
<td>$197,664</td>
</tr>
<tr>
<td>Total trade and other payables</td>
<td>$16,082,865</td>
<td>$197,664</td>
</tr>
</tbody>
</table>

At 30 June 2013

<table>
<thead>
<tr>
<th></th>
<th>Less than 6 months</th>
<th>Greater than 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>$6,655,412</td>
<td>$503,063</td>
</tr>
<tr>
<td>Total trade and other payables</td>
<td>$6,655,412</td>
<td>$503,063</td>
</tr>
</tbody>
</table>

Note 3:

<table>
<thead>
<tr>
<th>Revenue from continuing operations</th>
<th>12 months to 30 Jun 2014</th>
<th>12 months to 30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheme fees</td>
<td>$50,915,026</td>
<td>$48,442,485</td>
</tr>
<tr>
<td>Rebate</td>
<td>$(8,805,974)</td>
<td>$(5,147,055)</td>
</tr>
<tr>
<td>Interest income</td>
<td>$636,084</td>
<td>$648,412</td>
</tr>
<tr>
<td>Other revenue</td>
<td>$105,510</td>
<td>$1,100</td>
</tr>
<tr>
<td></td>
<td>$42,850,666</td>
<td>$43,944,942</td>
</tr>
</tbody>
</table>

Note 4:

<table>
<thead>
<tr>
<th>Employee benefit expenses</th>
<th>12 months to 30 Jun 2014</th>
<th>12 months to 30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>$9,572,407</td>
<td>$7,959,245</td>
</tr>
<tr>
<td>Long-term employee benefits</td>
<td>$178,587</td>
<td>$80,978</td>
</tr>
<tr>
<td>Termination benefits</td>
<td>$264,409</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$9,815,403</td>
<td>$8,040,223</td>
</tr>
</tbody>
</table>

Prior period presentation has been reclassified to conform to current period presentation.

Note 5:

<table>
<thead>
<tr>
<th>Product and Implementation expenses</th>
<th>12 months to 30 Jun 2014</th>
<th>12 months to 30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project specific costs</td>
<td>$4,527,072</td>
<td>$8,304,004</td>
</tr>
<tr>
<td>Operate and run costs</td>
<td>$910,300</td>
<td>$260,553</td>
</tr>
<tr>
<td></td>
<td>$5,437,372</td>
<td>$8,564,557</td>
</tr>
</tbody>
</table>

Note 6:

<table>
<thead>
<tr>
<th>Other expenses</th>
<th>12 months to 30 Jun 2014</th>
<th>12 months to 30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel/entertainment/meeting expenses</td>
<td>$313,357</td>
<td>$310,789</td>
</tr>
<tr>
<td>Facility costs</td>
<td>$396,075</td>
<td>$365,869</td>
</tr>
<tr>
<td>Communication</td>
<td>$265,804</td>
<td>$265,996</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$778,722</td>
<td>$1,043,191</td>
</tr>
<tr>
<td>Recruitment and other personnel expenses</td>
<td>$586,714</td>
<td>$521,062</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$303,662</td>
<td>$366,080</td>
</tr>
<tr>
<td></td>
<td>$2,634,334</td>
<td>$2,862,987</td>
</tr>
</tbody>
</table>
Financials

Note 7:

Income tax expense

<table>
<thead>
<tr>
<th></th>
<th>12 months to 30 Jun 2014</th>
<th>12 months to 30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit from continuing operations</td>
<td>14,547,337</td>
<td>10,863,393</td>
</tr>
<tr>
<td>Tax at the Australian tax rate of 30% (2013 – 30%)</td>
<td>4,364,201</td>
<td>3,259,018</td>
</tr>
<tr>
<td>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal fees</td>
<td>–</td>
<td>(4,500)</td>
</tr>
<tr>
<td>Employee expenses</td>
<td>121,162</td>
<td>238,758</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>49,984</td>
<td>35,681</td>
</tr>
<tr>
<td>Accrued rebate</td>
<td>1,141,925</td>
<td>35,682</td>
</tr>
<tr>
<td>Sundry items</td>
<td>9,245</td>
<td>(26,659)</td>
</tr>
<tr>
<td></td>
<td>5,686,517</td>
<td>3,502,898</td>
</tr>
</tbody>
</table>

Previously unrecognized tax losses now recouped to reduce current tax expense

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income tax expense</td>
<td>5,686,517</td>
<td>3,502,898</td>
</tr>
<tr>
<td>Unders/(overs) from prior year</td>
<td>8,960</td>
<td>(2,329)</td>
</tr>
<tr>
<td>Net movement in deferred tax asset</td>
<td>(1,321,891)</td>
<td>(627,188)</td>
</tr>
<tr>
<td>Total income tax expense</td>
<td>4,373,586</td>
<td>2,883,381</td>
</tr>
</tbody>
</table>

The balance of net deferred tax asset comprises temporary difference attributed to:

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee provisions</td>
<td>(706,756)</td>
<td>(385,594)</td>
</tr>
<tr>
<td>Accruals</td>
<td>(1,275,488)</td>
<td>(27,615)</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(693,042)</td>
<td>(40,982)</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>(1,971,286)</td>
<td>(654,391)</td>
</tr>
<tr>
<td>Other deferred tax liability</td>
<td>32,206</td>
<td>370,030</td>
</tr>
<tr>
<td>Net deferred tax liability</td>
<td>(1,939,079)</td>
<td>(847,188)</td>
</tr>
</tbody>
</table>

Note 8:

Current assets – cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>20,080,466</td>
<td>21,622,110</td>
</tr>
<tr>
<td>Term deposits</td>
<td>6,009,261</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>26,089,727</td>
<td>21,622,110</td>
</tr>
</tbody>
</table>

Note 9:

Current assets – receivables

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued revenue</td>
<td>3,910,099</td>
<td>4,191,610</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>6,251,350</td>
<td>5,621,242</td>
</tr>
<tr>
<td>Deposits paid</td>
<td>650</td>
<td>650</td>
</tr>
<tr>
<td>Other receivables</td>
<td>93,109</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>10,255,208</td>
<td>9,813,502</td>
</tr>
</tbody>
</table>

At 30 June 2014, general receivables do not contain impaired assets and are not past due. Based on the credit history of these assets, it is expected that these amounts will be received when due.
### Note 11: Non-current assets – property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Furniture and fittings</th>
<th>Leasehold improvements</th>
<th>Computer equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2013</td>
<td>234,351</td>
<td>767,231</td>
<td>783,115</td>
<td>1,784,697</td>
</tr>
<tr>
<td>Opening net book amount at 1 July 2013</td>
<td>198,749</td>
<td>601,159</td>
<td>440,548</td>
<td>1,240,457</td>
</tr>
<tr>
<td>Additions</td>
<td>54,145</td>
<td>18,283</td>
<td>351,918</td>
<td>424,345</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>(22,182)</td>
<td>(153,751)</td>
<td>(304,636)</td>
<td>(480,569)</td>
</tr>
<tr>
<td>Closing net book amount at 30 June 2014</td>
<td>202,805</td>
<td>465,691</td>
<td>496,830</td>
<td>1,165,326</td>
</tr>
<tr>
<td>At 30 June 2014</td>
<td>253,321</td>
<td>785,513</td>
<td>1,129,279</td>
<td>2,168,113</td>
</tr>
</tbody>
</table>

Prior period presentation has been reclassified in accordance with current period presentation.

### Note 12: Intangibles

<table>
<thead>
<tr>
<th></th>
<th>Computer software</th>
<th>Software development costs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2013</td>
<td>326,703</td>
<td>–</td>
<td>326,703</td>
</tr>
<tr>
<td>Opening net book amount at 30 June 2014</td>
<td>258,194</td>
<td>–</td>
<td>258,194</td>
</tr>
<tr>
<td>Additions</td>
<td>235,455</td>
<td>14,637,529</td>
<td>14,872,984</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>(14,223)</td>
<td>–</td>
<td>(14,223)</td>
</tr>
<tr>
<td>Closing net book amount at 30 June 2014</td>
<td>332,576</td>
<td>14,637,529</td>
<td>14,970,105</td>
</tr>
</tbody>
</table>

Software development costs consist of the Digital Payments Project (“DPP”) and eftpos Hub. As at the end of the reporting period, these internally generated intangible assets have been tested for impairment at the cash generating unit level. The impairment testing method used is “value in use” to assess the present value of the cash flows generated by the business. No impairment has been recognised for this reporting period.

### Note 13: Current liabilities – trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>7,476,901</td>
<td>3,697,296</td>
</tr>
<tr>
<td>Rebates payable</td>
<td>5,940,865</td>
<td>176,008</td>
</tr>
<tr>
<td>Accruals</td>
<td>2,899,355</td>
<td>3,285,171</td>
</tr>
<tr>
<td>GST liability</td>
<td>422,876</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>16,316,121</td>
<td>7,884,574</td>
</tr>
</tbody>
</table>

### Note 14: Provisions – employee benefits

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefits</td>
<td>409,487</td>
<td>603,564</td>
</tr>
<tr>
<td>Total</td>
<td>409,487</td>
<td>603,564</td>
</tr>
</tbody>
</table>
Notes to the financial statements (continued)

Note 18:
Key management personnel

Key management personnel are persons who make, or participate in making, decisions which affect the whole or a significant part of the business. Key management personnel include the Executive Management, the Company Secretary and Independent Directors.

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent directors fees</td>
<td>327,192</td>
<td>313,548</td>
</tr>
<tr>
<td>Short-term employee benefits</td>
<td>2,383,493</td>
<td>2,115,565</td>
</tr>
<tr>
<td>Other long-term employee benefits</td>
<td>338,121</td>
<td>251,776</td>
</tr>
<tr>
<td>Termination benefits</td>
<td>63,108</td>
<td>12,308</td>
</tr>
<tr>
<td><strong>Total remuneration to auditors</strong></td>
<td><strong>3,111,914</strong></td>
<td><strong>2,693,196</strong></td>
</tr>
</tbody>
</table>

Note 19:
Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the company and its related practices.

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2014</th>
<th>30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration for audit and review of the financial reports of the company</td>
<td>83,000</td>
<td>66,158</td>
</tr>
<tr>
<td>Remuneration for other taxation advice</td>
<td>24,188</td>
<td>53,166</td>
</tr>
<tr>
<td>Remuneration for other services</td>
<td>120,883</td>
<td>840,377</td>
</tr>
<tr>
<td><strong>Total remuneration to auditors</strong></td>
<td><strong>228,071</strong></td>
<td><strong>959,701</strong></td>
</tr>
</tbody>
</table>

Note 20:
Reconciliation of profit after income tax to net cash inflow operating activity

<table>
<thead>
<tr>
<th></th>
<th>12 months to 30 Jun 2014</th>
<th>12 months to 30 Jun 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>10,173,750</td>
<td>7,980,012</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>410,285</td>
<td>433,976</td>
</tr>
<tr>
<td>Loss/(gain) disposal fixed asset</td>
<td>–</td>
<td>109,952</td>
</tr>
<tr>
<td>Decrease/(increase) in trade receivables</td>
<td>74,280</td>
<td>544,524</td>
</tr>
<tr>
<td>Decrease/(increase) in prepayments</td>
<td>(217,657)</td>
<td>(899,522)</td>
</tr>
<tr>
<td>Decrease/(increase) in deposits paid</td>
<td>–</td>
<td>3,275</td>
</tr>
<tr>
<td>Decrease/(increase) in other receivables</td>
<td>(515,986)</td>
<td>(1,627,423)</td>
</tr>
<tr>
<td>Increase/(decrease) in payables</td>
<td>2,344,681</td>
<td>1,773,068</td>
</tr>
<tr>
<td>Increase/(decrease) in other provisions</td>
<td>(1,337,380)</td>
<td>(204,739)</td>
</tr>
<tr>
<td>Increase/(decrease) in income tax provisions</td>
<td>2,183,619</td>
<td>3,478,134</td>
</tr>
<tr>
<td>Increase/(decrease) payable relating to purchase of PPE</td>
<td>–</td>
<td>261,305</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from operating activities</strong></td>
<td><strong>13,115,592</strong></td>
<td><strong>8,306,424</strong></td>
</tr>
</tbody>
</table>

Note 21:
Events occurring after the reporting period

The Directors are not aware of any other matters or circumstance occurring between 30 June 2014 and the date of the Directors’ declaration not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.
In the Directors’ opinion:

a) The financial statements and notes set out on pages 45 to 59 are in accordance with the Corporations Act 2001 (Cth), including:

(i) complying with Accounting Standards, other mandatory professional reporting requirements as detailed above, and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the entity’s financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

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

Note 1(a) (iii) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

B. RATHIE
Chair
Sydney
17 September 2014

S. WOODWARD
Chair, Finance, Risk and Audit Committee
Sydney
17 September 2014

Independent auditor’s report to the members of eftpos Payments Australia Limited

Report on the financial report
We have audited the accompanying financial report of eftpos Payments Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors’ declaration.

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

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 entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

PricewaterhouseCoopers, ABN 32 780 433 797
Darling Park Tower 2, 801 Sussex Street, GPO BOX 850, SYDNEY NSW 1171
Liability limited by a scheme approved under Professional Standards Legislation.
Independent auditor’s report to the members of eftpos
Payments Australia Limited (continued)

Auditor’s opinion

In our opinion:

(a) the financial report of eftpos Payments Australia Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company’s financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

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

PricewaterhouseCoopers

Sam Hinchcliffe
Partner

Sydney
17 September 2014
“The new platforms we are building through our transformation program will enable us to create new business opportunities and revenue streams for the Company in the future.”

BRUCE MANSFIELD
eftpos CEO
Corporate directory

Head Office
Level 9
60 Carrington Street
Sydney NSW 2000
Telephone: 02 8270 1800
info@eftpospayments.com.au
www.eftposaustralia.com.au

Auditor
PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Bank
Commonwealth Bank of Australia
Level 9, 201 Sussex Street
Sydney NSW 2000