



PROSPECTUS

INITIAL PUBLIC OFFERING

TOUCHCORP LIMITED IS REGISTERED AS A FOREIGN COMPANY UNDER THE CORPORATIONS ACT 2001 (CTH), AUSTRALIAN REGISTERED BODY NUMBER 603 731 184.

TOUCHCORP LIMITED IS AN EXEMPTED COMPANY REGISTERED IN BERMUDA, REGISTRATION NUMBER 48280.

**Goldman
Sachs**

SOLE GLOBAL CO-ORDINATOR, SOLE BOOKRUNNER AND SOLE UNDERWRITER
JOINT LEAD MANAGER



Wilson HTM
INVESTMENT GROUP

JOINT LEAD MANAGER

IMPORTANT INFORMATION

Offer

This Prospectus is issued by Touchcorp Limited (Bermuda Registration Number 48280) (the **Company**) and Touchcorp SaleCo Limited ACN 604 321 495 (**SaleCo**) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). The Offer contained in this Prospectus (**Offer**) is an invitation to acquire fully paid ordinary shares (**Shares**) in the Company.

Lodgement and listing

This Prospectus (**Prospectus**) is dated 20 March 2015 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. It is a replacement prospectus which replaces the prospectus dated 12 March 2015 and lodged with ASIC on that date (**Original Prospectus**). The replacement Prospectus differs from the Original Prospectus. The differences between this Prospectus and the Original Prospectus include (a) clarification that there is an expectation that 87% of Touch's revenue will be generated on a 'per successful transaction fee' basis however, due to the nature of this revenue stream, Touch cannot guarantee that those amounts will actually be achieved; (b) clarification that the Company's Bye-laws do not have the same level of enforceability as claims under the Corporations Act; and (c) clarification that a significant portion of Touch's revenue will be derived from three key customers. The Company has applied to the Australian Securities Exchange (**ASX**) for admission of the Company to the Official List and for quotation of the Shares on the ASX. Neither ASIC nor the ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

As set out in Section 7.25, it is expected that the Shares will be quoted on the ASX initially on a deferred settlement basis. The Company, SaleCo and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Foreign jurisdictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. This Prospectus has been prepared to conform to the securities laws in Australia and therefore by operation of the applicable Bermudan statutes ensures that this Prospectus also complies with Bermudan Law. Any person into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

A copy of this Prospectus will be filed with the Registrar of Companies in Bermuda. The Bermuda Money Authority (**BMA**) in granting its permission for the transactions proposed in the Prospectus and the Registrar of Companies in Bermuda in accepting this Prospectus for filing accept no responsibility for the financial soundness of the Company and its subsidiaries or any proposal or for the correctness of any of the statements made or opinions expressed in this Prospectus or any other documents.

The distribution of this Prospectus outside Australia may be restricted by law and any person into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, persons in the United States (**U.S.**). In particular, the Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the U.S. and may not be offered or sold, directly or indirectly, in the U.S., except in a transaction exempt from, or not subject to, registration under the U.S. Securities Act and applicable state securities laws of the U.S.

See Section 7.21 for more details on selling restrictions that apply to the offer and sale of Shares in jurisdictions outside of Australia.

Expiry date

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus.

Note to applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In particular, in considering the prospects of Touch, you should consider the risks that could affect the financial performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker (**Broker**), lawyer, tax adviser or other independent professional adviser before deciding whether to invest in the Company. Some of the risks that should be considered by prospective investors are set out in Section 5. There may be additional risks to those set out in Section 5 that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares. No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors or any other person in connection with the Offer. You should only rely on information contained in this Prospectus.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for Shares under this Prospectus (**Applications**) in the seven day period after the date of lodgement of the Original Prospectus (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The Exposure Period is to

enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

During the Exposure Period, this Prospectus will be made available to Australian residents, without the Application Forms, at the Company's offer website: www.touchcorp.com.

Financial Information

Section 4 and Appendix B set out the financial information referred to in this Prospectus (**Financial Information**). The basis of preparation of the Financial Information is also set out in Section 4.2. The Historical Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Sections 2, 3 and 5.

All references to FY2012, FY2013, FY2014 and FY2015 appearing in this Prospectus are to the historical financial years ended 31 December 2012, 31 December 2013, 31 December 2014 and the forecast financial year ending 31 December 2015, respectively, unless otherwise indicated.

Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards (as issued by the Australian Accounting Standards Board). Compliance with these standards ensures that the Financial Information complies with the recognition and measurement principles of the International Financial Reporting Standards. This Prospectus also includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

This Prospectus includes information regarding the past performance of Touch. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Forward-looking statements

This Prospectus contains forward looking statements that are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. The Forecast Financial Information included in Section 4 is an example of forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of the Original Prospectus, are expected to take

place (including the assumptions set out in Section 4.8.1). Such forward looking statements are not guarantees of future performance and involve uncertainties, assumptions and known and unknown risks, including the risks set out in Section 5, and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company and the Directors.

The Company and the Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forecast financial statements. Except where required by law, the Company has no intention of updating or revising forecast financial statements, or publishing prospective Financial Information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

This Prospectus uses market data and third party estimates and projections. There is no assurance that any of the third-party estimates or projections contained in this information will be achieved. The Company has not independently verified this information.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in relation to the risk factors set out in Section 5.

Photographs and diagrams

Photographs and diagrams in this Prospectus are for illustration only and should not be interpreted to mean that their contents, or the assets or equipment shown, are owned or used by the Company, or that any person shown in them endorses this Prospectus or its contents. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of the Original Prospectus.

Obtaining a copy of this Prospectus

A hard copy of this Prospectus is available free of charge to any Broker Firm Applicant in Australia by calling 1300 721 982 (within Australia) between 8:30am and 5:00pm Australian Eastern Standard Time (AEST) during the Broker Firm Offer period from 20 March 2015 to 26 March 2015. This Prospectus is also available in electronic form at the Company's website: www.touchcorp.com.

The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia and is not available to persons in any other jurisdiction (including the U.S.) without the prior approval of the Company and the Joint Lead Managers. Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

Applications

Applications may only be made during the offer period on the appropriate application form attached to or contained in this document (**Application Form**) in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.touchcorp.com. Photocopies of an

Application Form will not be accepted. By making an Application, you represent and warrant that you were given access to the Prospectus, together with the Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus have the meanings defined in the glossary set out in Section 10 (**Glossary**). Unless otherwise stated or implied, references to times in this Prospectus are to AEST. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. There may be discrepancies between totals and sums of components in tables contained in this Prospectus due to rounding. References to minimum application amounts, guaranteed minimum allocations and similar amounts may vary slightly to actual amounts due to rounding.

Privacy

By filling out and submitting the Application Form to apply for Shares, you are providing personal information to the Company through its service provider, Computershare Investor Services Pty Limited (**Share Registry**), which is contracted by Touch to manage Applications. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may be provided to the Company's shareholders, agents and service providers. The shareholders, agents and service providers of the Company may be located outside Australia and, as a result, your personal information may be disclosed overseas.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

The Share Registry for ongoing administration of the Shareholder register;

- The Joint Lead Managers in order to assess your Application;
- Printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- Market research companies for the purposes of analysing the Shareholder base and for product development and planning; and
- Legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by the Share Registry on behalf of the Company, and you will generally be provided access (subject to some exceptions permitted by law). You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry using the following contact details:

Telephone: 1300 721 982 (within Australia);
+ 61 3 9415 4811 (from outside Australia)

Address: Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

If you have any concerns or queries about the way your personal information is managed by the Company, please contact the Company's privacy officer by phoning +61 3 9286 7506 or by emailing to privacy@touchnetworks.com.au. The Company's privacy policy is available on its website: www.touchcorp.com. The privacy policy contains information about how you can gain access to or seek correction of personal information that the Company holds about you. It also contains information about how you may make a privacy complaint and how the Company will deal with such a complaint.

Offer management and syndicate structure

Goldman Sachs Australia Pty Ltd (ACN 006 797 897) (**Goldman Sachs**) is the Sole Global Co-ordinator, Sole Bookrunner and Sole Underwriter to the Offer. Goldman Sachs and Wilson HTM Corporate Finance Ltd (ACN 057 547 323) (**Wilson HTM**) are the Joint Lead Managers to the Offer.

Report on financial information and financial services guide

The provider of the Independent Limited Assurance Report is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The financial services guide is provided in Section 8.

Website

The Company maintains a website at www.touchcorp.com. Any references to documents included on the Company's website are for convenience only, and information contained in or otherwise accessible through this or a related website is not a part of this Prospectus.

Questions

If you have any questions about how to apply for Shares, please call your Broker. If you have any other questions in relation to the Offer, please contact the Touch Offer Information Line within the Retail Offer period on 1300 721 982 (within Australia) or +61 3 9415 4811 (outside Australia) between 8:30am and 5:00pm (AEST) from 20 March 2015 to 26 March 2015.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer, tax adviser or other professional adviser before deciding whether to invest in the Company.

TABLE OF CONTENTS

Important information	ifc
Key dates	3
Key Offer information	6
Letter from the Chairman	7
SECTION 1 Investment overview	8
SECTION 2 Industry overview	25
SECTION 3 Business overview	32
SECTION 4 Financial information	53
SECTION 5 Key risks	78
SECTION 6 Key individuals, interests and benefits	85
SECTION 7 Details of the Offer	98
SECTION 8 Independent Limited Assurance Report	112
SECTION 9 Additional information	122
SECTION 10 Glossary	144
Appendix A: Principal accounting policies	151
Appendix B: Additional historical financial information	163
Corporate directory	ibc

KEY DATES

Prospectus lodgement date	Friday, 20 March 2015
Retail Offer opens	9:00am AEST Friday, 20 March 2015
Retail Offer closes	5:00pm AEST Thursday, 26 March 2015
Settlement of the Offer	Friday, 27 March 2015
Allotment and issue of Shares under the Offer	Monday, 30 March 2015
Commencement of trading on the ASX on a deferred settlement basis	Tuesday, 31 March 2015
Expected dispatch of holding statements	Wednesday, 1 April 2015
Commencement of trading on the ASX on a normal settlement basis	Thursday, 2 April 2015

Note:

This timetable is indicative only and may be subject to change. Unless otherwise indicated, all times are stated in AEST. The Company and SaleCo, in consultation with the Sole Underwriter, reserves the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the closing date, or to accept late applications, either generally or in particular cases). The Company and SaleCo also reserve the right to cancel or withdraw the Offer before completion, in each case without notifying any recipient of this Prospectus or Applicants.

If the Offer is cancelled or withdrawn before the issue of Shares, then all amounts accompanying the application form will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

The quotation and commencement of trading of the Shares is subject to confirmation from ASX.

OUR BUSINESS AT A GLANCE



Touch has designed, built and owns and operates the Touch System that enables the electronic delivery of non-physical products, services and entitlements to their end-users through multiple Consumer service points, whether in-store or through self-service methods.



KEY OFFER INFORMATION¹

Offer Price	\$1.40 per Share
Total value of Shares offered under this Prospectus	\$56.0 million
Number of New Shares to be issued under the Offer	16.0 million
Number of Existing Shares to be sold under the Offer ²	24.0 million
Total number of Shares offered under this Prospectus ³	40.0 million
Number of Shares to be held by Existing Shareholders on Completion of the Offer ⁴	76.0 million
Percentage of total Shares to be held by Existing Shareholders following Completion of the Offer ⁴	65.5%
Total number of Shares on issue following Completion of the Offer	116.0 million
Market capitalisation at the Offer Price ⁵	\$162.3 million
Enterprise value at the Offer Price ⁶	\$141.7 million
Enterprise value/pro forma forecast FY2015 for earnings before interest, tax, depreciation and amortisation (EBITDA) (times) ⁷	11.8x
Offer Price/pro forma forecast FY2015 net profit after tax (NPAT) per Share (times) ⁸	21.9x

Note:

- All numbers in the table above have been rounded to one decimal place, except for the Offer Price.
- Refer to Section 7.3 for details regarding the sale of Existing Shares by SaleCo.
- Refer to Section 7.1 for details regarding the Shares on issue.
- Refer to Section 7.10 for details regarding the Shares held by Existing Shareholders and management on completion of the Offer. Some of these Shares will be subject to voluntary escrow arrangements, as described in Section 7.19.
- Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price. The CEO of Touch has informed the Company that he intends to exercise all of his Options contemporaneously with the Offer. Therefore there will be no outstanding Options on issue upon the completion of the Offer.
- Enterprise value at the Offer Price is defined as market capitalisation at the Offer Price of \$162.3 million, less pro forma net cash of \$20.7 million as at 31 December 2014, adjusted to reflect the impact of the Offer as set out in Section 4.5.
- Calculated as the expected enterprise value of Touch at the Offer Price, divided by pro forma forecast FY2015 EBITDA of \$12.0 million.
- Calculated as the Offer Price, divided by pro forma forecast FY2015 NPAT per Share of \$0.06. This ratio is commonly referred to as a forward price-to-earnings ratio, or forward PE ratio. A forward PE ratio is a company's Share price divided by its forecast annual earnings per Share.

How to invest

Applications for Shares under this Offer can only be made by completing and lodging the Application Form contained in this Prospectus. Instructions on how to apply are set out in Section 7.14.2 and on the back of the Application Form. Applications must be for at least \$2,000 worth of Shares and in multiples of \$1,000 worth of Shares thereafter.



CHAIRMAN'S LETTER

20 March 2015

Dear Investor,

On behalf of the Board, I am delighted to invite you to become a Shareholder in Touchcorp Limited (Touch).

Touch has developed, built, owns and operates a scalable software platform (the Touch System) that is used by blue-chip corporates in the convenience retail, healthcare, government and telecommunications sectors. The platform enables the delivery of non-physical products, services and entitlements (Electronic Products) to Consumers via in-store and self-service methods.

Our Customers use Touch as it removes the need for them to create and manage similar bespoke systems enabling them to focus on their core business activities. The Touch System provides an integrated, cloud-based, end-to-end Electronic Product delivery and payment platform that communicates across various interfaces, self-service channels and payment systems.

Touch is a technology-driven business with a strong focus on research and development. Touch has developed an extensive intellectual property portfolio and its core intellectual property assets include the Touch System, which is protected by various copyrights, trademarks and registered patent or patent applications.

Touch generates revenue from transaction fees for the delivery of completed transactions, integration fees for the connection of new Customers to the Touch System and integration fees for granting existing Customers access to additional Service Modules.

Touch is positioned to benefit from multiple growth drivers from both Consumers of Electronic Products and its Customers. First, Consumer demand for Electronic Products and the provision of self-service channels is driving a Customer response to meet this demand. Second, Touch's growth strategy is centred around deepening relationships with existing Customers, leveraging organic growth in its existing Customer base and converting identified new Customer opportunities into Touch Customers.

The purpose of the Offer is to provide Touch with a strengthened balance sheet, enable the Company to accelerate the delivery of its growth strategy, add financial flexibility, improve access to capital markets, create a liquid market for Touch's shares and to allow Existing Shareholders to realise part of their investment in Touch.

This Prospectus contains detailed information about the Offer and the historical and forecast financial position of Touch, as well as the material risks associated with an investment in the Company. I encourage you to read this document carefully and in its entirety before making your investment decision.

On behalf of the Board, I look forward to welcoming you as a Shareholder.

Yours sincerely,

Michael Jefferies
Chairman
Touchcorp Limited

SECTION 1

INVESTMENT OVERVIEW



1.1 Overview of Touch

Topic	Summary	For more Information
<p>What is Touch?</p>	<p>Touchcorp Limited (Touch or the Company) has designed, built and owns and operates an internally developed software platform (Touch System) that enables the electronic delivery of non-physical products, services and entitlements (Electronic Products) to the end-users (Consumers) through multiple service points, whether in-store or through self-service methods.</p> <p>Touch achieves this by establishing connectivity between businesses wishing to deliver and/or sell Electronic Products (Suppliers) and businesses wishing to sell these Electronic Products in-store (Merchants) (collectively Touch's Customers). Consumers can either purchase these Electronic Products in-store or directly via self-service methods.</p> <p>Touch's current business units are as follows:</p> <ul style="list-style-type: none"> • Retail Services (approximately 57% of FY2015 services revenue): Enables point-of-sale devices (POS Devices) commonly found on retail premises, such as payment terminals, electronic cash registers and self-service kiosks, to be used to sell over 600 Electronic Products (e.g. mobile phone and broadband recharge vouchers, calling cards, iTunes cards, road tolling, fishing licences, gaming cards and attraction tickets); • Health and Government Services (approximately 4% of FY2015 services revenue): Enables a range of electronic claiming solutions designed to streamline processing and payments of health insurance claims by Consumers (i.e. patients) originating in medical and allied health practices, in real-time at the point of service provision, using existing payment terminals or practice management systems (PMS Infrastructure); • Mobility Services (approximately 39% of FY2015 services revenue): Enables mobile network operators (MNO) and mobile virtual network operators (MVNO) to accept payments, service requests and purchases of Electronic Products in real-time by Consumers through self-service methods. <p>The Touch System technology is scalable and can be applied to a range of other business units.</p>	<p>See Section 3.1.1</p>
<p>What products and services does Touch offer?</p>	<p>Touch currently operates within three business units as noted above – Retail Services, Health and Government Services and Mobility Services – each offering different products and services (Service Modules).</p> <p>Touch develops its Service Modules over time, typically in conjunction with Suppliers and Merchants. While a range of Service Modules are available, Touch's Customers select which Service Modules they would like to use.</p> <p>Touch's key capabilities and attributes include:</p> <ul style="list-style-type: none"> • Enabling Suppliers and Merchants to communicate directly to sell Electronic Products in-store; • Significant experience in integrating systems; • Long-term Customer accounts due to the time and costs associated with the integration with, and transition to, a new software platform provider; • Full integration with leading, blue-chip Suppliers and Merchants; • The ability to deliver a full suite of services across different Electronic Products, payment schemes and Merchant and self-service interfaces; • Versatility and scalability to add or modify Electronic Products; • The ability to provide real-time feedback to Suppliers and Merchants; • Reduction of both the risks and costs of consignment stock; and • The ability to allow Suppliers to track and account for sales in real-time. 	<p>See Sections 3.1.1 and 3.1.4</p>

Topic	Summary	For more Information
What markets does Touch operate in?	<p>Touch's current business operation and strategic focus is within a selected range of industries and geographies. These are the convenience retail sector in Australia, Asia and Europe; the Australian healthcare and government sector; and consumer self-service sector, focused on the needs of MNOs and MVNOs in Australia.</p> <p>Touch focuses on the provision of services to its existing Suppliers and Merchants in the geographies it currently operates in and the integration of new Suppliers and Merchants over time. Touch enables Suppliers to engage directly with Merchants and Consumers to electronically deliver non-physical products, services and entitlements to those Consumers.</p> <p>The Touch System is globally accessible and in the month ended 31 December 2014, Touch processed over 1.55 million Consumer self-service transactions originating from 111 countries.</p> <p>As at 31 December 2014, Touch had two offices and four data centres located in Australia and Europe. Touch intends to further expand its Australian, Asian and European presence, and to commence service provision in the U.S.</p>	See Section 3.1.1 and 3.1.2
Who are Touch's Customers?	<p>Touch's Customers comprise both Suppliers and Merchants. These are generally blue-chip corporations in the retail, healthcare and telecommunications sectors including major convenience store retailers, healthcare providers, MNOs and MVNOs and Australian retail banks.</p> <p>Key Customers in terms of current and prospective revenue include 7-Eleven Stores Pty Ltd (7-Eleven) in Australia, Valora Schweiz AG (Valora) in Europe, Optus Mobile Pty Limited (Optus) in Australia, Telstra Corporation Limited (Telstra) in Australia, My E.G. Services Berhad (MyEG) in Malaysia and Reitan Convenience AS (Reitan) in Scandinavia.</p> <p>A significant proportion of Touch's current revenue is, and its FY2015 revenue is expected to be, contributed by three significant customers; Optus, Valora and 7-Eleven.</p>	See Sections 3.4, 3.5, 3.6 and 5.2.2

1.2 Key features of the Touch business model

Topic	Summary	For more Information
Why do Customers use Touch?	<p>Customers use the Touch System to enable them to meet the rapidly evolving needs of Consumers. Access to the Touch System removes the need for Suppliers and Merchants to create and manage similar systems, enabling them to focus their business efforts on the delivery of the suite of products and services they offer the Consumer, both physical products and services and Electronic Products.</p> <p>Touch's significant integration experience, the level of integration Touch has with its Customers, along with its commitment to customer service, makes it a valued technology partner of its Customers.</p>	See Sections 2.2 and 3.1
How do Touch Customers use the Touch System?	<p>Each new Customer goes through an integration process with Touch that entails a Touch project team working with the Customer to gain access to the Touch System.</p> <p>Once the Customer is integrated with Touch, Customers have access to the full capabilities of the Touch System. Customers can gain access to additional Service Modules over time. Touch also continues to work with new and existing Customers to develop new Service Module capabilities.</p>	See Section 3.5
How does Touch derive its revenue?	<p>Touch derives its revenue through:</p> <ul style="list-style-type: none"> • Transaction fees for the delivery of completed transactions; • Integration fees for the connection of new Customers to the Touch System; and • Integration fees for granting existing Customers access to additional Service Modules. <p>In FY2015, it is expected (but not guaranteed) that approximately 87% of Touch's revenue will be generated on a recurring 'per successful transaction fee' basis, meaning the Customer pays Touch a fee in the event of each successfully completed transaction. Revenue is recurring as transactions that generate revenue occur frequently over the course of the contracts, even though Customers do not guarantee that a minimum number of transactions will be completed under them.</p>	See Sections 3.1.3 and 3.6
What are Touch's key expense items?	<p>Key expenditure items for the Touch business include:</p> <ul style="list-style-type: none"> • Staff wages and salaries; • Payment for use of external platforms and services, particularly access to the payment gateways of banks to process transactions paid for using 'traditional' methods such as credit and debit cards; and • Advertising, marketing and customer development expenses. 	See Section 4.7.3
What is Touch's strategy?	<p>Touch's strategy is to expand its business by increasing the number of transactions that it carries for a fee. Touch intends that its business expansion strategy will be achieved by:</p> <ul style="list-style-type: none"> • Organic growth in the size of the businesses that it currently serves, as Customers' businesses generate larger numbers of paying transactions; • Increasing the number of existing Touch Service Modules used by existing Customers; • Increasing the range of Service Modules offered to Customers by Touch; and • Increasing the number of Touch Customers and countries in which Touch operates through direct marketing efforts and assisting existing Customers to expand into new geographies. 	See Section 3.9

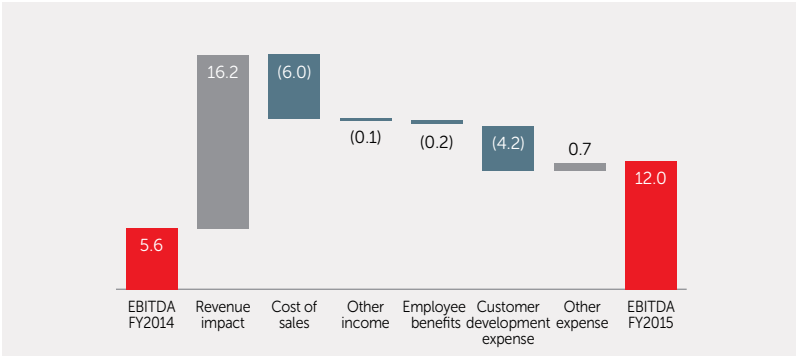
1.3 Key strengths of Touch's business

Topic	Summary	For more Information
Significant addressable markets	There are significant addressable markets for the provision of digital products and entitlements and e-commerce solutions in the convenience retail, healthcare and government and mobile telecommunications sectors, in Australia, Asia and Europe.	See Section 2.1
Unique and highly valued product and service offering	Touch's products and services allow Customers to increase the number of Electronic Products and distribution channels available to Consumers without the Customer needing to invest heavily in additional physical or IT infrastructure, by reducing costs, accelerating time to market and creating additional revenue streams for the Customer.	See Section 3.3.4
Strong growth profile and track record	<p>Touch can drive revenue growth through increased transaction volumes with existing Customers as well as adding Customers and Service Modules and has a proven track record of doing so.</p> <p>Touch benefits from a Network Effect and expands via introduction to existing Customers' business networks as common Touch integration aids group efficiency.</p>	See Sections 3.1.3 and 3.6
Longstanding, blue-chip Customer base heavily integrated into Touch with strong incumbency with Suppliers	<p>Touch has a diverse blue-chip Customer base comprising well-known businesses in the retail, healthcare and telecommunications sectors that have worked with Touch products over a number of years.</p> <p>Touch's investment, integration and partnership approach with its key Customers helps to insulate the Company from the rapid adoption of competing technology and strengthens Customer retention. Touch retails over 600 Electronic Products, which would be difficult for a new entrant to replicate over a short time-frame.</p>	See Sections 3.4 and 3.5
Highly visible and recurring revenue streams	<p>Touch has strong revenue visibility as the majority of its revenue is recurring in nature. The transactions processed relate to regular transactions conducted by Consumers with Touch Customers on a fee-per-transaction model.</p> <p>Approximately 87% of FY2015 revenue is expected (but not guaranteed) to be generated on a recurring 'per successful transaction fee' basis, with the majority of the revenue sourced from existing Customers as at 31 December 2014.</p>	See Sections 3.1.3, 3.6 and 5.2.2
Scalable platform with significant scope for operational leverage	<p>Touch has a scalable platform and has significant experience integrating new Suppliers and Merchants into its platform across new products and markets globally.</p> <p>Touch has invested heavily in its platforms and incremental Customers, Service Models and transaction volumes can be added to generate additional revenue with limited further investment in Touch's cost base.</p>	See Section 3.3
Experienced management team with strong track record	<p>Touch's senior management team, led by Adrian Cleeve, has significant experience in the technology, retail and telecommunications sectors.</p> <p>Touch's longstanding senior management team has been instrumental in the success of the business and is well placed to execute further on the business' growth strategy.</p>	See Section 6.1

1.4 Key financial information and dividend policy

Topic	Summary				For more Information	
What is Touch's historical and forecast financial performance?	\$ millions	Pro forma historical			Pro forma forecast	See Section 4.3.1
	Year ended 31 December	FY2012	FY2013	FY2014	FY2015	
	Services revenue	17.1	19.1	24.8	41.0	
	Cost of sales	(3.4)	(3.2)	(5.5)	(11.5)	
	Gross profit	13.7	15.9	19.3	29.5	
	Other income	0.2	0.3	0.2	0.1	
	Employee benefits expense	(7.0)	(7.1)	(6.2)	(6.4)	
	Customer development expense	–	–	(1.4)	(5.6)	
	Other expenses	(4.6)	(4.6)	(6.3)	(5.6)	
	EBITDA	2.3	4.5	5.6	12.0	
	Depreciation and amortisation expense	(0.5)	(0.6)	(0.8)	(2.0)	
	EBIT	1.8	3.9	4.8	10.0	
	Interest revenue	0.1	0.0	0.1	1.0	
	Interest expense	–	–	–	–	
	Profit before tax	1.9	3.9	4.9	11.0	
	Income tax benefit/ (expense)	–	–	6.8	(3.6)	
Pro forma NPAT	1.9	3.9	11.7	7.4		
EBITDA and EBIT (earnings before interest and tax) are non-IFRS measures and have not been prepared in accordance with the recognition or measurement principles within Australian Accounting Standards.						

Topic	Summary	For more Information																																																																						
What are Touch's key performance metrics?	<p style="text-align: right;">Pro forma forecast</p> <p style="text-align: center;">\$ million</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Year ended 31 December</th> <th style="text-align: center;">FY2012</th> <th style="text-align: center;">FY2013</th> <th style="text-align: center;">FY2014</th> <th style="text-align: center;">FY2015</th> </tr> </thead> <tbody> <tr> <td colspan="5">Services revenue</td> </tr> <tr> <td>Transaction revenue</td> <td style="text-align: right;">16.0</td> <td style="text-align: right;">17.8</td> <td style="text-align: right;">24.0</td> <td style="text-align: right;">35.5</td> </tr> <tr> <td>Integration revenue</td> <td style="text-align: right;">1.1</td> <td style="text-align: right;">1.3</td> <td style="text-align: right;">0.8</td> <td style="text-align: right;">5.5</td> </tr> <tr> <td>Total services revenue</td> <td style="text-align: right;">17.1</td> <td style="text-align: right;">19.1</td> <td style="text-align: right;">24.8</td> <td style="text-align: right;">41.0</td> </tr> <tr> <td colspan="5">Operational metrics</td> </tr> <tr> <td>Transactions</td> <td style="text-align: right;">42 million</td> <td style="text-align: right;">48 million</td> <td style="text-align: right;">55 million</td> <td style="text-align: right;">87 million</td> </tr> <tr> <td>Number of Merchants</td> <td style="text-align: right;">22,000</td> <td style="text-align: right;">24,000</td> <td style="text-align: right;">36,200</td> <td style="text-align: right;">41,000</td> </tr> <tr> <td colspan="5">Financial metrics</td> </tr> <tr> <td>Services revenue growth</td> <td></td> <td style="text-align: right;">12%</td> <td style="text-align: right;">30%</td> <td style="text-align: right;">65%</td> </tr> <tr> <td>EBITDA margin</td> <td style="text-align: right;">13%</td> <td style="text-align: right;">24%</td> <td style="text-align: right;">23%</td> <td style="text-align: right;">29%</td> </tr> <tr> <td>EBITDA margin pre customer development expense</td> <td style="text-align: right;">13%</td> <td style="text-align: right;">24%</td> <td style="text-align: right;">28%</td> <td style="text-align: right;">43%</td> </tr> <tr> <td>EBITDA growth</td> <td></td> <td style="text-align: right;">96%</td> <td style="text-align: right;">24%</td> <td style="text-align: right;">114%</td> </tr> <tr> <td>NPAT growth</td> <td></td> <td style="text-align: right;">105%</td> <td style="text-align: right;">200%</td> <td style="text-align: right;">(37%)</td> </tr> </tbody> </table> <p>Forward looking financial information in this section should be considered in light of assumptions and sensitivity analysis in Sections 4.8 and 4.9, the risk factors in Section 5 and the Independent Limited Assurance Report in Section 8.</p>	Year ended 31 December	FY2012	FY2013	FY2014	FY2015	Services revenue					Transaction revenue	16.0	17.8	24.0	35.5	Integration revenue	1.1	1.3	0.8	5.5	Total services revenue	17.1	19.1	24.8	41.0	Operational metrics					Transactions	42 million	48 million	55 million	87 million	Number of Merchants	22,000	24,000	36,200	41,000	Financial metrics					Services revenue growth		12%	30%	65%	EBITDA margin	13%	24%	23%	29%	EBITDA margin pre customer development expense	13%	24%	28%	43%	EBITDA growth		96%	24%	114%	NPAT growth		105%	200%	(37%)	See Section 4.3.2
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How does Touch expect to drive revenue growth over FY2014 and FY2015?	<p>Revenue growth is driven by Retail Services and Mobility Services. Retail Services revenue growth is expected from (i) an increase in the number of Merchants resulting in higher transaction revenue; (ii) the impact of a significant contract in the financial services sector; and (iii) additional transaction activity on behalf of an existing major Customer. Strong momentum in Mobility Services revenue via the organic growth of existing Customers and the additional new Customers. International revenue growth driven by the rollout of services to existing Customers in new geographies and increased transactions via new Customers in Scandinavia and the Baltic states.</p>	See Section 4.8																																																																						
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Topic	Summary	For more Information																		
<p>How does Touch expect to drive EBITDA growth over FY2014 and FY2015?</p>	<p>EBITDA growth is driven by the growth in revenue – attributable to the continued momentum in the business from the activation of new Customers and the provision of additional Service Modules to existing Customers. Revenue increase is expected to be offset by a moderate increase in costs. The cost of sales is forecast to increase in line with transaction volumes. The increase in customer development expense reflects additional investment in customer development activities in FY2015 from which the Company does not expect to receive additional transaction revenue during FY2015. This cost will be partly offset by a reduction in legal costs and travel expenses.</p>  <table border="1" data-bbox="488 725 1286 1079"> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>EBITDA FY2014</td> <td>5.6</td> </tr> <tr> <td>Revenue impact</td> <td>16.2</td> </tr> <tr> <td>Cost of sales</td> <td>(6.0)</td> </tr> <tr> <td>Other income</td> <td>(0.1)</td> </tr> <tr> <td>Employee benefits</td> <td>(0.2)</td> </tr> <tr> <td>Customer development expense</td> <td>(4.2)</td> </tr> <tr> <td>Other expense</td> <td>0.7</td> </tr> <tr> <td>EBITDA FY2015</td> <td>12.0</td> </tr> </tbody> </table>	Category	Value	EBITDA FY2014	5.6	Revenue impact	16.2	Cost of sales	(6.0)	Other income	(0.1)	Employee benefits	(0.2)	Customer development expense	(4.2)	Other expense	0.7	EBITDA FY2015	12.0	<p>See Section 4.8</p>
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<p>How does Touch expect to fund its operations and future business expansion?</p>	<p>As at the date of this Prospectus, Touch has funded its operations through shareholder contributions, internally generated cashflows and shareholder loans (which have subsequently been repaid).</p> <p>Post listing, it is expected that Touch will continue to primarily fund its business operations and any future expansion activities through reinvesting internally generated cashflow and by investing some of the capital expected to be raised through this offer (the Offer).</p> <p>Touch is currently debt free.</p>	<p>See Section 7.6</p>																		
<p>What is Touch's dividend policy?</p>	<p>The payment of dividends by the Company, if any, subject to law, is at the complete discretion of the Directors and the Directors do not provide any assurance of the future level of dividends. The ability to pay dividends will depend on a number of factors, many of which are beyond the control of the Company. In determining whether to declare future dividends, the Directors will have regard to Touch's earnings, overall financial condition and capital requirements.</p> <p>Future dividends paid by the Company will not have franking credits attached and should be regarded as foreign dividend income to Australian tax resident Shareholders.</p>	<p>See Section 4.10</p>																		
<p>Will a dividend be paid in FY2015?</p>	<p>It is the Board's current intention not to declare a final dividend in respect of FY2015, to retain financial flexibility.</p>	<p>See Section 4.10</p>																		

1.5 A summary of key risks

The business, assets and operations of Touch are subject to certain risk factors that have the potential to influence future operating and financial performance. These risks may have an impact on the value of an investment in Touch's Shares.

The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. Some risks are unforeseeable and so the extent to which these risks can be effectively managed is somewhat limited.

Set out below are specific key risks to which the Company is exposed. Further general risks associated with an investment in Touch are outlined in Section 5.

Topic	Summary	For more Information
Loss of key Customer contracts	<p>Touch depends on continued relationships with its current significant Customers. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful.</p> <p>Touch's performance will also depend on Touch's ability to develop and maintain relationships with new Customers.</p> <p>The loss of any one or more Customers or less attractive terms of any new contracts may negatively affect Touch's ability to generate revenue, and materially and adversely impact the financial performance of the Company.</p>	See Section 5.2.1
Fluctuation in revenue and profitability due to variability in completed transaction volumes	<p>In FY2015, Touch is expected (but not guaranteed) to generate approximately 87% of its services revenue on a 'per successful transaction fee' basis, and consequently, the use of the Touch System by Consumers is critical to the ongoing profitability of the Company. Touch cannot predict with any certainty the number of Consumers or the frequency with which those Consumers will use the Touch System. In the event that completed transaction volumes are less than expected, this may materially adversely impact Touch's revenue and profitability.</p> <p>Furthermore, not all completed transactions are equally profitable, so an increase in overall completed transaction volumes may not necessarily result in a corresponding proportional increase in Touch's revenue.</p>	See Section 5.2.2
Employee recruitment risk and retention	<p>Touch's ability to effectively execute its growth strategy depends upon the performance and expertise of its staff. Touch relies on experienced managerial and highly qualified technical staff to develop new Service Modules, operate its technology platform and to direct operational staff to manage the operational, sales, compliance and other functions of its business.</p> <p>There is a risk that Touch is unable to recruit talented staff in a timeframe that meets the growth objectives of Touch resulting in delays in the integration of new Customers' systems, expansion into new geographies, or the development of new Service Modules. This would adversely impact Touch's revenue and profitability.</p>	See Section 5.2.3
Failure to listen to and satisfy Customer requirements	<p>The development and refinement of Touch's Service Modules requires Touch to work closely with existing and potential Customers to listen to and understand their needs. There is the risk that Touch fails to maintain its service culture, such as failing to listen to its Customers, and does not develop Service Modules that satisfy its Customers' requirements. This may negatively impact Touch's reputation, and its Customers' adoption of new Service Modules and ultimately adversely impact Touch's revenue and profitability.</p>	See Section 5.2.4

Topic	Summary	For more Information
Protection of intellectual property	<p>Touch relies on laws relating to patents, trade secrets, copyright and trademarks to assist to protect its proprietary rights. However there is a risk that unauthorised use or copying of Touch's software, data, specialised technology or platforms will occur.</p> <p>There is a risk that the validity, ownership or authorised use of intellectual property relevant to Touch's business will be successfully challenged by third parties. In addition, there is a risk that Customers exercise their stand-in rights in the event Touch fails to perform under the terms of a contract.</p> <p>There is also a risk that Touch will be unable to register or otherwise protect new intellectual property it develops in the future. Competitors may be able to work around any of the patents and patent applications or other intellectual property rights used by the Company, or independently develop technologies or competing electronic products or services that are not covered by Touch's patents, patent applications or other intellectual property rights. This may materially adversely impact Touch's revenue, legal expenses and profitability.</p>	See Section 5.2.5
Touch Service Modules may be superseded by other technology or changes in business practice	<p>Touch's success will in part depend on its ability to offer services and systems that keep pace with the continuing changes in technology, evolving industry standards and changing consumer preferences. There is a risk that Touch will not be successful in addressing these developments in a timely manner. In addition, there is a risk that new products or technologies (or alternative distribution systems) developed by third parties will supersede Touch's Service Modules.</p>	See Section 5.2.6
Increase in competition	<p>A number of third-party competitors are currently offering services similar to Touch's Service Modules. Existing competitors, as well as new competitors entering the industry, may engage in aggressive customer acquisition campaigns, develop superior technology offerings or consolidate with other entities to deliver enhanced scale benefits, which may materially erode Touch's market share and revenue, and may have materially adversely impact the Company's financial performance.</p> <p>In addition, a wide range of Suppliers and Merchants provide the Electronic Products available through the Touch System 'in-house', through their internal information technology (IT) departments. Any shift by existing Customers away from outsourcing these functions to Touch may adversely impact the Company's financial performance.</p>	See Section 5.2.7
AfterPay Pty Ltd (AfterPay) development fee	<p>Touch has recently entered into an agreement with AfterPay under which Touch is expected to receive a \$3.0 million development fee in the event that AfterPay successfully completes a capital raising, which Touch anticipates will proceed by way of a private placement to selected number of professional and sophisticated investors. To the extent that such a capital raising is not successfully completed by AfterPay, and this fee not paid to Touch by the end of FY2015, AfterPay will forfeit all its rights under the agreement (including all intellectual property rights). However, this forecast revenue for FY2015 will not be received by Touch in that period, which may materially adversely impact Touch's FY2015 revenue and profitability.</p>	See Section 5.2.8
Failure to comply with laws, regulations and industry compliance standards	<p>Touch operates in a wide range of jurisdictions, and is subject to a range of legal, tax and industry compliance requirements that are constantly changing. There is a risk that any new or changed regulations or compliance criteria could result in Touch failing to comply in some respect or require Touch to increase its spending on regulatory or industry compliance, making it less competitive.</p>	See Section 5.2.9

Topic	Summary	For more Information
New services or the expansion in new markets and Customers may not perform as intended	Touch may introduce new Service Modules or expand into new geographical markets beyond FY2015. These initiatives may result in unforeseen costs or risks, may not deliver positive outcomes as intended, and may materially adversely impact Touch's future financial performance.	See Section 5.2.10
Activities of fraudulent parties	<p>Touch is subject to risks imposed by the fraudulent conduct of internal and external perpetrators, including the potential collusion between internal and external parties. There is a risk that Touch is unsuccessful in defeating fraud attempts resulting in a higher than budgeted cost of fraud. This may materially adversely impact Touch's revenue and profitability.</p> <p>In certain instances, Touch guarantees transaction integrity, accepts the responsibility associated with minimising fraudulent activity and bears all costs associated with such fraudulent activity. Fraudulent activity may materially adversely impact Touch's loss to fraud, its reputation and the cost to rectify and safeguard business operations, Touch System and Service Modules against fraudulent activity.</p>	See Section 5.2.11
Exposure to potential security breaches	Cyber-attacks may compromise or breach the technology platform used by Touch to protect confidential information. There is a risk that the measures taken by Touch will not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information. Any data security breaches or Touch's failure to protect confidential information could result in the loss of information integrity, or breaches of Touch's obligations under applicable laws or Customer agreements, each of which may materially adversely impact the Company's financial performance and reputation.	See Section 5.2.12
Touch may suffer reputational damage	Maintaining the strength of Touch's reputation is important to retaining and increasing the Customer base; maintaining its relationships with its bank Customers, partner companies and other service providers; continuing to benefit from word-of-mouth referrals; and successfully implementing Touch's business strategy. There is a risk that unforeseen issues or events may adversely impact Touch's reputation. This may adversely impact the future growth and profitability of the Company. Touch's reputation is also closely linked to the provision of services to Consumers. There is a risk that the actions of Touch's Suppliers and Merchants may damage the Company's reputation. Any factors that diminish Touch's reputation could result in Customers, Consumers, banks or other service providers ceasing to do business with Touch, impede its ability to successfully provide Service Modules and Electronic Products, negatively affect its future business strategy and materially adversely impact the Company's financial position and performance.	See Section 5.2.13
Bermuda incorporation	<p>The Bermuda laws relating to the protection of the interests of minority shareholders and the fiduciary responsibilities of directors differ from Australian laws.</p> <p>There are presently no requirements under any Bermuda laws or regulations of general application requiring persons who acquire significant shareholdings in the Company to make takeover offers for the Shares. As the Company is incorporated in Bermuda, certain provisions of the Corporations Act will not apply to offers for the Shares, including in relation to takeovers and substantial holdings, financial assistance, related party transactions and voting on remuneration reports. In addition, any claim against the Company for a contractual breach of its Bye-laws would need to be brought in Bermuda. Any such claim would be contractual in nature and would therefore not have the same enforceability as a claim under the Corporations Act.</p> <p>There is a risk that Shareholders do not benefit from the same level of protection under Bermudan law than under the Corporations Act including in relation to financial assistance, related party transactions and voting on remuneration reports.</p>	See Section 5.2.14

Topic	Summary	For more Information
Liquidity of Shares	Following completion of the Offer (Completion of the Offer) the Shareholders who have agreed to voluntary escrow arrangements in respect of their shareholding (Escrowed Shareholders) will hold approximately 55.2 – 61.7% of the total Shares on issue, which may impact liquidity. The Escrowed Shareholders either have an existing escrow over their Shares held or have entered into voluntary escrow arrangements in relation to all the Shares they hold immediately following Completion of the Offer (other than any Shares acquired under the Offer), as set out in Section 7.19. There is a risk that the absence of any trading in Shares held by the Escrowed Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares, and also the time taken to exit all or part of their shareholding.	See Section 5.3.2

1.6 Directors and senior management

Topic	Summary	For more Information
Who is on the Company Board?	<p>Mike Jefferies (Independent Chairman and Non-executive Director)</p> <p>Adrian Cleeve (Managing Director and Chief Executive Officer (CEO))</p> <p>Hatim Tyabji (Independent, Non-executive Director)</p> <p>Duncan Saville (Non-executive Director)</p> <p>Elana Rubin (Independent, Non-executive Director)</p>	See Section 6.1
Who is on the Touch senior management team?	<p>Adrian Cleeve (Managing Director and CEO)</p> <p>Tony Bianco (Chief Financial Officer)</p> <p>Jason Van (Head of Technology, Platform and Operations)</p> <p>Keith Cleeve (General Manager, Business Solutions – Australia)</p> <p>Goran Abramovic (General Manager, Business Solutions – Europe)</p> <p>Vladimir Shchelkunov (Chief of Staff)</p> <p>Leigh-Ann Bramall (Human Resources Manager)</p> <p>Jo Wenzel (Marketing Manager)</p> <p>Kamil Kuzmicki (General Manager, Mobility Services)</p>	See Section 6.2

1.7 Significant interests, key people and related party transactions

Topic	Summary				For more Information	
Who are the Existing Shareholders and what will be their interest at Completion of the Offer?	Existing Shareholders		Shares in the Company on Completion of the Offer (million)	Shares in the Company on Completion of the Offer (%)	Shares in the Company subject to escrow arrangements (million)	See Section 7.10
	Adrian Cleeve and associated entity		21.0 – 23.6	18.2 – 20.4%	21.0 – 23.6	
	Duncan Saville associated entity		29.3 – 32.8	25.2 – 28.3%	29.3 – 32.8	
	Michael Jefferies and associated entity		6.2 – 6.9	5.3 – 6.0%	6.2 – 6.9	
	Hatim Tyabji		0.1	0.1%	0.1	
	Elana Rubin		–	–	–	
	Other management and staff		2.0	1.7%	2.0	
	Other substantial Shareholder		5.4 – 6.0	4.6 – 5.2%	5.4 – 6.0	
	Other Shareholders		44.4 – 52.0	38.3 – 44.8%	–	
Total		116.0	100.0%	64.0 – 71.5		
What significant benefits are payable to Directors and other persons connected with the Offer and what significant interests do they hold?	Key people		Interest or benefit		See Section 6.5	
	Adrian Cleeve and associated entity		Sale of Shares Shares held in the Company Director's fees Remuneration			
	Duncan Saville and associated entity		Sale of Shares Shares held in the Company Director's fees			
	Michael Jefferies and associated entity		Sale of Shares Shares held in the Company Director's fees			
	Hatim Tyabji		Shares held in the Company Director's fees			
	Elana Rubin		Director's fees			
	Selling Shareholders		Sale of Shares			
	Tony Bianco		Shares held in the Company Remuneration			
Jason Van		Shares held in the Company Remuneration				

Topic	Summary	For more Information
What significant benefits are payable to Directors and other persons connected with the Offer and what significant interests do they hold? (cont)	Keith Cleeve	Shares held in the Company Remuneration
	Goran Abramovic	Shares held in the Company Remuneration
	Vladimir Shchelkunov	Shares held in the Company Remuneration
	Leigh-Ann Bramall	Shares held in the Company Remuneration
	Jo Wenzel	Shares held in the Company Remuneration
	Kamil Kuzmicki	Shares held in the Company Remuneration
	Advisers and other service providers	Fees for services

1.8 Details of the Offer

Topic	Summary	For more Information
What is the Offer?	<p>The Offer is an initial public offering of 40,000,000 Shares in the Company at an Offer price (Offer Price) of \$1.40 per Share.</p> <p>The Offer is expected to raise \$56.0 million, comprising \$22.4 million from the issue of Shares by the Company and \$33.6 million from the sale of Shares by SaleCo.</p> <p>The Shares to be issued under the Offer will represent 34.5% of the Shares on issue following Settlement.</p> <p>All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all ordinary existing shares (Existing Shares).</p>	See Section 7.1
Why is the Offer being conducted?	<p>The Offer is being conducted to provide Touch with:</p> <ul style="list-style-type: none"> • A strengthened balance sheet so that the Company is viewed as a financially robust partner to existing and targeted Customers; • Working capital to support the day-to-day operations of the Company; • Additional financial strength, financial flexibility and access to capital markets to more rapidly implement the Company's strategic plan – including the development of new Service Modules or the expansion into a particular geography; and • A liquid market for its Shares and an opportunity for new shareholders to invest in its Shares. <p>The Offer of Shares by SaleCo also provides certain existing shareholders (Existing Shareholders) with the opportunity to realise all or of part of their investment in the Company.</p>	See Section 7.6

Topic	Summary	For more Information																																	
How will the proceeds of the Offer be used?	The Offer is expected to raise \$56.0 million. The following table details the sources of funding (including the proceeds of the Offer) and the uses of those amounts.	See Sections 7.7 and 9.10																																	
	<table border="1"> <thead> <tr> <th>Sources of funds</th> <th>\$ million</th> <th>%</th> <th>Uses of funds</th> <th>\$ million</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Sale of Existing Shares</td> <td>33.6</td> <td>56.3%</td> <td>Payment of proceeds to Existing Shareholders</td> <td>33.6</td> <td>56.3%</td> </tr> <tr> <td>Issue of New Shares</td> <td>22.4</td> <td>37.5%</td> <td>Payment of costs of the Offer</td> <td>5.4</td> <td>9.1%</td> </tr> <tr> <td>Exercise of CEO options</td> <td>1.0</td> <td>1.7%</td> <td rowspan="2">Pro forma cash</td> <td rowspan="2">20.7</td> <td rowspan="2">34.6%</td> </tr> <tr> <td>Existing cash</td> <td>2.7</td> <td>4.5%</td> </tr> <tr> <td>Total sources</td> <td>59.7</td> <td>100.0%</td> <td>Total uses</td> <td>59.7</td> <td>100.0%</td> </tr> </tbody> </table>		Sources of funds	\$ million	%	Uses of funds	\$ million	%	Sale of Existing Shares	33.6	56.3%	Payment of proceeds to Existing Shareholders	33.6	56.3%	Issue of New Shares	22.4	37.5%	Payment of costs of the Offer	5.4	9.1%	Exercise of CEO options	1.0	1.7%	Pro forma cash	20.7	34.6%	Existing cash	2.7	4.5%	Total sources	59.7	100.0%	Total uses	59.7	100.0%
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Total sources	59.7	100.0%	Total uses	59.7	100.0%																														
Who are the issuers of the Prospectus?	Touchcorp Limited, a company incorporated in Bermuda and registered as a Foreign Corporation in Australia and Touchcorp SaleCo Limited, a company incorporated in Victoria, Australia.	See Section 9.1																																	
What is SaleCo?	SaleCo is a special purpose vehicle established so that Existing Shareholders may elect to sell all or part of their Existing Shares in the Company as part of the Offer. The sale by SaleCo has been structured to guarantee that the sale of 24.0 million Existing Shares will occur at settlement.	See Sections 7.2 and 7.3																																	
What is the Offer Price and what are the key Offer metrics?	Offer Price	\$1.40 per Share	See Section 7.1																																
	Total number of Shares offered under this Prospectus	40.0 million																																	
	Total number of Shares on issue following Completion of the Offer	116.0 million																																	
	Market capitalisation at the Offer Price	\$162.3 million																																	
	Enterprise value at the Offer Price	\$141.7 million																																	
	Enterprise value/pro forma forecast FY2015 EBITDA	11.8x																																	
	Offer Price/pro forma forecast FY2015 NPAT per Share	21.9x																																	
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> The Retail Offer, consisting of the: <ul style="list-style-type: none"> Broker Firm Offer – an offer to Australian resident retail clients of Brokers who have received a firm allocation from their Broker; and Chairman’s List Offer – an offer to selected investors who have received a Chairman’s List invitation; The Institutional Offer, which consists of an invitation to acquire Shares, made to institutional investors (Institutional Investors) in Australia and in certain other eligible jurisdictions. No general public offer of Shares will be made under the Offer. 	See Section 7.4																																	
Is the Offer underwritten?	Yes. Goldman Sachs as Sole Underwriter has fully underwritten the Offer pursuant to the Underwriting Agreement. Details are provided in Section 7.4.	See Section 7.4																																	

Topic	Summary	For more Information
Are there any voluntary escrow arrangements?	Yes. Details are provided in Section 7.19.	See Section 7.19
Will the shares be quoted?	<p>Yes. The Company has applied to the ASX for admission to the Official List of the ASX and quotation of Shares on the ASX, which is expected to be under the code TCH.</p> <p>Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all amounts submitted with the Application Forms (Application Monies) received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained from time to time.</p> <p>The ASX and its officers take no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the official list is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p>	See Section 7.25.1
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Chairman's List Offer was determined by the Sole Underwriter, in consultation with the Company and SaleCo having regard to the allocation policies outlined in Sections 7.14.7 and 7.16.2. With respect to the Broker Firm Offer, it is a matter for the Broker how it allocates firm Shares among its eligible retail clients.	See Section 7.14, 7.15, 7.16 and 7.14.2
What is the minimum and maximum Application size under the Broker Firm Offer?	<p>The minimum Application under the Broker Firm Offer is \$2,000 worth of Shares and in multiples of \$1,000 worth of Shares thereafter, as directed by the applicant's broker;</p> <p>The Sole Underwriter, in consultation with the Company and SaleCo, reserves the right to reject any Application or to allocate a lesser number of Shares than that applied for; and</p> <p>There is no maximum number or value of Shares that may be applied for under the Broker Firm Offer.</p>	See Section 7.14.2
When are the Shares expected to commence trading?	<p>It is expected that the Shares will commence trading on the ASX on or about Tuesday, 31 March 2015 on a deferred settlement basis.</p> <p>It is expected that the dispatch of holding statements will occur on or about Wednesday, 1 April 2015 and that Shares will commence trading on the ASX on a normal settlement basis on or about Thursday, 2 April 2015.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p>	See Section 7.5
Can the Offer be withdrawn?	<p>Yes. The Company and SaleCo reserve the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	See Section 7.20

Topic	Summary	For more Information
How can I apply?	<p>If you are an eligible investor under the Broker Firm Offer or Chairman's List Offer, you may apply for Shares by completing the Application Form attached to or accompanying this Prospectus and/or following the instructions provided to you by your Broker.</p> <p>To the extent permitted by law, an Application under the Offer is irrevocable.</p>	See Sections 7.14.2 and 7.15.2
Is brokerage, commission or stamp duty payable by applicants (Applicants)?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	See Section 9.9.4
What are the tax implications of investing in the Shares?	<p>An overview of the Australian tax treatment for Australian tax resident investors is included in Section 9.9.</p> <p>The tax consequences of any investment in the Shares will depend on an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p>	See Section 9.9
When will I receive confirmation that my application was successful?	It is expected that initial holding statements will be dispatched by standard post around or on Wednesday, 1 April 2015.	See Sections 7.13 and 7.14.7
Where can I find out more information about this Prospectus or the Offer?	<p>All enquiries in relation to this Prospectus should be directed to the Touch Offer Information Line on 1300 721 982 (toll free within Australia) or +61 3 9415 4811 (from outside Australia) between 8.30am and 5.00pm Australian Eastern Standard Time (AEST), Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you require assistance to complete the Application Form, require additional copies of this Prospectus, have any questions in relation to the Offer or are uncertain as to whether obtaining Shares in the Company is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, taxation adviser, financial adviser or other independent professional adviser before deciding whether to invest.</p>	See Section 7.13

SECTION 2

INDUSTRY OVERVIEW



Touch operates a private cloud-based software-as-a-service IT outsourcing business. Touch's Customers encompass a spectrum of large and small businesses that are moving from internally designed, built and hosted technology infrastructure to external (cloud-based) systems provided by industry participants including Touch. These systems are less capital intensive, transactionally cheaper and more flexible.

Touch's current business operation and strategic focus is within a selected range of industries and geographies, specifically the:

- Convenience retail sector in Australia, Asia and Europe;
- Australian healthcare and government sector; and
- Customer self-service sector, focused on the needs of MNOs and MVNOs in Australia.

Touch focuses on the provision of services to its existing Suppliers and Merchants within its current geographical presence and the integration of new Suppliers and Merchants over time.

Many businesses are moving towards cloud-based solutions to meet their IT needs and Touch has directly experienced growth as a result of companies making the decision to use Touch's private cloud to host their transactional processes, transactional reporting and other requirements. Touch integrates its systems with those of its Customers to enable Suppliers to engage directly with Retailers and Consumers in the electronic delivery of non-physical products, services and entitlements to those Consumers.

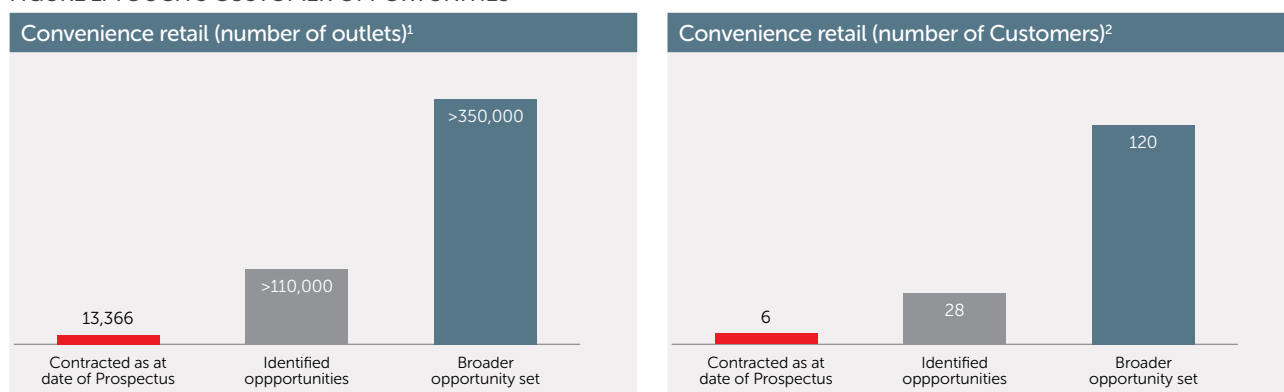
2.1 Target sectors and geographies

Touch is currently focused on the provision of its services within three key sectors. These key sectors comprise the convenience retail sector in Australia, Asia and Europe; the Australian healthcare and government sector; and the consumer self-service sector, primarily focused on the needs of customers in the telecommunications sector in Australia. Touch, through the Touch System, is currently integrated with some of the largest convenience retailers in Australia and Europe, Medicare Australia, and key MNOs and MVNOs in Australia.

Accordingly, Touch considers its immediate opportunities for growth to involve those Suppliers and Merchants operating in similar industries and geographies to those of its existing Customer base. Touch considers its broader potential customer base to be all major convenience retail chains, as well as all major government entitlement providers, MNOs and MVNOs.

Figure 1 illustrates those potential opportunities, as identified by Touch.

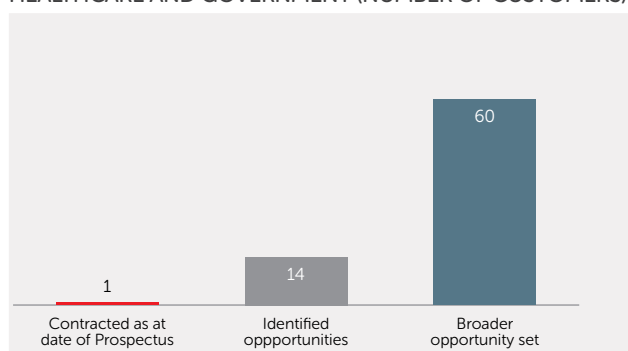
FIGURE 1: TOUCH'S CUSTOMER OPPORTUNITIES



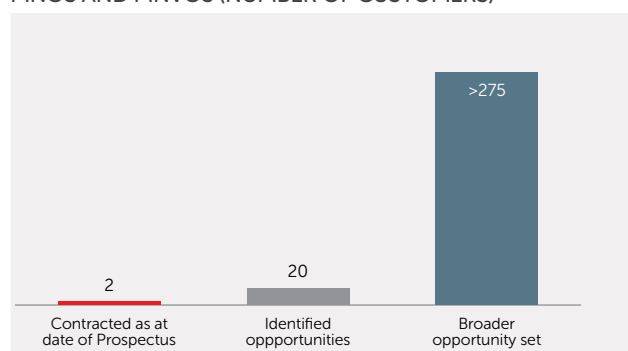
Note:

1. The number of contracted Customers refers to the chain convenience retail stores that use the Touch System. The identified opportunities comprise convenience retailers in Australia, Austria, Germany, Luxembourg, Scandinavia and Switzerland. The broader opportunity set comprises stores in Australia, Austria, Germany, Luxembourg, Scandinavia, Switzerland, the United Kingdom (U.K.), the U.S. and Japan. Touch is currently integrated with major European and Australian convenience retailers and is in the process of integrating with important businesses in the U.S. and Asia through its relationships with local electronic service providers. These businesses are a small part of the total industry and Touch believes that it has the opportunity to deploy its services to other businesses in the same region as industry participants currently served by Touch, and to these industry participants' Suppliers.
2. The number of contracted Customers refers to the number of businesses that have contracted Touch to provide services. In 2015, this consists of 7-Eleven Australia, a major service station retailer, Valora Group, and a number of other significant Retailers. The identified opportunities comprise convenience retailers in the 14 countries where Touch has current operational contracts. Touch considers the market leader and a major competitor in each country to comprise their opportunity set. The broader opportunity set comprises convenience retailers in 60 countries into which Touch can realistically consider expanding.

HEALTHCARE AND GOVERNMENT (NUMBER OF CUSTOMERS)³



MNOS AND MVNOS (NUMBER OF CUSTOMERS)⁴



Note:

- Identified opportunities and the broader opportunity set in health and government include serving the needs of government agencies which are seeking to reduce the cost of, and increase the consumer convenience in, accessing government services and entitlement programs. Touch currently facilitates a percentage of all Medicare Australia transactions and as the move to electronic processing from physical cross-counter processing accelerates, Touch expects strong growth in the number of health-related transactions processed. In addition the Australian government has indicated through the release of the Medicare Australia Expression of Interest (Medicare EOI) in June 2014, that it intends to increase use of external agencies to process transactions on behalf of Medicare Australia and likely other government agencies. Touch has responded positively to the Medicare EOI and either on its own account or likely in partnership with some of its existing large Customers expects to be in a position to assist the Australian government achieve its aims as stated in the Medicare EOI. In Europe, Touch also provides services to retailers enabling the sale of Austrian government insurance products as well as supporting regulatory compliance for money transfer services conducted by its retail customers in Switzerland and Touch expects to see similar initiatives in the European market to those currently unfolding in Australia. The number of contracted Customers refers to healthcare and government customers that have contracted Touch to provide services. The identified opportunities comprise the government of each of the 14 countries Touch is currently operating in. The broader opportunity set comprises the government of each of the 60 countries Touch can realistically consider expanding into.
- The number of contracted Customers refers to the number of Australian MNOs and MVNOs that have contracted Touch to provide services. The identified opportunities comprise all Australian and European MNOs and MVNOs. The broader opportunity set comprises MNOs and MVNOs worldwide. These businesses seek to provide the most direct service to their consumers and Touch has demonstrated that it can deliver the required service capabilities at attractive prices and with high reliability. As Touch increases its Supplier integrations at the request of its existing European retailers, the Company expects to be able to win significant new business in the European MNO and MVNO businesses although no self-service revenue from these sources is currently included in the Company's FY2015.

Touch has a limited number of integration-capable technical staff and hence cannot add numerous new Merchants or Suppliers at once. However, given the significant impact on the Company's financial performance of a significant new Customer, the size of each potential new Customer and the potential increase in the volume of completed transactions, this limitation is not a serious impediment to rapid growth. Touch has developed mature and refined selection, induction, training, mentoring and rewards programs to ensure that it can grow Staff numbers rapidly to meet Customer demand. In FY2014, Touch increased its staff headcount by approximately 60% without its systems suffering efficiency or reliability issues.

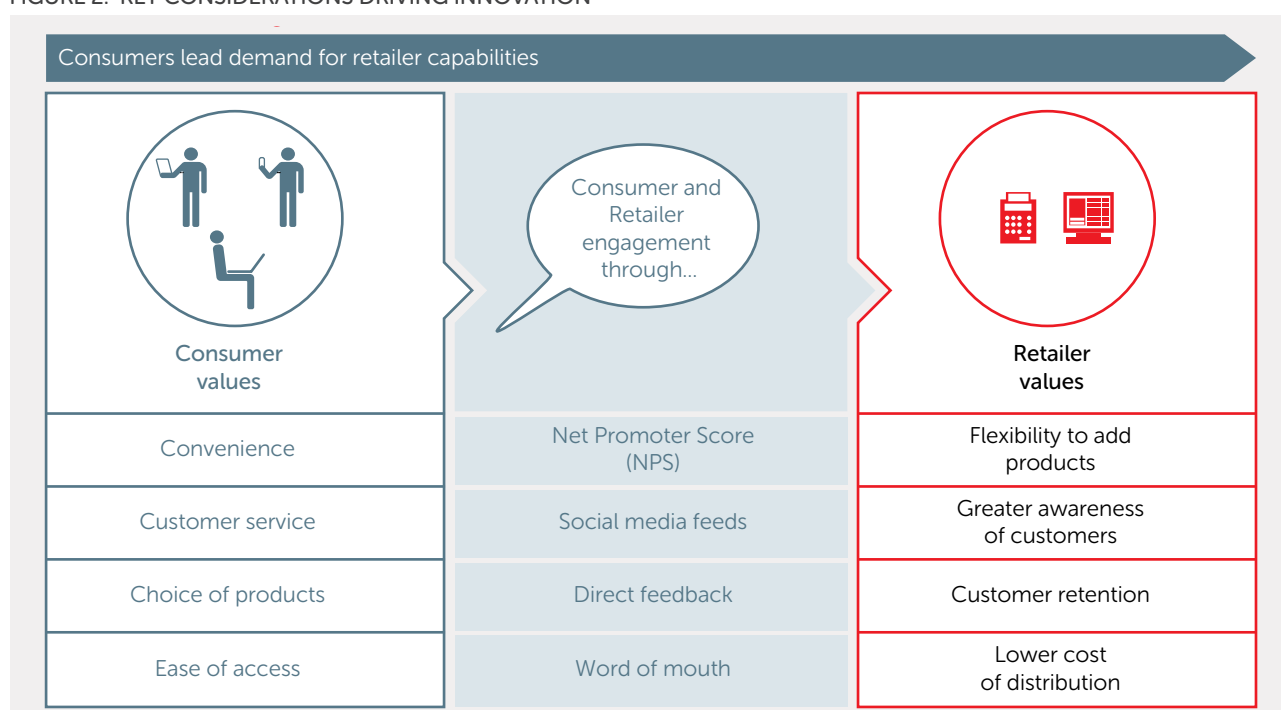
2.2 Consumer trends

2.2.1 Consumer-led innovation

Businesses are led by trends in consumer behaviour and demands. As consumers become increasingly focused on convenience, customer service, choice of products, rewards for loyalty and ease of access, businesses are focused on implementing solutions to optimise the consumer experience, retain consumers and drive revenue growth. Consequently, businesses need solutions that allow them the flexibility to add or modify electronic products to their suite of offerings, increase the consumers' payment options, improve their understanding of the consumer and increase consumer retention through the provision of loyalty programs, consumer recognition, direct limited offers and accelerated processing of trusted consumer requests.

Figure 2 sets out the process and key considerations that are driving consumer-centric innovation processes.

FIGURE 2: KEY CONSIDERATIONS DRIVING INNOVATION



Businesses have also recognised the importance of managing the interaction between in-store servicing capabilities and self-service methods, known as a 'bricks and clicks' approach to remain competitive. Suppliers are focused on reducing their cost of product and service distribution, with self-service channels cutting the cost of distribution and enhancing efficiency. Retailers are recognising that Consumers require access to both in-store and self-service modes (the so-called omni-channel requirement) and are actively seeking these capabilities.

Additionally, software solutions that provide Suppliers and Merchants with the ability to capture data at the point-of-sale have become a valuable source of information that deepens Suppliers' and Merchants' understanding of consumer preferences, and enhances and develops the in-store point-of-sale and self-service experience.

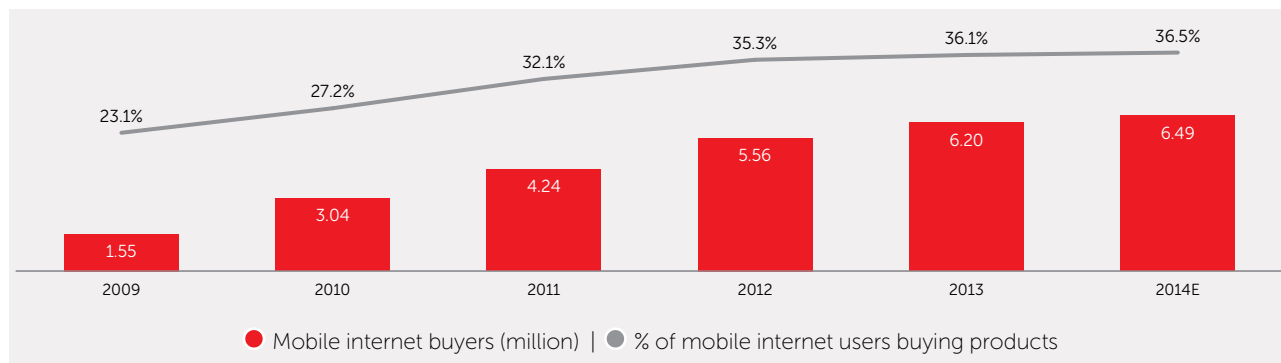
2.2.2 Self-service

As businesses respond to changes in consumer behaviour and seek to increase revenue and retain customers, they are increasingly considering omni-channel sales methods. Consumers are increasingly using self-service methods via a range of channels including mobile devices, the internet, mobile applications and interactive voice recognition (IVR) systems, to purchase products. Suppliers seek to keep pace with advances in technology to facilitate the use of these sales methods.

The market for facilitating self-service via the internet is benefitting from improving connectivity and access to the internet, greater ease and convenience of use, along with increased Consumer willingness to purchase goods and services online. The market for facilitating self-service via mobile applications continues to grow, led by consumer trends and rapid growth in the use of mobile devices, particularly smart phones and tablets. In Australia, the number of unique mobile users grew steadily at 2.3% each year over 2012–2014.

Figure 3 illustrates the increasing number of Consumers who are purchasing through mobile channels in Australia (i.e. tablets and mobile phones, excluding access through computers and laptops), as well as their willingness to complete purchases through mobile methods.

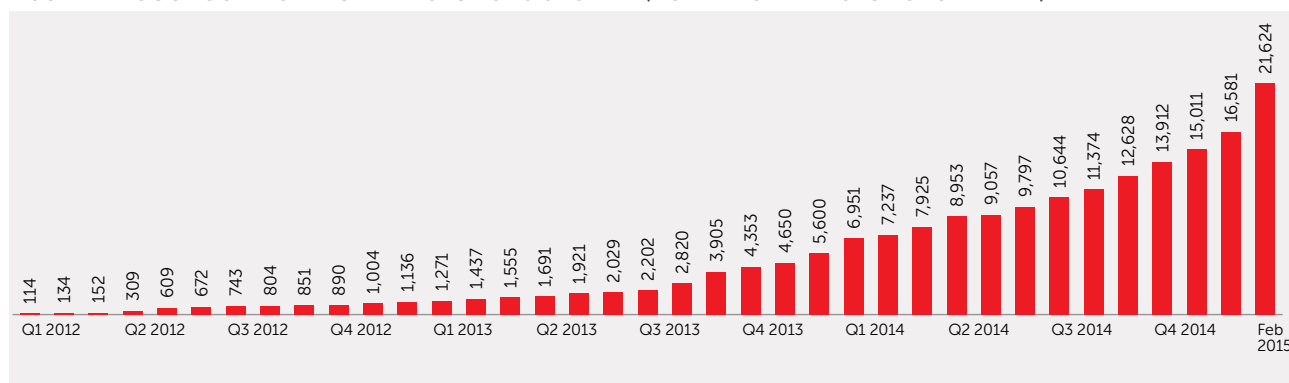
FIGURE 3: AUSTRALIAN MOBILE BUYERS (MILLION) AND PERCENT PURCHASING PRODUCTS (PERIOD ENDING 31 DECEMBER)



Source: IDC Worldwide New Media Market Model (June 2014)

A key aspect of Touch’s business is facilitating consumer access to products and services offered by MNO and MVNO businesses in both in-store and in self-service environments. Figure 4 illustrates the significant growth in Touch’s self-service transactions over the past three years. It shows that volumes have increased significantly in the period from January 2012 to February 2015.

FIGURE 4: TOUCH’S SELF-SERVICE TRANSACTIONS GROWTH (NUMBER OF TRANSACTIONS PER DAY)



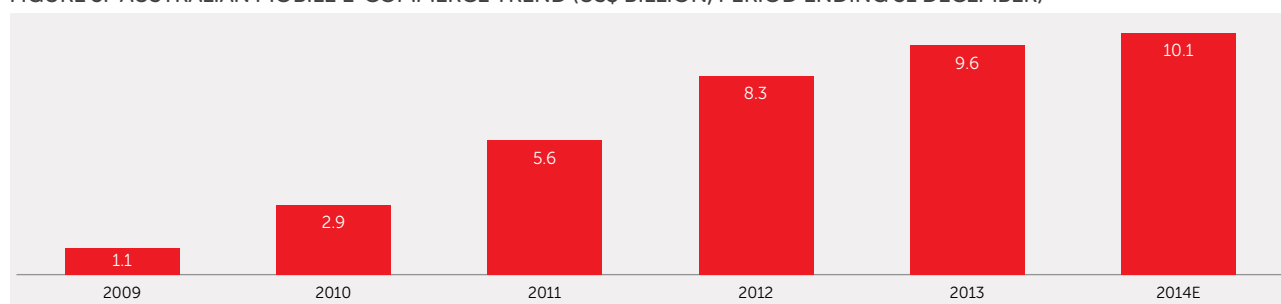
Source: Company estimates

The Touch Mobility Services business unit is currently focused predominantly on the provision of services to MNOs and MVNOs in their prepaid businesses. In the year ended 30 June 2014, 85% of Telstra’s mobile handset revenue was derived from its post-paid business. This illustrates the attractive market opportunity for the provision of services to the post-paid business.

The trend towards mobile e-commerce in Australia has also been increasing at a compound annual growth rate (CAGR) of 22% over 2011 – 2014, providing support for the future growth of this business.

Figure 5 illustrates the strong growth in mobile e-commerce over the past three years.

FIGURE 5: AUSTRALIAN MOBILE E-COMMERCE TREND (US\$ BILLION, PERIOD ENDING 31 DECEMBER)



Source: IDC Worldwide New Media Market Model (June 2014)

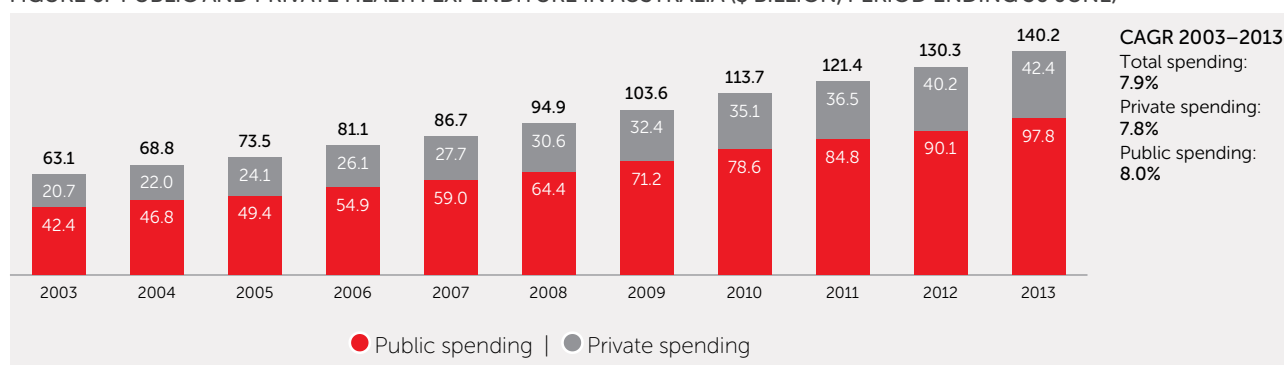
2.2.3 Australian healthcare sector

The Australian healthcare industry is an integral part of the Australian economy. Health spending grew at a CAGR of 7.9% from 2003 to 2013, driven by an ageing population, increasing wealth per adult and an increasing number of services. Healthcare rebate services are becoming progressively digitalised as Consumers seek the convenience associated with an expedited and simplified claims process, while public and private health insurance providers seek to improve their operational costs and efficiencies.

Medicare Australia is the main public funding program for healthcare services in Australia, with eligible claimants receiving rebates when they pay for medical services and certain other healthcare services. The Touch System enables patients to receive Medicare Australia rebates in real-time at the point of service provision.

Figure 6 shows the growth in public and private health expenditure in Australia from 2003 to 2013.

FIGURE 6: PUBLIC AND PRIVATE HEALTH EXPENDITURE IN AUSTRALIA (\$ BILLION, PERIOD ENDING 30 JUNE)



Source: Australian Institute of Health and Welfare (September 2014)

Touch plays an important part in the provision of easy claiming services within the Australian Medicare system for major banks and their healthcare subsidiaries.

2.3 Key competitors

Touch has few direct competitors that target the same industries and geographies. Touch management regards the breadth of capabilities provided by its various Service Modules as one of its competitive advantages. Table 1 below notes the key and peripheral competitors in relation to each of Touch's three business units.

TABLE 1: OVERVIEW OF TOUCH'S KEY COMPETITORS

	Retail Services	Health and Government Services	Mobility Services
Key competitors	Euronet Worldwide Inc In-house IT teams	Tyro Payments Limited In-house IT teams	In-house IT teams
Peripheral competitors	Payzone PayX	Telstra Health Australia Post	n/a
What service providers did Touch's Customers previously use?	7-Eleven – In-house IT teams, Euronet Valora – Euronet Reitan – Pay X, In-house IT teams	Medicare – New service	Optus – In-house IT teams Telstra – In-house IT teams

Euronet Worldwide Inc provides electronic payment and transaction processing solutions for financial institutions, retailers, service providers and individual Consumers through three business segments – Electronic Financial Transactions, Prepaid and Money Transfer. Touch provides connectivity between Suppliers and Retailers which enables businesses to respond quickly to Consumer demands and allows Retailers to access Supplier products at a low cost per transaction.

Tyro Payments is a payment processing business focused on providing payment terminals to small businesses in competition with the trading banks. It also provides an e-claiming process system to medical and allied health practitioners, through which it provides payment acquiring services. Touch provides electronic claiming solutions on the trading banks' payment terminals, and the medical or allied health practices' management systems, in co-operation with the major banks and practice management software providers.

Commonly, in-house IT teams provide bespoke solutions to businesses that operate in Touch's three key sectors. By providing access to its private cloud-based software-as-a-service system, Touch removes the need for these businesses to design, build, operate and manage similar systems enabling them to focus their business efforts on the delivery of the core suite of products and services to Consumers. Touch considers itself to be an early mover in the provision of these services.

2.4 Outlook for the industry

Significant growth opportunities exist for the industries in which Touch operates, led by changing consumer preferences and demands. Businesses are increasingly focused on capabilities that remove the need for capital expenditure, especially on risky in-house IT projects; optimise the Consumer experience; and assist businesses to retain Consumers and consequently drive growth in revenue and profit. Growth in self-service represents a significant opportunity to enable Suppliers and Merchants to provide an alternative, cost-efficient channel to access the Consumer. Technology that provides businesses with a deeper understanding of their Consumer also enables businesses to adapt to and target specific Consumer demands.

SECTION 3

BUSINESS OVERVIEW



3.1 Introduction to Touch

3.1.1 Overview of the business

Touch has designed, built and owns and operates the Touch System that enables the electronic delivery of non-physical products, services and entitlements to their end-users through multiple Consumer service points, whether in-store or through self-service methods. Touch achieves this by establishing connectivity between Suppliers and Merchants. Consumers can either access or purchase these Electronic Products from Merchants or directly from Touch on behalf of Suppliers, using self-service methods. Figure 7 describes Touch's Customers and Consumers.

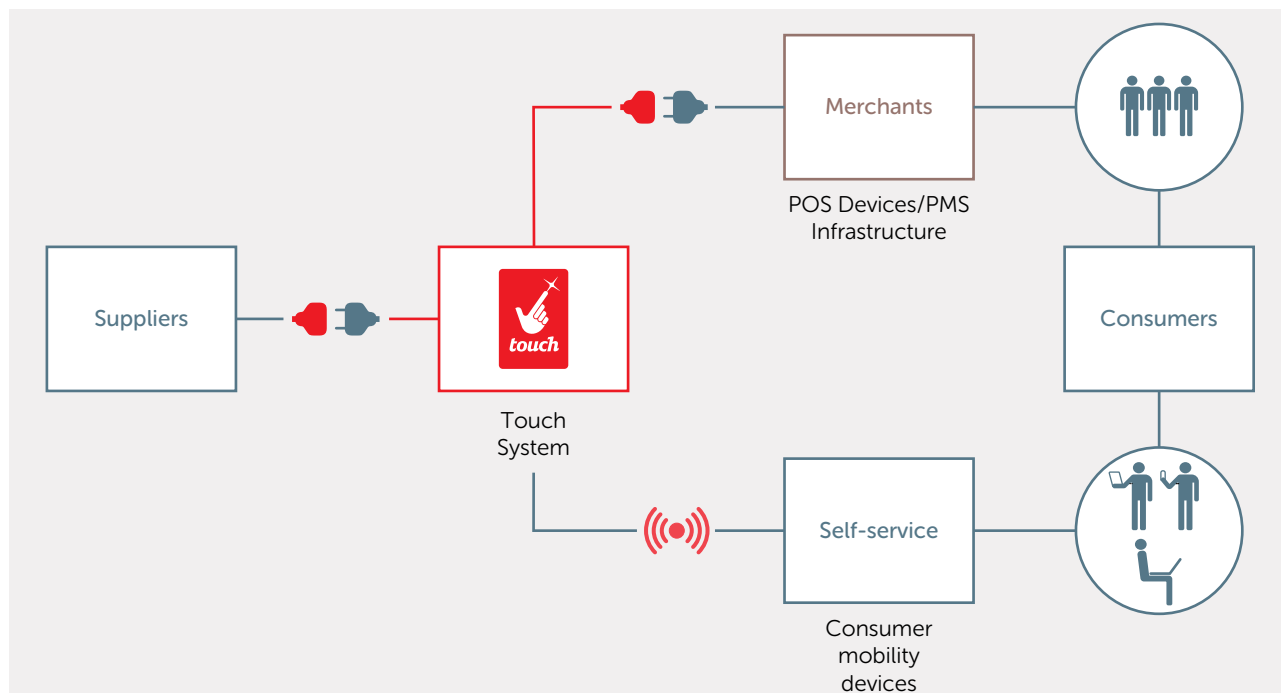
FIGURE 7: TOUCH'S CUSTOMERS AND CONSUMERS

Customers	Suppliers:
	<ul style="list-style-type: none"> • Owners of the Electronic Products.
	Merchants:
	<ul style="list-style-type: none"> • Convenience retailers seeking to sell Electronic Products in addition to any physical products offered in-store (Retailer); or • Medical and allied health practitioners that receive payments from Medicare Australia or private health funds for providing services (Practitioners).
	Consumers:
	<ul style="list-style-type: none"> • End-users of the Electronic Products.

Touch provides an integrated, cloud-based, end-to-end payment and Electronic Product delivery platform, which integrates with Suppliers and Merchants to provide the link between their systems. Touch enables Suppliers to distribute and sell their Electronic Products through Merchants and self-service methods. Touch enables Electronic Products to be offered and sold at the point-of-sale via Retailers' existing POS Devices. In the case of Practitioners, Touch uses the existing payment terminals or PMS Infrastructure.

Figure 8 illustrates how Touch integrates with Suppliers and Merchants.

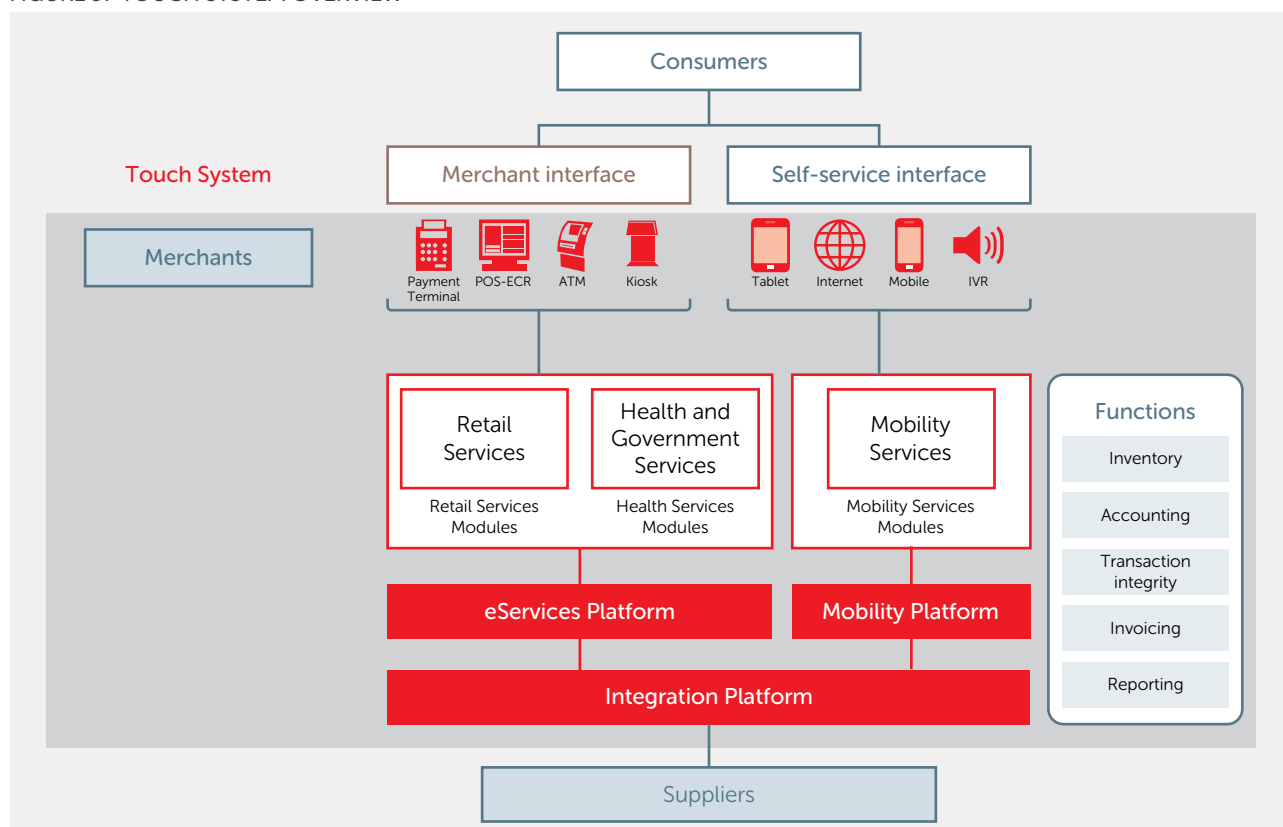
FIGURE 8: TOUCH CONNECTIVITY OVERVIEW



Access to the Touch System removes the need for Suppliers and Merchants to create and manage similar bespoke systems – including operational maintenance, development and compliance activities – enabling them to focus their business efforts on the delivery of products and services to the Consumer. This also removes the need for any capital investment to replace existing systems used by the Consumer and undertake the required work to upgrade existing systems.

Figure 9 provides a diagrammatic representation of the Touch System.

FIGURE 9: TOUCH SYSTEM OVERVIEW



The capabilities of the Touch System are designed for the benefit of the Supplier or Merchant, as applicable. Touch develops its Service Modules over time, typically in conjunction with Suppliers and Merchants. While a range of Service Modules are available, Touch's Customers select which capabilities they would like to use, and Touch is able to tailor the integration accordingly.

The Touch System is supported by the eServices Platform (**ESP**), a B2B platform for the Retail Services and Health and Government Services business units, and a separate B2C platform for the Mobility Services business unit (**Mobility Platform**). The ESP and Mobility Platform are connected to a unified integration platform (**Integration Platform**), which allows all Suppliers to connect. Additional functional capabilities include inventory management, transaction reporting, transaction integrity, transaction invoicing and reporting Service Modules.

The Touch System is globally accessible and in the month ended 31 December 2014, Touch processed over 1.55 million Consumer self-service transactions originating from 111 countries.

As at 31 December 2014, Touch had two offices and four data centres located in Australia and Europe. In response to direct requests from existing Customers, Touch intends to expand its European and Asian presence and to commence service provision in the U.S., which will potentially include the addition of new staff, over the short term.

Touch's headquarter is in Melbourne, Australia.

3.1.2 Overview of business units

The Service Modules provided by Touch to a Customer depend on the particular requirements of a Supplier or Merchant. This means that the way in which the Touch System is used may differ depending on the requirements of a particular Touch Customer. Table 2 provides further details on each of the Touch business units.

TABLE 2: OVERVIEW OF TOUCH'S BUSINESS UNITS

Service Module	Description
Retail Services <i>(approximately 57% of FY2015 services revenue)</i>	Enables POS Devices commonly found on retail premises, such as payment terminals, electronic cash registers and self-service kiosks, to be used to sell over 600 Electronic Products (e.g. mobile phone and broadband recharge vouchers, calling cards, iTunes cards, road tolling, transport ticketing, fishing licences, gaming cards, attraction tickets and Subscriber Identity Modules (SIM) starter packs).
Health and Government Services <i>(approximately 4% of FY2015 services revenue)</i>	Enables a range of electronic claiming solutions designed to streamline processing and payment of Consumers' (i.e. patients') health insurance claims originating in medical and allied health practices. Processing is in real-time at the point of service provision, using existing payment terminals and PMS Infrastructure.
Mobility Services <i>(approximately 39% of FY2015 services revenue)</i>	Enables MNOs and MVNOs to accept payment and service requests for, and purchases of, Electronic Products in real-time by Consumers via self-service methods. This includes carrying out transactions directly from their mobile devices (e.g. smart phone or tablet), via methods including the internet (websites and mobile websites), mobile applications resident on mobile devices and IVR systems.

The Touch System is scalable and may be used over time to support a range of other business units. Potential other applications include, but are not limited to, deferred payment systems in online environments; credit assessment and approval systems; and eligibility and entitlement processing for financial, insurance, government and other administrative programs. The Touch System has significant application possibilities, particularly in monitoring and controlling remote SIM-based systems.

3.1.3 Sources of revenue

Touch generates revenue predominantly from three main sources:

- Transaction fees for the delivery of completed transactions;
- Integration fees for the connection of new Customers to the Touch System; and
- Integration fees for granting existing Customers access to additional Service Modules.

In FY2015, approximately 87% of Touch's revenue is expected (but not guaranteed) to be generated from transaction fees primarily from existing Touch Customers as at 31 December 2014. Predominantly, the use of the Touch System is on a recurring 'per successful transaction fee' basis, meaning the Customer pays Touch a fee in the event of each successfully completed transaction. Revenue is recurring in that transactions occur frequently over the course of the contracts, even though Customers do not guarantee that a minimum number of transactions will be completed. Transaction fees are typically paid by the Retailer for in-store sales of Electronic Products and by the Supplier in the case of sales through self-service channels.

Touch also generates some revenue from its marketing and advertising activities; from provision of access to ongoing government industry support programs; and from interest.

3.1.4 Key capabilities

Touch's key capabilities and attributes include:

- Enabling Suppliers and Merchants to communicate directly to sell Electronic Products in-store;
- Significant experience in integrating systems;
- Long-term Customer accounts due to the time and costs associated with integration with, and transition to, a new software platform provider;
- Full integration with leading, blue-chip Suppliers and Merchants;
- The ability to deliver a full suite of services across different Electronic Products, payment schemes and Merchant and self-service interfaces;
- Versatility and scalability to add or modify Electronic Products;
- The ability to provide real-time feedback to Suppliers and Merchants;
- Reduction of both the risks and costs of consignment stock; and
- The ability to allow Suppliers to track and account for sales in real-time.

3.2 History of Touch

In May 2000, Touch commenced operations to provide flexible payment and Electronic Product delivery solutions through a network of touchscreen kiosks for a major service station retailer. Since 2000, Touch has invested significant sums into research and development (R&D) in order to develop its technical capabilities and satisfy the demands of its Customers.

In 2003, Touch formed relationships with major Australian retail banks and integrated with their payment terminals to enable Retailers to sell Electronic Products in-store, including Electronic Products supplied by major Australian telecommunications providers that were also integrated with the Touch System.

In 2007, Touch established its Health and Government Services business unit to enable medical and allied health practitioners to digitalise their payment claiming process in real-time at the point of service provision.

In 2010, Touch established its Mobility Services business unit to enable Consumer self-service payment processing methods.

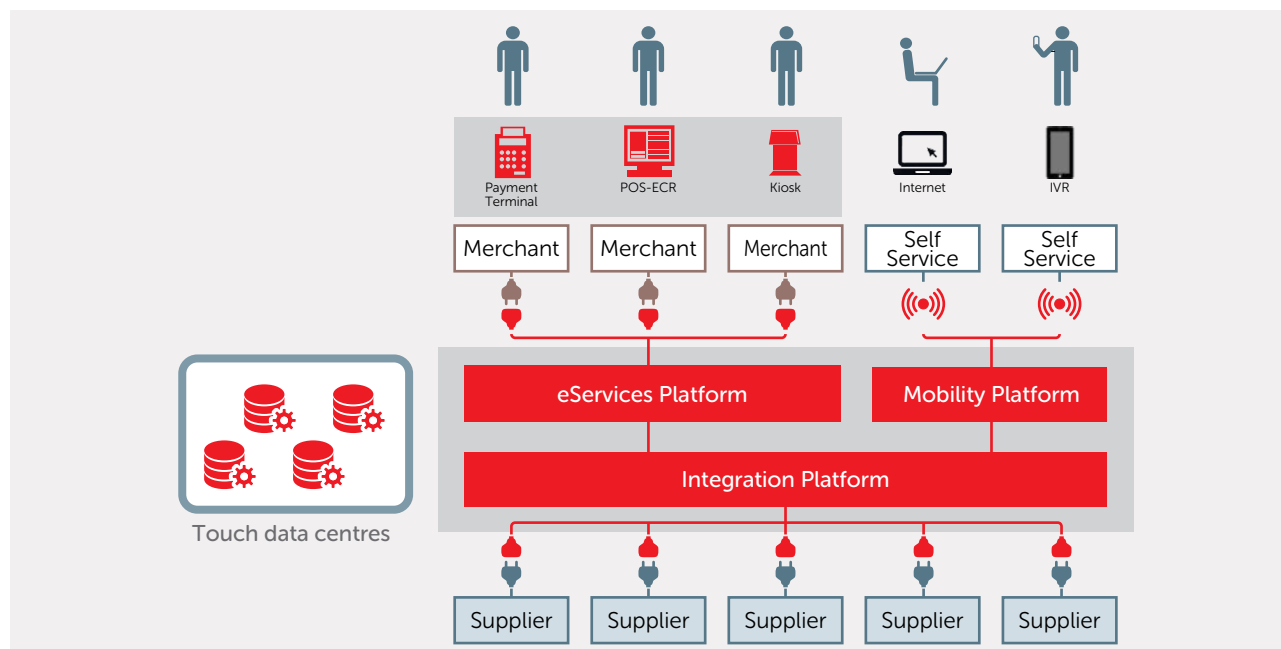
Touch's European operations commenced in 2005 and its Asian operations commenced in 2014.

In the month ended 31 December 2014, Touch processed around 1.55 million Consumer self-service transactions originating from 111 countries. Its retail business included Retailers and Merchants with a combined 30,000 points of presence in Australia and 11,500 points of presence in Europe.

3.3 The Touch System

Figure 10 provides an outline of the key software elements and supporting hardware that make up the Touch System, which is supported by Touch staff who ensure its continual functionality and availability for Touch Customers and Consumers. Touch infrastructure and all associated processing and reporting functions are expected to be capable of meeting Touch's current and forecast processing requirements.

FIGURE 10: THE TOUCH SYSTEM



3.3.1 TouchPoint Technology

Touch has developed a suite of software technology through which Touch integrates with existing POS Devices or PMS Infrastructure (**TouchPoint Technology**) used by its Customers. The selection of the particular software used to connect with a particular Supplier or Merchant is largely dependent on the Supplier or Merchant's existing systems and requirements. TouchPoint Technology enables Merchants, including those with internal systems that do not support the sale of Electronic Products, to connect to and transact with their Consumers through the Touch System.

3.3.2 eServices Platform

The ESP is a B2B connection point for Merchants, which serves as the communication channel between the Touch Systems and the Suppliers, enabling Suppliers and Merchants to connect.

3.3.3 Mobility Platform

The Mobility Platform is a B2C connection point enabling Suppliers to distribute Electronic Products directly to Consumers through a number of channels such as websites, mobile sites, mobile applications and IVR systems. The Mobility Platform contains connections to multiple payment gateways that enable payments to be made directly from Consumers to Suppliers, and distributes those Electronic Products in real-time. The Mobility Platform is supported by a transaction integrity filter that facilitates real-time transaction integrity control and fraud management for all transactions processed by the Touch System.

3.3.4 Integration Platform

The Integration Platform allows Suppliers to connect to the Touch System. The Integration Platform allows Electronic Products provided by Suppliers to be transacted by Merchants via the ESP, as well as directly to Consumers via the Mobility Platform. This platform controls the flow of Electronic Products to multiple systems, reducing the costs of integration for Suppliers, while simultaneously increasing the number of distribution channels of those Electronic Products.

3.3.5 Data centres

The Touch System is supported by Touch hardware in four data centres across Australia and Europe. While Touch owns the hardware, the data centres are owned by third-party providers. To ensure the efficient operations and stability of the Touch System, Touch uses a number of different and high-quality data centres. Data centre providers are contractually required to ensure facilities remain operational in the event of failure in the various systems comprising the data centre's service, thus ensuring the operational integrity of the Touch System.

3.4 Business units

Touch currently operates across three business units – Retail Services, Health and Government Services, and Mobility Services. Each of these business units offers a wide range of specific Service Modules.

3.4.1 Retail Services

The Touch System enables POS Devices commonly found on retail premises, such as payment terminals and self-service kiosks, to process and deliver Electronic Products (e.g. mobile phone and broadband recharge vouchers, calling cards, iTunes cards, road tolling, transport ticketing, fishing licences, gaming cards and attraction tickets). Retail Services enables the sale of over 600 Electronic Products and has a network of approximately 10,300 Retailers in Australia and 11,500 Retailers in Europe, including in Switzerland, Austria, Germany, Norway and Sweden. Touch also supports MyEG in Malaysia, which builds, operates and owns the electronic channel to deliver services from various government agencies to Malaysian citizens and businesses by supporting the iPayEasy payments platform.

As illustrated in Figure 11 below, Touch's Retail Services Customers include a number of well-known convenience Retailers in Australia and Europe.

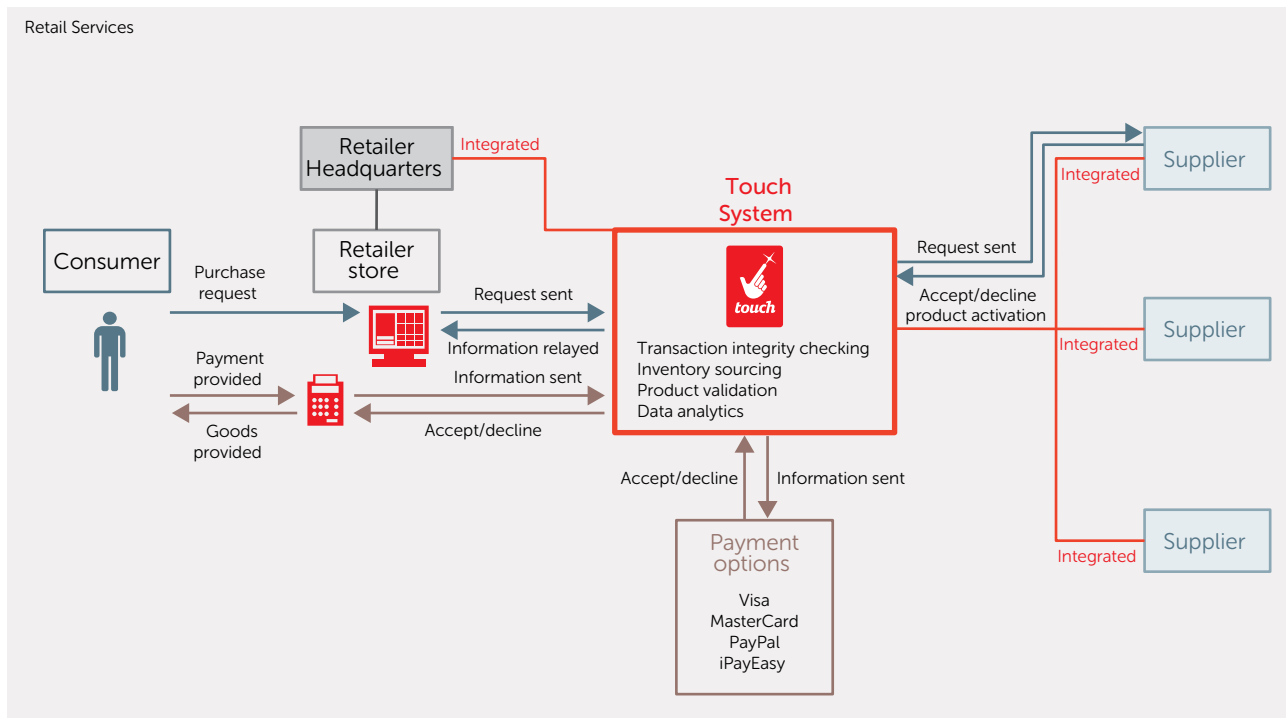
FIGURE 11: RETAIL SERVICES CUSTOMERS



The Touch System can be integrated with the Retailer’s technology infrastructure to inform the Retailer’s inventory management and accounting systems, in real-time, of any transactions conducted on the POS Devices. Touch can also perform transaction integrity services (e.g. identity checking and fraud management), and provide data analysis and reporting functions as required.

Figure 12 illustrates an example of a completed transaction in the Retail Services business unit.

FIGURE 12: A RETAIL SERVICE TRANSACTION



A Consumer enters a Retailer’s store and requests to purchase an Electronic Product that is provided by a Supplier and is available on a POS Device that is connected to the Touch System through TouchPoint Technology. The operator selects the requested Electronic Product on the POS Device and the request is directed to the Touch System. The Touch System communicates directly with the Supplier, which is also connected to the Integration Platform, and retrieves the Electronic Product. The Electronic Product is then delivered to the Consumer. The Consumer pays the Retailer for the Electronic Product, using an authorised payment method (e.g. cash, credit or debit cards, entitlement cards or alternative payment methods such as PayPal).

Table 3 summarises Touch's Retail Service Modules.

TABLE 3: RETAIL SERVICE MODULES

Service Module	Description
Bank and standalone payment terminals integration	Payment terminals enable trading banks and other payment providers to accept payments for Electronic Products. The integration enables the addition of TouchPoint Technology to payment terminals supplied by trading banks to Retailers or the provision of standalone payment terminals that are integrated with TouchPoint Technology and able to access and sell Electronic Products.
POS integration	TouchPoint Technology integrates POS Devices (other than payment terminals) and the Touch System. This provides an interface for POS operators to access and sell Electronic Products.
Value-added service product provision	Allows Retailers to access and sell Electronic Products through an enabled payment terminal or following a POS integration.
Payments	Payments processing services that enable Retailers' POS Devices to communicate with payment providers (e.g. Visa and MasterCard) and accept alternative payment methods (e.g. PayPal).
Money transfer	Supports money transfer services for major money transfer companies.
Identity checking	Checks the internal staff and external Consumers of Touch's Customers.
Security and compliance	Checks transaction integrity at both the internal and external levels of a transaction.
Digital marketing	Provides opportunities for Suppliers and Retailers to communicate with the Consumer.
Loyalty and rewards	Enables Customers to target offers and rewards at Consumers.
Data analysis	Analyses data to perform security and compliance functions.
Reporting	Produces reports for Retailers, as required.

See Section 3.10 for case studies on the Retail Services business unit.

3.4.2 Health and Government Services

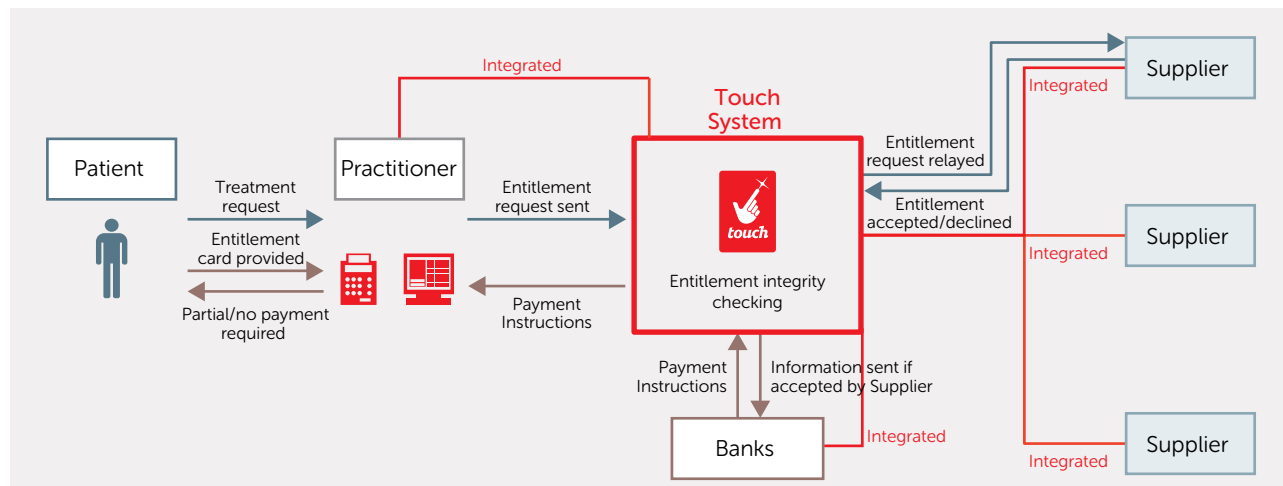
The Touch System enables a range of Medicare Australia and private health insurer electronic claiming solutions on behalf of retail banks and their related healthcare businesses or subsidiaries. This includes Australia's leading ancillary health claims billing solution for healthcare providers.

The Touch System is designed to streamline processing and payments of health insurance claims by Consumers (i.e. patients) originating in medical and allied health practices in real-time at the point of service provision, using existing payment terminals or PMS Infrastructure. Touch also enables major Australian retail banks to provide Practitioners with PMS Infrastructure with TouchPoint Technology installed, removing the need to continually integrate with non-enabled PMS Infrastructure. By using the Touch System, Customers can reduce the costs associated with physical entitlements claiming. Health and Government Services had a network of approximately 20,000 Practitioners throughout Australia as at 31 December 2014. Touch also provides Health and Government Services in Switzerland and Austria.

Touch also has operations in Europe that provide electronic sale solutions for employment insurance and money transfers, including supporting know your customer (KYC) requirements, data collection and processing. In order to provide IT Health and Government Service Modules in Australia, the Touch System requires Information Security Registered Assessors Program (IRAP) certification, meaning it must adhere to the Australian Government's policies and guidelines on information and communication technologies. As at 31 December 2014, the Touch System meets these policies and guidelines through Touch's continuous adherence to its ongoing, regular and independently audited compliance program. Touch's compliance status is regularly audited by external, accredited IRAP auditors.

Figure 13 illustrates an example of a completed real-time transaction in the Health and Government Services business unit.

FIGURE 13: A HEALTH AND GOVERNMENT SERVICE TRANSACTION



This scenario outlines the process of a Health and Government Services transaction. Following treatment, the Consumer (i.e. patient) is requested to pay for the services provided by the Practitioner, and is also entitled to a Medicare rebate. The Consumer presents a Medicare card and the transaction is processed on PMS Infrastructure that is connected to the Touch System through TouchPoint Technology. The Touch System communicates directly with Medicare Australia, which is connected to the Integration Platform, to establish the patient's entitlement to a Medicare rebate. Medicare Australia assesses and then accepts the entitlement request. The Touch System informs the bank that it must pay the Practitioner the portion of the cost covered by Medicare Australia. The Consumer pays the Practitioner the difference between the cost of the services and the rebate received from Medicare Australia.

Table 4 summarises Touch's Health and Government Service Modules.

TABLE 4: HEALTH AND GOVERNMENT SERVICE MODULES

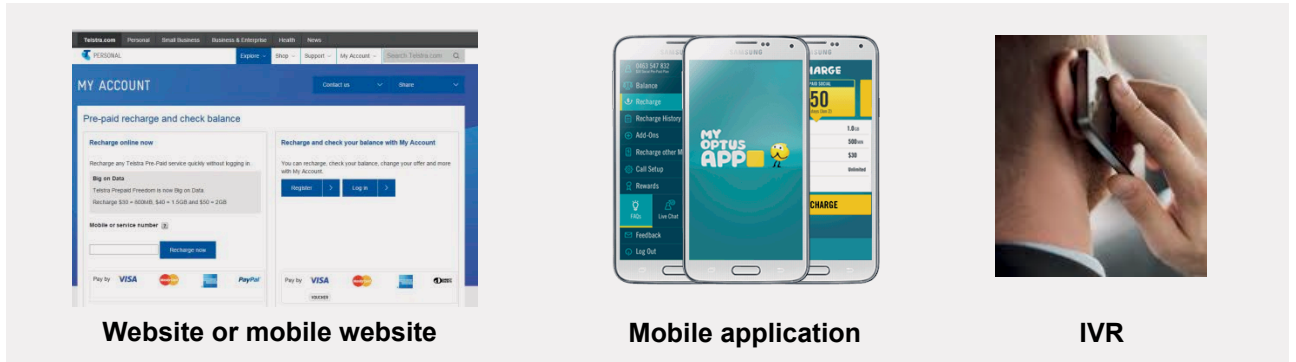
Service Module	Description
Medicare Australia – bulk bill and paid patient claim	Integrates Medicare Australia and Practitioners' PMS Infrastructure to assess entitlements in real-time at the point of service, with payments made directly to the Practitioner. Digitalises the entitlement claiming process.
Bank and standalone payment terminals	Incorporates TouchPoint Technology into payment terminals supplied by retail banks to Practitioners, or standalone payment terminals that are integrated with TouchPoint Technology.
PMS integrations	Direct integration of practice management systems with the electronic claiming system.
Private health claims	Provision of private health electronic claiming services.
Insurance entitlement sales	Provision of workers' compensation insurance access in Austria.
Know-your-customer services and records	Provision of know-your-customer and anti-money laundering services for money transfer services in Switzerland.

3.4.3 Mobility Services

The Touch System enables MNOs and MVNOs to accept payments, accommodate service requirements and facilitate purchases of Electronic Products in real-time by Consumers through self-service methods. Self-service methods of transacting include transactions conducted directly from mobile devices (e.g. smart phone and tablet), via methods including the internet (websites and mobile websites), mobile applications resident on mobile devices and IVR systems. The Touch System is designed to reduce product distribution and management costs for the Suppliers of Electronic Products. Touch can also provide other services such as SIM provision, SIM registration and activation services.

Figure 14 outlines Touch's various self-service interfaces.

FIGURE 14: MOBILITY SERVICES – SELF-SERVICE INTERFACES



Touch seeks to enhance the Consumer experience by simplifying the steps and reducing the time required to complete a transaction, and by providing more payment options. Consumer satisfaction is an important driver of consumer loyalty to specific Suppliers and is often measured by Suppliers' Net Promoter Scores (NPS). Touch works closely with Suppliers to enhance the Consumer experience, largely through the delivery of high quality, reliable and effective self-service methods that reduce the times to complete transactions. Touch also provides real-time processing and data analytics to Suppliers.

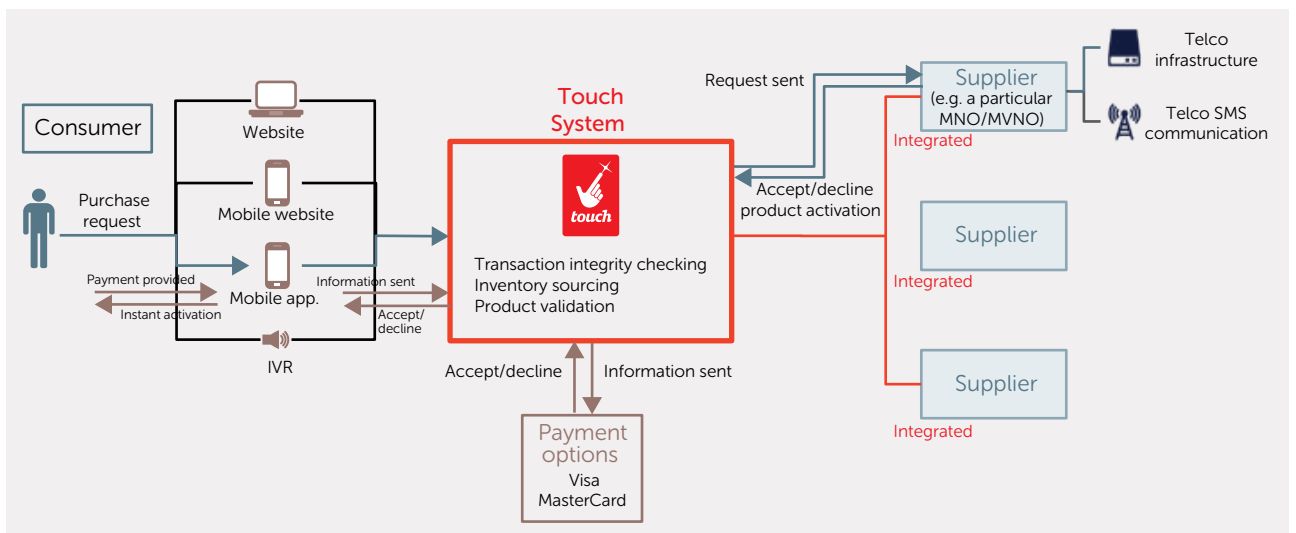
Figure 15 notes Touch's major Mobility Services Customers.

FIGURE 15: MOBILITY SERVICES' CUSTOMERS



Figure 16 illustrates an example of a completed transaction in the Mobility Services business unit.

FIGURE 16: A MOBILITY SERVICES' TRANSACTION



This scenario outlines the process of a Mobility Services transaction. A Consumer is seeking to purchase a mobile phone prepaid recharge voucher. The Consumer accesses a Touch mobile application downloaded on the Consumer's mobile device. The Consumer elects to recharge using a selected payment option. The Touch System receives this request and performs a series of transaction integrity checks before automatically crediting the Consumer's account with the MNO for the purchased amount of credit. The Touch System delivers confirmation of the prepaid recharge to the Consumer and informs the MNO's systems that the requested transaction has been completed to enable the MNO's inventory to be updated accordingly.

Table 5 summarises the various Mobility Services Modules Touch provides to its Customers.

TABLE 5: MOBILITY SERVICE MODULES

Service Module	Description
Prepaid recharge	Collection of recharge product from Suppliers' inventory and delivery of Electronic Product through the Touch System.
Post-paid bill payment	Payment of bills for contract phone services.
Automatic recharge	Consumer elects to have recharge occur automatically at either a particular interval or at a particular account balance level.
Automatic bill payment	Consumer elects to have a bill for a post-paid service paid automatically at a particular interval.
Token for preferred payment method	Substitution of a previously presented credit card for an encrypted number that performs credit card functionality in lieu of a credit card being presented at the time of payment.
Mobile number identification	Use of the mobile number issued by the MNO or MNVO as a form of identification.
Service activation and verification	SIM activation services on behalf of an MNO or MNVO.
Fraud management	Analysis of transactions in real-time to reduce fraudulent activity. Touch has developed sophisticated, proprietary fraud management software and algorithms that assist Touch to manage this fraud risk. Touch relies on its own experience and Customers' insights into Consumer behaviour patterns within the algorithms.
Device unlock	Allows a device to be unlocked for future use on another mobile network.
Online shop	Secure website and mobile website that allows online purchasing, and facilitates the delivery of physical goods such as a mobile phone or tablet.
Reward and loyalty management	Targeted offers and rewards directed at Consumers, based on information and data obtained through the Touch System.
SIM distribution	SIM card distribution to Merchants.
Inventory management (SIM and PIN)	Allows real-time sale of Electronic Products to Consumers, meaning that the Customers' balance is updated in real-time.

See Section 3.10 for case study on the Mobility Services business unit.

3.5 Customer integration process

Touch has a longstanding, blue-chip Customer base within each of the retail, healthcare, government and telecommunications sectors, including major convenience store retailers, healthcare providers, MNOs, MVNOs and Australian retail banks. Touch Customers typically enter into multi-year contracts for the provision of Touch's Service Modules.

The time frame for Touch's Customer integration process typically ranges from three to 12 months depending on the type of Customer, the length of the negotiation process and the Customer's specific requirements. Integration of a significant new Customer (particularly involving a Retailer's POS system) can be a time-consuming process, with discussion-to-transaction timelines of up to 12 months. Commonly, during that period, the service is able to 'go live' in stages, resulting in a gradual increase in revenue earnings over a period of time rather than a sudden influx of transactions and associated revenue. Supplier and MNO and MVNO integrations are generally much quicker and can be accomplished in some cases within weeks of initial discussions.

Customer integration typically commences with a commercial discussion around the Customer's objectives. Touch works with the IT team of the Customer to understand the Customer's systems and requirements and to deliver an integration solution and operational maintenance enabling Electronic Product sales to occur.

Table 6 below details the Customer integration process.

TABLE 6 CUSTOMER INTEGRATION PROCESS

Stage	Description
#1 Product requirement discussion	Commercial discussions between Touch and a potential new Customer precipitated by a product delivery requirement.
#2 Planning and development	Touch creates and offers an integration plan for the Customer to consider Touch's suitability, generally based on its technical capabilities, service history and industry references.
#3 Integration	The Customer agrees to the Touch System integration, the parties enter into a Master Services Agreement (MSA) or similar contract and the Customer pays an initial integration fee. Touch establishes a project team and commences work with the Customer's IT team to integrate with the Touch System under individual Project Works Agreements (PWA).
#4 Testing and 'go-live'	User acceptance testing occurs, including testing in the Customer's environment. Product delivery occurs and the Service Module(s) 'go-live'.
#5 Processing transaction and maintenance	Touch processes transactions, performs ongoing maintenance, and updates existing Service Modules.
#6 Development and integration of additional Service Modules	Touch integrates new Service Modules as requested by the Customer under individual PWAs.

3.6 How does Touch generate revenue?

Touch generates revenue from three main sources:

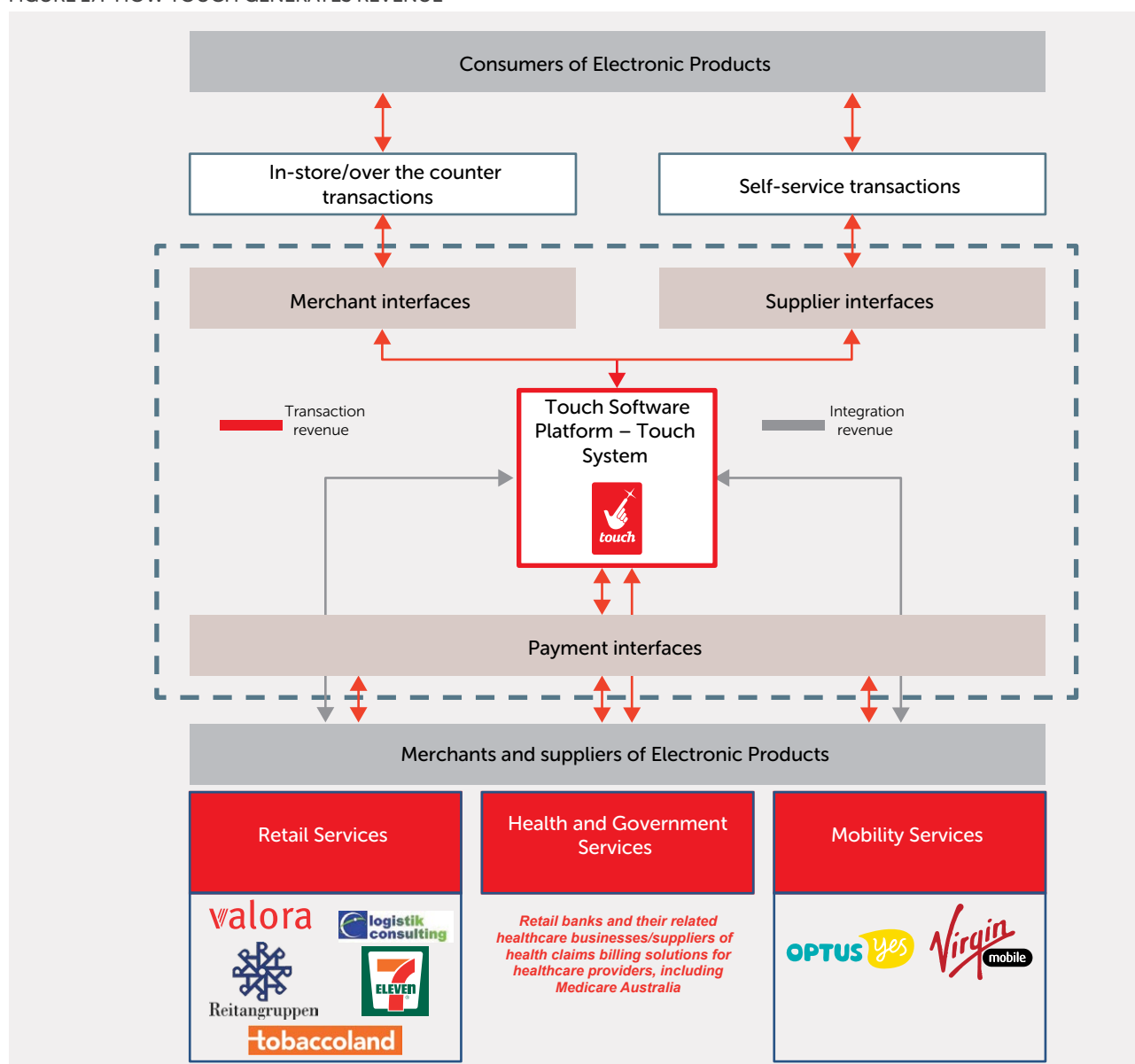
- Transaction fees for the delivery of completed transactions;
- Integration fees for the connection of new Customers to the Touch System; and
- Integration fees for granting existing Customers access to additional Service Modules.

In FY2015, Touch expects (but cannot guarantee) that approximately 87% of its services revenue will be generated on a recurring 'per successful transaction fee' basis, with the majority of the revenue sourced from existing Customers as at 31 December 2014. Revenue generated is a function of both the number of completed transactions and the fee associated with the specific completed transaction.

Historically, Touch has pursued little direct marketing but has instead benefited from its existing Suppliers establishing connectivity with new Retailers (the **Network Effect**), which required the new Retailers to integrate with the Touch System and allowed Touch to increase the number of Service Modules used by its Customers.

Figure 17 details how Touch generates revenue through enabling transactions involving Electronic Products.

FIGURE 17: HOW TOUCH GENERATES REVENUE



Touch also generates some revenue from marketing and advertising services, mostly from the sale of advertising space in the Touch magazine, and providing other direct and indirect communications to Merchants and Consumers. This is included in Touch's Retail Services transaction revenue.

Touch has also historically been successful in winning funding through access to ongoing government industry support programs.

From FY2015, Touch is also expected to generate significant interest revenue from proceeds raised through the IPO.

Touch had total revenue of \$24.8 million in FY2014, approximately 50% of which was contributed by three Customers – Optus, Valora and 7-Eleven. Optus contributed a significant majority of this revenue.

FY2014 revenue also included a material contribution from recognition of revenue arising from transactions conducted in FY2013 by a single Customer and is not expected to recur in FY2015. Further details are provided in Section 4.7.9.

Having regard to work currently contracted with Optus, Touch expects that Optus will continue to be the single largest Customer and contribute significantly to revenue in FY2015. However, as revenue from other Customers increases both domestically and internationally, the relative proportion of total revenue that Optus represents is expected to decrease. Touch also expects Valora to continue to be a material contributor to revenue in FY2015. In addition, having regard to work currently contracted with 7-Eleven, Touch expects that 7-Eleven will significantly increase the proportion of total revenue that its contribution represents, becoming a material contributor to Touch's revenue in FY2015.

Consequently, Touch expects that at least 60% of FY2015 revenue will be contributed by these three major Customers, with Optus contributing a significant majority of this revenue. Sections 3.10 and 9.3 provides details on the contractual arrangements with these Customers. Refer to Section 4.8 for further information on revenues forecast for FY2015 and the key assumptions on which those forecasts have been based. Also refer to Section 5 on key risks.

Figure 18 and Figure 19 illustrate Touch's expected FY2015 revenue, split by product and geography respectively. The majority of Touch's FY2015 services revenue is expected to be generated in Australia.

FIGURE 18: FY2015 SERVICES REVENUE BY BUSINESS UNIT

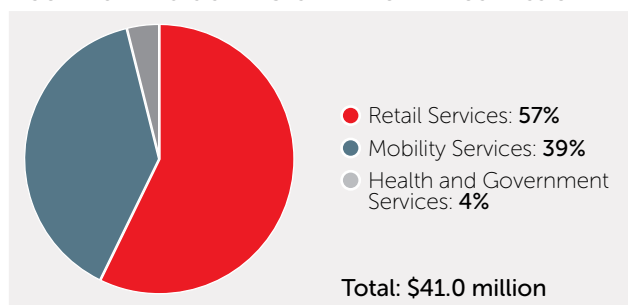
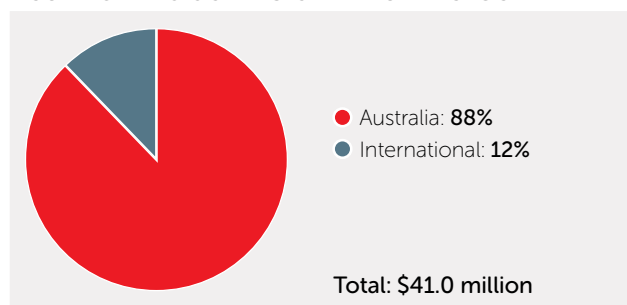


FIGURE 19: FY2015 SERVICES REVENUE BY GEOGRAPHY



Note: Excludes government grants and interest revenue.

3.7 What are Touch's main cost drivers?

Touch's expenses comprise cost of sales, employee benefits expense, overheads and other indirect expenses, customer development expenses, and depreciation and amortisation expense.

The cost of sales includes direct expenses paid to third-party providers such as banks, payment gateways, POS software providers or practice management software providers (**Providers**) that are paid a fee per transaction to allow the Touch transaction to traverse their system or who process one or more aspects of the Touch transaction. These expenses can be expected to decrease on a 'per successful transaction' basis over time as the number of completed transactions increases in a volume discount model.

Employee benefits expenses are associated with payments to Touch's staff (wages and salaries).

Overheads and other indirect expenses include rent on premises, travel, accommodation, Board costs, compliance, insurance and other similar expenses.

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

Depreciation and amortisation expenses relate to the depreciation of computer hardware and infrastructure and amortisation of the Company's intellectual property. Depreciation relates to writing-off physical plant and equipment according to the Company's adopted accounting standards. Typically, the plant and equipment is written off either at purchase or over three or five years, depending on its useful life and initial purchase cost. The amortisation expense is the recognition of the write-down of the capitalised intellectual property on a five-year straight-line basis. Both the depreciation and amortisation expenses are expected to increase in absolute terms over time as a result of growth in the Touch's business.

3.8 Marketing and advertising

Touch provides a range of marketing initiatives on behalf of Suppliers, which are directed at Merchants. This includes the production of the Touch magazine, a regular publication for Retailers; Retail eServices conferences that promote industry discussion and awareness of the Touch System; and display units and fixtures that promote the sale of prepaid and other products in retail outlets.

Table 7 summarises Touch's marketing and advertising initiatives.

TABLE 7: TOUCH'S MARKETING AND ADVERTISING INITIATIVES



Touch magazine

The *Touch Magazine* is a regular publication that provides Retailers with the latest industry news, feature articles, competitions, product samples and give-aways.

The *Touch Magazine* is sponsored by Suppliers.

In the January 2013 Touch Merchant survey, 91% of Merchants rated the *Touch Magazine* as 'valuable', 'very valuable' or 'extremely valuable'.



Retail eServices conference

Touch hosts eServices conferences annually in Australia and Europe.

The conference aims to bring together leading global Suppliers and Retailers to discuss e-commerce industry trends and identify future opportunities.



Display units and fixtures

Touch produces a range of display units and fixtures to encourage the merchandising, promotion and sales of prepaid and other products. This includes SIM counter stands and ceiling-mounted LED lightboxes.

These display units and fixtures are available to Touch Merchants and are sponsored by Suppliers.

3.9 Business strategic focus

Touch's strategic objective is to deliver long-term returns, and strong revenue growth and profitability to Shareholders by increasing the number of completed transactions enabled by the Touch System. Touch has identified and is pursuing a range of business strategic priorities to take advantage of its market opportunities. Touch believes there is significant scope for the Company to grow revenue and profitability from its business strategy, as outlined in Table 8.

TABLE 8: TOUCH'S BUSINESS STRATEGIC PRIORITIES

Strategic focus	Overview
#1 Strong organic growth	<p>Increase the number of transactions completed by the Touch System due to existing Customers increasing the number of Consumers they serve, as a result of their business expansion and marketing strategies.</p> <p>Increase the number of completed transactions delivered through the Touch System by existing Customers via the Network Effect, as Touch further integrates with associated Suppliers and associated Retailers of Touch's existing Customers.</p> <p>Enable Retailers to provide mobility access to their Consumers, both in-store and remotely, to increase the penetration of and preference for self-service methods by Consumers, resulting in more completed transactions for the Touch System.</p> <p>Seek to grow completed transaction volumes by continually developing technologies that improve the Touch System and enhance the Consumer experience.</p>
#2 Increase in number of Service Modules used by existing Customers	<p>Increase penetration of the existing Customer base through targeted marketing of additional Service Modules to different divisions of Touch's existing Customer base. Touch views the demand and growth of Consumer self-service via mobile phones and tablets as a meaningful opportunity to provide existing Customers with Mobility Services.</p> <p>Touch believes there is significant opportunity to assist existing Customers to enhance Consumers' retail experience by using the transaction and payment data collected and reported by Touch, which is in turn expected to result in numerous direct-offer and loyalty-based transactions.</p> <p>Touch believes that improving its Customers' ability to target specific Consumers also enhances Consumers' experiences and may lead to higher completed transaction volumes.</p>
#3 Expand the range of Service Modules offered by Touch	<p>Touch, guided by its policy of actively listening to its Customers' requirements, understands that Consumer needs constantly change, and so assists Suppliers and Retailers to anticipate and quickly and efficiently respond to these changes. Touch continually seeks to increase the range of Service Modules it provides across all its business units to existing and new Customers in order to anticipate and meet these emerging requirements.</p> <p>Touch works with its Customers to understand their changing needs and develops further Service Modules to satisfy those requirements.</p>
#4 Increase the number of Touch Customers	<p>Touch will target new Customers through direct marketing efforts.</p> <p>Touch expects to continue benefiting from the Network Effect, whereby its existing Customers pursue growth opportunities (e.g. mergers and acquisitions, formation of joint ventures) and request new allied Retailers and Suppliers, as applicable, to integrate with the Touch Systems.</p> <p>Touch typically seeks to establish relationships with Suppliers and Retailers related to its existing Customers in co-operation with its existing Customers.</p> <p>Touch has specialist teams that integrate additional Customers with the Touch System and seeks to complete all identified integrations on an accelerated basis.</p> <p>Touch will seek to increase the number of countries in which it conducts its business by following its existing Customers in their expansion into these additional countries.</p>

3.10 Case studies of Touch's growth

The following case studies show how Touch has grown through three key initiatives:

- **Increasing connectivity with its existing Customer's business:** Touch actively developed a deeper relationship with Optus, investing time to gain a better understanding of the Customer's business. Touch received guidance from Optus that enabled it to develop a new suite of Mobility Service Modules, benefitting Touch as well as Optus. These new Service Modules have resulted in a stronger connection between Touch and Optus at technical and commercial levels.
- **Existing Customer platform consolidation:** By working co-operatively with 7-Eleven Australia over a period of years, Touch has steadily become that business's electronic service delivery platform with the role encompassing many aspects of the 7-Eleven relationship with Consumers. The supporting role played by Touch across all aspects of the technical conduct of transactions and the related payments, data, analysis, reporting and loyalty processes is fundamental to the 7-Eleven value proposition for its consumers. This provides Touch with long-term, increasing completed transaction volumes and revenue.
- **The Network Effect:** Touch has established a strong relationship with Valora, through which Touch has been introduced to new Retailers (wholesale customers of Valora) and Suppliers. This resulted in simplified operations for Valora, its wholesale customers and Suppliers (via the Touch System) and a rapid increase in completed transaction volumes and revenue for Touch.

Touch believes that investing time in understanding its existing and intended new Customers' businesses, continuing to provide access to existing Service Modules, and creating new Service Modules desired by these Customers but as yet unavailable to them, will assist it to grow strongly. Touch management emphasises this cultural approach to its staff both on recruitment and continually throughout the business year.

For further details on each of these Customers, see Section 9.3.



Optus

A case study illustrating growth through actively listening to and collaborating with Optus to provide solutions that meets this Customer's needs.

Relationship commencement and contract renewals

In 2000, Touch began providing services to Optus in the convenience retail environment. Since then Optus has renewed contracts with Touch several times, most recently on 6 January 2015. The current Mobility Services (consumer self-service) contract was signed on 31 March 2011. The Mobility Services MSA was most recently signed in December 2014, and additional contracts (Statements of Work) were signed most recently in January 2015.

Overview

Optus has been a Touch customer since May 2000. The relationship commenced with Touch providing automated retail sales systems in 400 Shell petrol stations in Australia, with Optus products forming part of the launch offer. Touch extended its service to Optus through a network of additional retail outlets which now number approximately 10,300. In December 2010, Touch commenced providing Optus customers with self-service capabilities through mobile devices. Progressively, also at Optus' request, Touch added access through IVR systems, device-specific mobile applications for smart phones and tablets, mobile websites and other internet access points. All Touch systems in service to Optus operate in real-time, meaning that there is no delay between the transaction taking place and Optus' systems being updated. Each new development has been the result of Touch's co-operation with Optus, to assist Optus in the implementation of its business plan.

Business integration

The initial Mobility Services integration process in 2010–11 took approximately four months to service launch. The depth of the integration with Optus has continued to increase since 2011 as new products and service responsibilities have been passed from Optus to Touch. Touch continues to increase its levels of integration with the Optus business at Optus' invitation. The Touch and Optus teams work together to define elements of Optus' customer self-service offering, which Touch develops and integrates to meet Optus' requirements.

Touch is now integrated directly into Optus' customer service platforms and provisioning networks. Touch now provides a wide range of transaction origination and carriage; transaction payment; transaction integrity and reporting; and loyalty and rewards systems as directed by Optus.

Touch's transaction integrity and fraud control measures have reduced the occurrence of fraud on Optus' prepaid services and shifted any remaining risk to Touch (previously a concern for Optus).

Optus' use of Touch's services has resulted in important savings to the Optus business.

Scope of services

Touch provides a wide range of Mobility Services to Optus customers on behalf of Optus. These services are provided under an MSA Consolidated Sub-Agency Agreement and an individual Statements of Work entered into under the MSA.

Pursuant to these agreements, the Touch System enables Optus customers to access Optus prepaid mobile products through multiple self-service methods.

Pursuant to the Optus Touch Consolidated Sub-Agency Agreement, Touch enters into sub-agency agreements with retail outlets in order to make the services provided to Optus Consumers available in these stores.



7-Eleven

A case study in the realisation of multiple revenue opportunities through platform consolidation

Relationship commencement and contract renewals

In 2007, Touch entered a contract to provide services to 7-Eleven. This contract was extended in 2012 and further extended in 2013. The current agreement between 7-Eleven and Touch was entered into in February 2014 with a significantly expanded service scope relative to the 2007 contract.

Overview

The sale of Electronic Products and services in 7-Eleven stores has progressively become more important, including the sale of mobile telephony, mobile data, gift and entitlement cards, and gaming and associated products. 7-Eleven has sought a specialist provider to help it provide the desired consumer experience, ensuring optimal flexibility and efficiency. 7-Eleven chose Touch in 2007 and this relationship has strengthened over time.

The Touch System that was initially provided to 7-Eleven enabled Electronic Products to be sold on POS Devices in 7-Eleven retail outlets. This reduced the need for 7-Eleven to build and maintain IT systems and infrastructure to distribute Electronic Products, and allowed 7-Eleven to focus on critical customer and Supplier opportunities.

Over time, the number and type of products available for sale through the Touch System has increased. In addition, Touch has moved its inventory provision systems to real-time and taken responsibility for operating and controlling the inventory system. Products are now sold by 7-Eleven to consumers on request, removing the requirement for 7-Eleven to hold an inventory of Electronic Products. This is an example of another important responsibility passed on to Touch by 7-Eleven.

Business integration

Since 2007, Touch has deepened its relationship with 7-Eleven. Under the terms of the current agreement, Touch assumes operational responsibility for the creation, delivery and maintenance of electronic transaction capabilities within 7-Eleven.

Touch and 7-Eleven are developing a detailed proposal aimed at expanding Touch's role in supporting additional payment methods, data analysis and customer mobile access proposals to assist 7-Eleven in pursuing new customer service initiatives.

The provision of additional services has in the past delivered, and is expected to deliver, a significant increase in the number of completed transactions that pass through the Touch System, and consequently an increase in transaction revenue.



Valora

A case study in geographic expansion, illustrating the Network Effect

Relationship commencement and contract renewals

In 2011, Touch entered a contract to provide services to Valora. The current MSA between Valora and Touch was entered into in 2011. The original agreement was renewed at the time of Valora's request to deploy Touch services in Germany and was expanded to include independent Merchants and geographically into Luxembourg and Austria.

Overview

Valora is a market leader in convenience retail across Europe. Valora owns multiple businesses under its retail division including the kiosk convenience network, the avec bistro and convenience chain, the Spettacolo coffee shop group, the Ditsch, Brezelkonig pretzel bars, Press & Books convenience and travel reading shops, and Cigo tobacco and related requirements.

Touch was introduced to Valora by another Touch Customer, MoneyGram International, to accelerate the delivery of MoneyGram International's money transfer services into the Valora kiosk retail stores in Switzerland. The project was successful and in August 2011 Valora requested that Touch provide transaction processing services to enable the sale of Electronic Products such as mobile prepaid recharge tokens at its corporate stores in Switzerland. Subsequently, Valora directed Touch to provide similar services to the Valora independent Merchant network stores (largely wholesale customers of Valora) in Switzerland followed by like extensions to Valora's businesses in Germany, Austria and Luxembourg.

Business integration

In 2011, Touch undertook the initial integration process directed by Valora and MoneyGram International personnel. This process took approximately six months to complete, driven largely by the complex security and KYC procedures required by both the Swiss Government and by MoneyGram International, which needed to be integrated to strict Valora internal procedures.

Touch's technical platforms allow the same system experience to operate across a wide range of Valora brand stores and across a range of POS Devices. This helped to deliver a consistent consumer and store employee experience (important for staff training purposes), and financial and administrative reporting to Valora.

The successful rollout of the Touch System across multiple countries outside Australia highlighted the scalability of the technology and Touch's ability to deploy effectively in different technical, legal, cultural, language and commercial environments. Valora's decision to deploy the Touch System across its existing Supplier and retail partner networks provided Touch with significant growth in transaction counts and revenue and thus highlighted the benefits to the Customer and to Touch of extended deployment of the Touch System across both Customer and third-party systems.

The Valora business has been growing both organically and by acquisition. Valora recently announced the acquisition of the Naville group, which will add approximately 1,100 company-owned and independent Merchant stores to the Valora network in Switzerland (approximately a 40% increase in the size of the Swiss business). Touch believes that initiatives like these create the potential for a significant increase in transaction numbers carried on Valora's account by Touch.

Scope of services

The Touch System enables the sale of Electronic Products at Valora's retail outlets through multiple in-store service points including via POS-ECR, payment terminals and internet-based data-gathering systems.

Valora is constantly developing its services and products and has selected Touch as its technical partner to continue the current arrangements and to help deliver a range of initiatives including an expanded e-commerce inventory, alternative payments methods, data analytics, transaction integrity functions, mobile and remote store purchase access and loyalty, directed promotions and rewards capabilities.

Touch is actively adding new products and services to its capabilities for Valora. For example, in co-operation with Valora, Touch is seeking to integrate Amazon Europe with the Touch System, to allow Amazon products and services to be sold in Valora outlets. Further, as Touch increases its Supplier base, Valora can add additional Electronic Products without incremental investment.

3.11 Intellectual property rights, and research and development

3.11.1 Research and development

With guidance and insights from its Customers, Touch continues to invest in product and system development. Touch has invested in excess of \$50 million in developing the Touch System. Touch assesses and determines the level of R&D expenditure that should be capitalised. Any capitalised R&D relates to work performed on the delivery of systems with identifiable long-term revenue streams. Any work that is not supported by immediately identifiable Customer revenue is expensed as incurred. In cases where work performed leads to the delivery of revenue generating services in future financial years, the direct employee costs (salaries, wages, bonus payments) will be capitalised.

Further details around the capitalisation treatment of Touch's R&D expenditure and the Australian Government's R&D tax-incentive offsets can be found in Section 4.7.6 of this Prospectus.

3.11.2 Intellectual property rights

Touch has developed an extensive intellectual property portfolio through its successful R&D projects. The Company has generally been successful in its product development activities as a result of its co-operative approach with its Customers.

The Company's core intellectual property assets comprise the Touch System and the Service Modules, which allow the Company to derive income. Touch's portfolio of intellectual property is protected in appropriate ways, including copyright, trademarks, and registered patent or patent applications.

3.12 Touch staff

Touch has a comprehensive recruitment, induction, training, reward and mentoring program aimed at attracting and retaining qualified management and technical staff. As at 31 December 2014, Touch had 93 full-time and part-time staff budgeted for FY2015. Fifty staff are allocated to the development of new Service Modules; 26 to the maintenance of the Touch System; and 17 to managing the business, developing relationships with existing Customers, establishing relationships with new Customers, accounting and other administrative functions.

Eighty-six of these staff are expected to be based in Australia, and seven in Europe.

Figure 20 and Figure 21 detail Touch's staff distribution by business function, and highlights how Touch is focused on the development of new Service Modules to improve the capabilities of the Touch System.

FIGURE 20: FY2014 STAFF BY FUNCTION

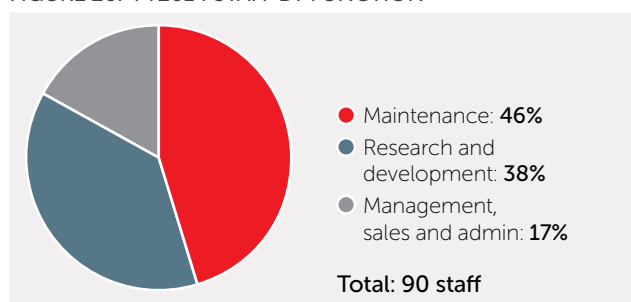
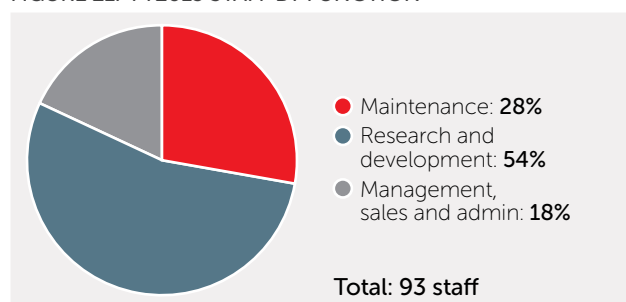
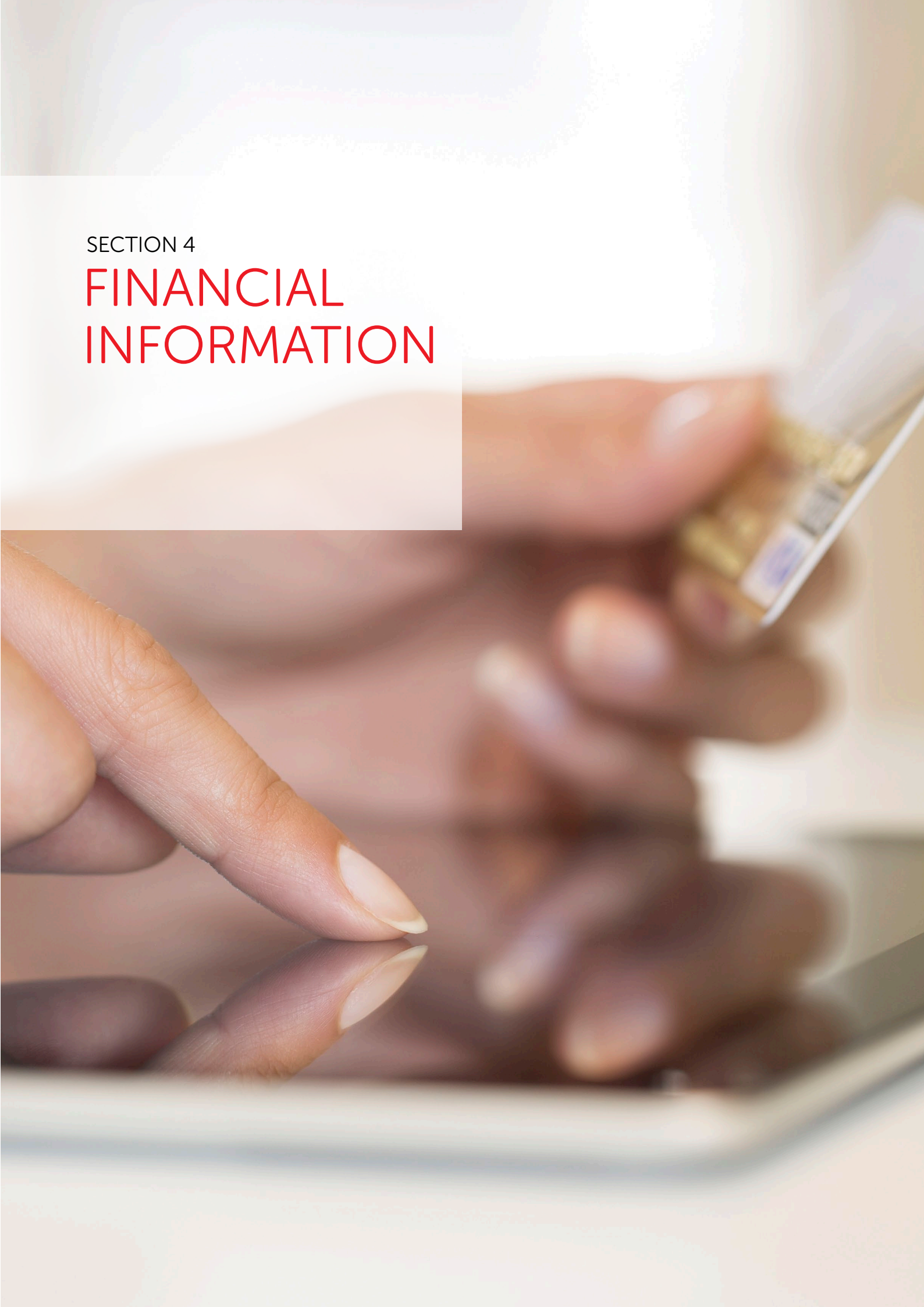


FIGURE 21: FY2015 STAFF BY FUNCTION



SECTION 4

FINANCIAL INFORMATION



4.1 Introduction

The financial information contained in this Section has been prepared by the Company on a consolidated basis, including all of its subsidiaries, in connection with the Offer. The financial information for the Company contained in this Section 4 and Appendix B includes:

- Statutory historical financial information of Touch, being summaries of the:
 - Statutory historical consolidated income statements for the financial years ended 31 December 2012 (**FY2012**), 31 December 2013 (**FY2013**) and 31 December 2014 (**FY2014**);
 - Statutory historical consolidated cashflows for FY2012, FY2013 and FY2014 (contained in Appendix B); and
 - Statutory historical consolidated balance sheet as at 31 December 2014;(together the **Statutory Historical Financial Information**);
- Pro forma historical financial information of Touch, being summaries of the:
 - Pro forma historical consolidated income statements for FY2012, FY2013 and FY2014;
 - Pro forma historical consolidated cashflows for FY2012, FY2013 and FY2014; and
 - Pro forma historical consolidated balance sheet as at 31 December 2014;(together the **Pro Forma Historical Financial Information**);

(The Statutory Historical Financial Information and Pro Forma Historical Financial Information are together referred to as the **Historical Financial Information**).

- Statutory forecast financial information of Touch, being summaries of the:
 - Statutory forecast consolidated income statement for the year ending 31 December 2015 (**FY2015**); and
 - Statutory forecast consolidated cashflows for FY2015;(together the **Statutory Forecast Financial Information**);
- Pro forma forecast financial information of Touch, being summaries of the:
 - Pro forma forecast consolidated income statement for FY2015; and
 - Pro forma forecast consolidated cashflows for FY2015;(together the **Pro Forma Forecast Financial Information**);

(the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are together referred to as the **Forecast Financial Information**).

The Historical Financial Information and Forecast Financial Information together form the **Financial Information**. The Statutory Historical Financial Information and the **Statutory Forecast Financial Information** together form the Statutory Financial Information. The Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information together form the **Pro Forma Financial Information**.

The Financial Information presented in this Prospectus has been reviewed by Ernst & Young Transaction Advisory Services Limited in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Independent Limited Assurance Report set out in Section 8. Investors should note the scope and limitations of that report.

The Financial Information presented in this Section 4 and in Appendix B should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus. Investors should note that past results are not a guarantee of future performance.

Also summarised in this Section 4 are:

- The basis of preparation and presentation of the Financial Information (see Section 4.2.1);
- Discussion and analysis of the Pro Forma Historical Financial Information (see Section 4.7);
- Best-estimate assumptions underlying the Forecast Financial Information (see Section 4.8.1);
- Discussion and analysis of the Pro Forma Forecast Financial Information (see Section 4.8.2);
- An analysis of the key sensitivities in respect of the Pro Forma Forecast Financial Information (see Section 4.9); and
- A summary of Touch's proposed dividend policy (see Section 4.10).

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$0.1 million.

4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview of preparation and presentation of the Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cashflows and financial position of Touch, together with Forecast Financial Information for FY2015.

The Statutory Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which is consistent with IFRS and interpretations issued by the International Accounting Standards Board and the accounting policies of Touch as summarised in Appendix A.

The Pro Forma Financial Information has been prepared in accordance with the recognition and measurement requirements of AAS other than the inclusion of certain adjustments which have been prepared in a manner consistent with AAS, that reflect (i) the exclusion of certain transactions that occurred in the relevant periods and (ii) the impact of certain transactions as if they had occurred on or before 31 December 2014 in the Historical Financial Information or on or after 1 January 2015 in the Forecast Financial Information.

The Pro Forma Financial Information does not reflect the actual financial results, financial position and cashflows of Touch for the periods indicated. Touch believes that it provides useful information as it permits investors to examine the historical financial performance, financial position and cashflows of the business, adjusted and presented on a consistent basis with the Forecast Financial Information.

The Financial Information is presented in abbreviated form and does not include all of the presentation, disclosures, statements and comparative information as required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The significant accounting policies of Touch relevant to the Financial Information are set out in Appendix A and are also described in note 2 of the financial statements in the 31 December 2014 general purpose financial reports of Touch which were lodged with the Australian Securities and Investments Commission (**ASIC**) prior to the date of this Prospectus and are available on the Company's website. Accounting policies have been consistently applied throughout the periods presented.

Touch includes the operating segments described in Section 4.4 of this Prospectus, being Australia & Pacific, and International. Touch's International operational segment comprises all of its businesses in Europe and Asia. The FY2012 and FY2013 general purpose financial reports did not include a segment information note. The segment information for FY2012 contained in this Prospectus has been derived from the unaudited management reports prepared on a consistent basis to the FY2014 segment disclosure. The segment information for FY2013 contained in this Prospectus has been derived from the comparative segment note contained in the audited FY2014 general purpose financial reports.

4.2.2 Preparation of Historical Financial Information

The Historical Financial Information has been presented on both a statutory and pro forma basis.

The Company was incorporated on 21 October 2013 as a special-purpose company to make an offer to acquire all of the shares of Touch Holdings Limited (**THL**). The Company has not conducted any business other than to be the holding company of THL either since incorporation or since the successful completion of the acquisition of THL on 23 December 2013. Accordingly, the Statutory Historical Financial Information for FY2012 for the Company has been derived from the FY2012 audited general purpose financial reports of THL. The Statutory Historical Financial Information for FY2013 and FY2014 for the Company has been derived from the FY2014 audited general purpose financial reports of the Company, with the FY2013 Statutory Historical Financial Information having been derived from the comparative financial information for FY2013 included in the FY2014 audited general purpose financial reports. The general purpose financial reports of the Company and THL for FY2012, FY2013 and FY2014 were audited by Ernst & Young.

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. Accordingly, the Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information, with pro forma adjustments to eliminate non-recurring items, to reflect the additional costs of being an ASX-listed company, and to reflect Touch's operating and capital structure, which will be in place following Completion of the Offer as set out in Section 4.3.4.

Refer to Section 4.3.4 for a reconciliation between the statutory historical consolidated income statements and the pro forma historical consolidated income statements of Touch for FY2012, FY2013 and FY2014. Refer to Section 4.6.1 for a reconciliation between the statutory historical consolidated cashflows and the pro forma historical consolidated cashflows of Touch for FY2012, FY2013 and FY2014. Refer to Section 4.5 for a reconciliation between Touch's statutory historical consolidated balance sheet and the pro forma historical consolidated balance sheet for FY2014.

Investors should note that past results do not guarantee future performance.

4.2.3 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared by the Directors, having regard to an assessment of present economic and operating conditions, and based on a number of best-estimate general and specific assumptions regarding future events and actions. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The statutory forecast consolidated income statement for FY2015 represents the best estimate of the financial performance that the Directors expect to report in Touch's general purpose audited statutory financial reports for FY2015.

The pro forma forecast consolidated income statement, which is set out in Section 4.3.1, differs from the statutory forecast consolidated income statement as the pro forma forecast consolidated income statement reflects the full-year effect of the operating and capital structure that will be in place upon Completion of the Offer, such as the inclusion of estimated costs associated with being a public company but excluding the costs of the Offer. See Sections 4.3.4 and 4.6.1 for reconciliations between the Statutory and Pro Forma Forecast Financial Information.

The Directors believe the best-estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a materially positive or negative effect on Touch's actual financial performance or financial position. Accordingly, none of Touch, the Directors, Touch's management or any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

Investors are advised to review the Forecast Financial Information in conjunction with the general and specific assumptions set out in Section 4.8.1, the sensitivity analysis set out in Section 4.9, the risk factors set out in Section 5 and other information in this Prospectus.

The Directors have no intention to update or revise the Forecast Financial Information or other forward-looking statements following the issue of this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation of the Historical Financial Information.

4.2.4 Explanation of certain non-IFRS financial measures

The Company uses certain measures to manage and report on its business that are not recognised under the AAS. These measures are collectively referred to as non-IFRS (International Financial Reporting Standards) financial measures.

The principal non-IFRS financial measures used in this Prospectus are as follows:

EBITDA is earnings before interest, taxation, depreciation and amortisation;

EBIT is earnings before interest and taxation;

EBITDA margin is calculated by dividing EBITDA by services revenue;

Gross profit is calculated as services revenue less cost of sales;

Segment services revenue is the revenue attributable to each segment;

Segment cost of sales is the cost of sales attributable to each segment;

Segment result is calculated by subtracting the segment cost of sales from the segment services revenue; and

Working capital is defined by Touch as the total of trade and other receivables, prepayments and trade and other payables.

Although the Directors believe that these measures provide useful information about Touch's financial performance, they should be considered as supplements to the income statement and cashflow measures that have been presented in accordance with the AAS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS, they do not have standard definitions, and the way Touch calculates these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

4.3 Historical and forecast income statements

4.3.1 Pro forma historical, and pro forma and statutory forecast income statements

Table 9 summarises Touch's pro forma historical consolidated income statements for FY2012, FY2013 and FY2014, the pro forma forecast consolidated income statement for FY2015 and the statutory forecast consolidated income statement for FY2015.

TABLE 9: A SUMMARY OF PRO FORMA HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS AND STATUTORY FORECAST CONSOLIDATED INCOME STATEMENT

\$ million	Pro forma historical ¹			Pro forma forecast ¹	Statutory forecast
	FY2012	FY2013	FY2014	FY2015	FY2015
Year ended 31 December					
Services revenue	17.1	19.1	24.8	41.0	41.0
Cost of sales	(3.4)	(3.2)	(5.5)	(11.5)	(11.5)
Gross profit	13.7	15.9	19.3	29.5	29.5
Other income	0.2	0.3	0.2	0.1	0.1
Employee benefits expense ²	(7.0)	(7.1)	(6.2)	(6.4)	(6.4)
Customer development expense	–	–	(1.4)	(5.6)	(5.6)
Other expenses	(4.6)	(4.6)	(6.3)	(5.6)	(8.8)
EBITDA	2.3	4.5	5.6	12.0	8.8
Depreciation and amortisation expense	(0.5)	(0.6)	(0.8)	(2.0)	(2.0)
EBIT	1.8	3.9	4.8	10.0	6.8
Interest revenue	0.1	0.0	0.1	1.0	0.8
Interest expense	–	–	–	–	–
Profit before tax	1.9	3.9	4.9	11.0	7.6
Income tax benefit/(expense)	–	–	6.8	(3.6)	(4.2)
NPAT	1.9	3.9	11.7	7.4	3.4

Note:

1. The pro forma historical consolidated income statements for FY2012, FY2013 and FY2014 and the pro forma forecast consolidated income statement for FY2015 are reconciled to the respective statutory historical consolidated income statements for FY2012, FY2013 and FY2014 and the statutory forecast consolidated income statement for FY2015 in Section 4.3.4.
2. In FY2014, the gross employee benefits expense amounted to \$11.0 million, of which \$4.8 million related to capitalised development costs, resulting in employee benefits expense in FY2014 of \$6.2 million. In FY2015, the Company expects gross employee benefits expense to total \$11.9 million, of which \$5.5 million relates to capitalised development costs, resulting in employee benefits expense in FY2015 of \$6.4 million.

4.3.2 Key operational and financial metrics

Table 10 summarises Touch's key pro forma historical operational and financial metrics for FY2012, FY2013 and FY2014, and the key pro forma forecast operational and financial metrics for FY2015.

TABLE 10: PRO FORMA HISTORICAL AND FORECAST OPERATIONAL AND FINANCIAL METRICS FOR FY2012 TO FY2015

\$ million	Pro forma historical			Pro forma forecast
	FY2012	FY2013	FY2014	FY2015
Year ended 31 December				
Services revenue				
Transaction revenue	16.0	17.8	24.0	35.5
Integration revenue	1.1	1.3	0.8	5.5
Total Services revenue	17.1	19.1	24.8	41.0
Key operational metrics				
Transactions	42 million	48 million	55 million	87 million
Number of Merchants	22,000	24,000	36,200	41,000
Key financial metrics				
Services revenue growth		12%	30%	65%
EBITDA margin	13%	24%	23%	29%
EBITDA margin pre-customer development expense	13%	24%	28%	43%
EBITDA growth		96%	24%	114%
NPAT growth		105%	200%	(37%)

4.3.3 Table of statutory historical and statutory forecast income statements

Table 11 summarises Touch's statutory historical consolidated income statements for FY2012, FY2013 and FY2014, and the statutory forecast consolidated income statement for FY2015.

TABLE 11: A SUMMARY OF STATUTORY HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS

\$ million	Statutory historical ¹			Statutory forecast
	FY2012	FY2013	FY2014	FY2015
Year ended 31 December				
Services revenue	17.1	19.1	24.8	41.0
Cost of sales	(3.4)	(3.2)	(5.5)	(11.5)
Gross profit	13.7	15.9	19.3	29.5
Other income	0.2	0.3	1.7	0.1
Employee benefits expense	(7.0)	(7.1)	(6.2)	(6.4)
Customer development expense	–	–	(1.4)	(5.6)
Other expenses	(4.3)	(4.3)	(6.0)	(8.8)
EBITDA	2.6	4.8	7.4	8.8
Depreciation and amortisation expense	(0.5)	(0.6)	(0.8)	(2.0)
EBIT	2.1	4.2	6.6	6.8
Interest revenue	0.1	0.0	0.1	0.8
Interest expense	(0.5)	(0.1)	(0.0)	–
Profit before tax	1.7	4.1	6.7	7.6
Income tax benefit/(expense)	–	–	6.8	(4.2)
NPAT	1.7	4.1	13.5	3.4

Note:

- The statutory historical consolidated income statements for FY2012, FY2013 and FY2014 and the statutory forecast consolidated income statement for FY2015 are reconciled to the respective pro forma historical consolidated income statements for FY2012, FY2013 and FY2014 and the pro forma forecast consolidated income statement for FY2015 in Section 4.3.4.

4.3.4 Pro forma adjustments to the statutory historical and statutory forecast income statements

In presenting the pro forma historical income statements included in the Prospectus, pro forma adjustments have been made for certain pro forma transactions. These adjustments are detailed in Table 12.

TABLE 12: PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL INCOME STATEMENTS FOR FY2012, FY2013 AND FY2014, AND THE STATUTORY FORECAST INCOME STATEMENT FOR FY2015

\$ million		Historical			Forecast
		FY2012	FY2013	FY2014	FY2015
Year ended 31 December	Note				
Statutory NPAT	1	1.7	4.1	13.5	3.4
Listed public company costs	2	(0.3)	(0.3)	(0.3)	(0.1)
Interest revenue	3	–	–	–	0.2
Interest expense	4	0.5	0.1	0.0	–
Transaction costs	5	–	–	–	3.3
Income tax effect	6	–	–	–	0.6
Government grant	7	–	–	(1.5)	–
Pro forma NPAT		1.9	3.9	11.7	7.4

Note:

- Statutory revenue and NPAT** – extracted from Table 11 above.
- Listed public company costs** – an adjustment of \$0.3 million per annum (less any FY2015 costs already incurred in the statutory forecast income statement) has been made to include Touch's estimate of the incremental annual costs that it will incur as a listed company. These incremental costs include the remuneration of an additional Non-executive Director, listing fees, additional investor relations costs, and additional audit and annual report costs.
- Interest revenue** – the adjustment is to reflect the impact on interest revenue in FY2015 as if the pro forma cash balance on Completion of the Offer had been the operating balance as at 1 January 2015.
- Interest expense** – an adjustment has been made in FY2012 and FY2013 to add back interest paid in respect of the Guinness Peat Group plc (via its subsidiary Sabatica Pty Ltd) loan so as to replicate the debt-free balance sheet as at 1 January 2015 in prior years.
- Transaction costs** – total expenses of the Offer are estimated at \$5.4 million, of which \$3.3 million is expensed in the statutory forecast income statement of FY2015. The remaining \$2.1 million is directly attributable to the issue of Shares under the Offer and hence is offset against equity raised in the Offer (refer to Section 9.10).
- Income tax effect** – the income tax effect of the above adjustments assumes a tax rate of 30% (which is the Australian corporate tax rate). However, with respect to FY2012 through to FY2014, on the basis that any adjustment to taxable income in those years will result in an offsetting adjustment to the losses recognised in that period, the income tax effect is offset. In FY2015, the pro forma adjustments also impact the recognition of tax losses. The additional benefit booked is \$1.7 million.
- Government grant** – an adjustment has been made to the pro forma historical results to remove the impact of income of \$1.5 million received from the Australian Government in respect of qualifying R&D activities as Touch no longer qualifies for the cash refund of its government R&D grant due to Touch's total services revenue received being above the requisite threshold.

4.4 Segment information

In accordance with Australian Accounting Standard AASB 8 *Operating Segments*, Touch has determined that its reporting segments comprise Australia & Pacific and International. These segments are those in which the chief operating decision-maker receives information for the purpose of resource allocation and assessment of segment performance. Touch's primary reporting format is geographical segments as its growth and outlook, risks and rates of return are predominantly affected by having operations in different countries.

In addition, Touch has a head office function which holds the costs and income not directly attributable to individual segments, including other income, employee benefits expense and other expenses.

4.4.1 Australia & Pacific

The Australia & Pacific segment includes the revenue associated with the provision of Touch's Service Modules and other activities within the Australian geographical region, including the Pacific Islands. The Company's initial business commenced in Australia.

4.4.2 International

The International segment includes the revenue associated with the provision of Touch's Service Modules and other activities within the European, Scandinavian, Baltic and Balkan geographical regions as well as activities in Southeast Asia.

Table 13 sets out the pro forma revenue and result by operating segment for FY2012, FY2013, FY2014 and FY2015.

TABLE 13: PRO FORMA HISTORICAL AND FORECAST SEGMENT REVENUE AND RESULT FOR FY2012 TO FY2015

\$ million	Historical			Forecast
	FY2012	FY2013	FY2014	FY2015
Year ended 31 December				
Services revenue				
Australia & Pacific				
Retail Services	8.2	8.2	10.7	18.4
Health and Government Services	1.1	1.5	1.7	1.6
Mobility Services	6.8	8.5	10.0	16.1
Total Australia & Pacific	16.1	18.2	22.4	36.1
International				
Retail Services	1.0	0.9	2.4	4.9
Total International	1.0	0.9	2.4	4.9
Total segment revenue	17.1	19.1	24.8	41.0
Cost of sales				
Australia & Pacific	(3.4)	(3.2)	(4.7)	(10.5)
International	–	(0.0)	(0.8)	(1.0)
Total segment cost of sales	(3.4)	(3.2)	(5.5)	(11.5)
Segment result				
Australia & Pacific	12.7	15.0	17.7	25.6
International	1.0	0.9	1.6	3.9
Total segment result	13.7	15.9	19.3	29.5
Other income	0.2	0.3	0.2	0.1
Employee benefits expense	(7.0)	(7.1)	(6.2)	(6.4)
Customer development expense	–	–	(1.4)	(5.6)
Other expenses	(4.6)	(4.6)	(6.3)	(5.6)
EBITDA	2.3	4.5	5.6	12.0
Depreciation and amortisation expense	(0.5)	(0.6)	(0.8)	(2.0)
EBIT	1.8	3.9	4.8	10.0
Interest revenue	0.1	0.0	0.1	1.0
Interest expense	–	–	–	–
Profit before tax	1.9	3.9	4.9	11.0
Income tax benefit/(expense)	–	–	6.8	(3.6)
NPAT	1.9	3.9	11.7	7.4

4.5 Statutory and pro forma historical consolidated balance sheet

Table 14 sets out a summary of the statutory historical consolidated balance sheet as at 31 December 2014, adjusted for certain pro forma adjustments to take into account the effect of the Offer proceeds and transaction costs. These adjustments reflect the impact of the change in capital structure that will take place as part of the Offer, as if it were in place as at 31 December 2014.

TABLE 14: SUMMARY STATUTORY AND PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

\$ million	Note	Statutory 31-Dec- 2014 ¹	Pro forma adjustments	Pro forma 31-Dec- 2014
Cash and cash equivalents	2	2.7	18.0	20.7
Receivables		9.7	–	9.7
Financial assets		1.5	–	1.5
Other current assets		4.3	–	4.3
Total current assets		18.2	18.0	36.2
Property plant and equipment		1.7	–	1.7
Intangible assets		5.0	–	5.0
Deferred tax	3	6.8	0.8	7.6
Total non-current assets		13.5	0.8	14.3
Total assets		31.7	18.8	50.5
Payables		17.3	–	17.3
Leave provisions		0.6	–	0.6
Total current liabilities		17.9	–	17.9
Income tax		–	–	–
Leave provision		0.3	–	0.3
Total non-current liabilities		0.3	–	0.3
Total liabilities		18.2	–	18.2
Net assets		13.5	18.8	32.3
Issued capital	4	37.2	21.9	59.1
Accumulated losses	5	(23.9)	(3.1)	(27.0)
Reserves		0.2	–	0.2
Total equity		13.5	18.8	32.3

Note:

1. Derived from the general purpose financial reports of Touch as at 31 December 2014.
2. Cash and cash equivalents increases by \$18.0 million as a result of the proceeds of the Offer expected to be received by Touch (\$22.4 million) and \$1.0 million from the exercise of options, offset by the IPO transaction costs (\$5.4 million).
3. A pro forma adjustment has been made to reflect a net increase in the deferred tax asset of \$0.8 million, arising primarily as a result of transaction costs totalling \$5.4 million (\$3.3 million of which was booked through the P&L, with the remainder being booked through equity). Transaction costs should be deductible to Touch, for income tax purposes over five years. Transaction costs give rise to a deferred tax asset of \$1.6 million and have an associated income tax benefit of \$1.0 million booked to the P&L (while the remaining \$0.6 million tax benefit is booked to equity). This deferred tax asset is sufficient to fully offset the net deferred tax liability of \$0.8 million which arose during the period. In this regard, an adjustment is required to reduce the previously recognised deferred tax asset booked during the period to offset the net deferred tax liability, resulting in a pro forma \$0.8 million increase in the deferred tax asset.
4. Reflects the issue of \$22.4 million of new equity raised via the Offer and \$1.0 million from the issue to the CEO of 5 million shares following the CEO's exercise of his Options. Offsetting this amount is the after-tax portion of the IPO transaction costs applied against equity (\$1.5 million).
5. Reflects the after-tax portion of IPO transaction costs expenses via accumulated losses (\$3.1 million).

4.6 Historical and forecast consolidated cashflows

Table 15 sets out the summary pro forma historical consolidated cashflows for FY2012, FY2013 and FY2014, the pro forma forecast consolidated cashflow for FY2015 and the statutory forecast consolidated cashflow for FY2015. The summary statutory historical consolidated cashflows for FY2012, FY2013 and FY2014 are set out in Appendix B.

TABLE 15: SUMMARY PRO FORMA HISTORICAL AND FORECAST CONSOLIDATED CASHFLOWS AND STATUTORY FORECAST CASHFLOW

\$ million	Note	Pro forma historical			Pro forma forecast	Statutory forecast
		FY2012	FY2013	FY2014	FY2015	FY2015
Year ended 31 December						
Profit before tax		1.9	3.9	4.9	11.0	7.6
Depreciation and amortisation expense		0.5	0.6	0.8	2.0	2.0
Net finance costs/(revenue)		(0.1)	(0.0)	(0.1)	(1.0)	(0.8)
EBITDA		2.3	4.5	5.6	12.0	8.8
Finance costs paid		-	-	-	-	-
Non-cash items		-	-	(0.0)	-	-
Changes in working capital		(0.5)	3.1	(4.3)	(7.1)	(7.1)
Net operating cashflow before tax		1.8	7.6	1.3	4.9	1.7
Tax paid		-	-	-	-	-
Net operating cashflow		1.8	7.6	1.3	4.9	1.7
Finance income		0.1	0.0	0.1	1.0	0.8
Fixed assets expenditure		(0.2)	(0.9)	(1.2)	(0.9)	(0.9)
Capitalised development costs		-	-	(4.8)	(5.5)	(5.5)
Net cashflow before financing activities		1.7	6.7	(4.6)	(0.5)	(3.9)
Net financing repayment		-	-	-	1.2	1.2
Proceeds from the issue of Shares and exercise of options		-	-	-	-	23.4
Transaction costs		-	-	-	-	(2.1)
Net cashflows		1.7	6.7	(4.6)	0.7	18.6

4.6.1 Pro forma adjustments to the statutory consolidated cashflows

In presenting the pro forma historical and forecast consolidated cashflows included in the Prospectus, adjustments to the statutory historical and forecast consolidated cashflows have been made for certain pro forma transactions. These adjustments are summarised in Table 16.

TABLE 16: PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL CONSOLIDATED CASHFLOWS FOR FY2012, FY2013 AND FY2014 AND THE STATUTORY FORECAST CONSOLIDATED CASHFLOW FOR FY2015

\$ millions	Note	Historical			Forecast
		FY2012	FY2013	FY2014	FY2015
Year ended 31 December					
Statutory net cashflow	1	1.5	1.3	(2.8)	18.6
Interest received	2	–	–	–	0.2
Interest paid	3	0.5	0.1	0.0	–
Refinancing repayment	4	–	5.6	–	–
Listed public company costs	5	(0.3)	(0.3)	(0.3)	(0.1)
Government grant	6	–	–	(1.5)	–
Proceeds from the issue of Shares and exercise of options	7	–	–	–	(23.4)
Transaction costs	8	–	–	–	5.4
Pro forma net cashflow		1.7	6.7	(4.6)	0.7

Note:

- Statutory net cashflow** – the statutory historical net cashflows for FY2012, FY2013 and FY2014 have been derived from the general purpose financial reports of THL as at 31 December 2012 and Touch as at 31 December 2014 as set out in Section 4.2.2. The summary statutory historical consolidated cashflows for FY2012, FY2013 and FY2014 are set out in Appendix B. The statutory forecast net cashflow for FY2015 is extracted from Table 15 above.
- Interest received** – as a consequence of the Offer, the cash balance as at the Offer Date will increase – see Section 4.5 for the pro forma balance sheet. The adjustment is to reflect the impact on interest revenue as if the pro forma cash balance on Completion of the Offer was the opening balance as at 1 January 2015.
- Interest paid** – an adjustment has been made in FY2012 and FY2013 to add back interest paid in respect of the Guinness Peat Group plc (via its subsidiary Sabatica Pty Ltd) loan so as to replicate the debt-free balance sheet as at 1 January 2015 in prior years.
- Refinancing repayment** – an adjustment has been made in FY2013 to add back the repayment of the Guinness Peat Group plc (via its subsidiary Sabatica Pty Ltd) loan so as to replicate the debt-free balance sheet as at 1 January 2015 in prior years.
- Listed public company costs** – an adjustment has been made to include Touch's estimate of the incremental annual costs that it will incur as a listed public company. These costs include Directors' remuneration, additional Directors' and officers' liability insurance premiums, additional audit and tax costs, listing fees, share registry costs, as well as annual general meeting costs. The adjustments assume the expense is paid in the same year as it is incurred.
- Government grant** – in FY2014, the Company recorded revenue of \$1.5 million from the Australian Government in respect of qualifying research and development activities. An adjustment has been made to the pro forma historical cashflows to remove the cashflow impact of \$1.5 million received from the Australian Government in respect of qualifying research and development activities as Touch no longer qualifies for the cash refund of its Government R&D grant due to Touch's total services revenue received being above the requisite threshold.
- Proceeds from the issue of Shares** – as outlined in Section 7.1, Touch is proposing to issue Shares via the Offer; the Company's Chief Executive Officer is intending to exercise all of his options at the date of the issue.
- Transaction costs** – total costs of the Offer are estimated at \$5.4 million which is included in the statutory forecast cashflow for FY2015.

4.7 Discussion and analysis of the Pro Forma Historical Financial Information

4.7.1 General factors affecting the operating results of Touch

Below is a discussion of the main factors which affected Touch's operating and financial performance in FY2012, FY2013 and FY2014, and which the Company expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected Touch's historical operating and financial performance, or everything that may affect the Company's operations and financial performance in the future. The information in this Section should also be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

4.7.2 Services revenue

Touch derives services revenue through transactional fees for the use of the Service Modules on a 'per successful transaction fee' basis, or integration fees paid by new Customers for connection to the Touch System, and fees paid by existing Customers for access to new or additional Service Modules. While these integration fees are generally one-off for initial connection, the dynamic nature of Touch's business means that existing Customers' systems commonly require ongoing customisation. Touch receives a fee for this, to accommodate changes made by Customers' other service providers, as well as the introduction of new products into Customers' systems. An overview of the different sources of revenue generated by Touch and the key drivers of each source of revenue are set out below.

Retail Services revenue comprises that derived from the provision of Electronic Products to Retailers in Australia & Pacific, as well as internationally. Further, Touch generates revenue from its marketing and advertising activities, which are included in the Retail Services revenue.

Health and Government Services revenue comprises that which Touch derives from the processing of health insurance claims made by Consumers.

Mobility Services revenue comprises revenue earned by Touch for accepting payments, managing service requests and facilitating purchases of Electronic Products on behalf of MNOs and MVNOs.

Each of these sources of revenue comprises transaction and integration revenue components, both of which are defined in Sections 4.7.2.1 and 4.7.2.2 respectively.

4.7.2.1 Transaction revenue

Transaction revenue represents the 'per successful transaction fee' for each completed transaction using the Touch System. Total transaction fees generated is a function of both the number of completed transactions and the fee per transaction.

Touch also generates some revenue from marketing and advertising services. Touch actively co-operates with Suppliers to assist the Suppliers to communicate their product and service offers to the Merchants. Touch publishes the *Touch Magazine* and provides Merchants with access to point-of-sale material including physical displays, advertising and promotional material for display in-store in Australia. The Suppliers pay for the provision of these promotional services. This revenue stream is expected to continue to grow in line with growth achieved by Touch in the number of Merchants in its Australian convenience retail network.

4.7.2.2 Integration revenue

Integration revenue comprises the initial one-off fee charged by Touch to connect new Customers to the Touch System and additional integration fees charged by Touch to existing Customers for the addition of new Service Modules or modification of existing systems.

Integration fees generated is a function of both the number of Customer integrations in a particular financial period and the integration fee agreed with the Customer. Touch will typically only undertake connection services for Customers where significant transaction counts are expected to be processed through the Touch System. Connection to additional Service Modules also means that Touch will carry an increased number of transactions for that Customer.

4.7.3 Expenses

Touch's expenses comprise cost of sales, employee benefits expenses, customer development expense, other expenses and depreciation and amortisation expense. An overview of the different expenses incurred by Touch and the key drivers of each source of expense is set out below.

4.7.3.1 Cost of sales

Cost of sales includes direct expenses paid to third-party Providers, such as banks and payment gateways, on a fee-per-transaction basis to allow the Touch transaction to traverse their system, or to those organisations that process one or more aspects of Touch's transactions. These expenses can be expected to decline on a per transaction basis over time as the number of transactions increases with discounts offered by Providers to Touch for increased transaction volumes.

4.7.3.2 Employee benefits expense

Employee benefits expense represents salaries, wages and other employment-related expenses for all technical, sales and operational staff employed by Touch. All staff have a portion of their total compensation linked to performance. Senior management and some technical and operational staff have a significant portion of their total compensation linked to performance (typically in excess of 25%).

4.7.3.3 Customer development expense

Customer development expense represents the business development fees, access fees or rebates paid to parties with whom Touch seeks to co-operate in order to increase the number of transactions carried out on behalf of those parties.

4.7.3.4 Other expenses

Other expenses include rent and associated costs (including repairs, maintenance, cleaning, rates and security for Touch's leased office space and four data centres), insurance, legal fees, Board costs, the cost of external consultants, travel and accommodation expenses, audit and compliance costs, staff amenities, printing and stationery, motor vehicle allowances and associated minor expenses.

4.7.3.5 Depreciation and amortisation expense

Depreciation and amortisation expense represents depreciation of property, plant and equipment and the amortisation of patents and intangibles. Depreciation and amortisation expense is based on the existing useful life profile, with any new capital expenditure incurred during the forecast period depreciated or amortised over the useful life in accordance with Touch's accounting policies.

Table 17 outlines Touch's treatment of patents and intangibles.

TABLE 17: ACCOUNTING TREATMENT OF PATENTS AND INTANGIBLES

	Patents	Intangibles
Useful lives	Finite	Finite
Amortisation method used	20 years – straight line	5 years – straight line
Internally generated/acquired	Acquired	Internally generated/acquired
Impairment testing	Amortisation method reviewed at every reporting period. Reviewed annually for indicators of impairment.	

4.7.4 Other income

Other income includes sundry items such as rental recoveries and government grants in relation to Touch's international marketing activities.

4.7.5 Interest revenue

Interest revenue comprises interest earned on fund balances on existing cash and the additional cash expected to be received following Completion of the Offer. Touch currently has a deposit of \$1.2 million supporting various guarantees provided to Suppliers. Touch intends to seek release of the Supplier guarantees and Touch's deposit is expected to increase available cash by \$1.2 million plus any interest accumulated since September 2013, when these funds were first deposited.

No claim for compensation has ever been made by a Supplier against Touch or against the guarantees provided to them.

4.7.6 Research and development

Touch invests a significant amount of capital into formal R&D programs. Much of the industry intelligence informing the creation of these programs is derived from direct conversations with existing and potential Customers concerning their future needs, intentions and requirements. It is Touch's strategy to develop the Touch System capabilities (new Service Modules) in a way which reflects these industry discussions.

Touch hosts annual retail eServices forums in Europe and Australia, which act as a focal point for industry discussions. The outcomes of the R&D programs vary. Successful programs quickly find industry support, with the new Service Modules being adopted by Customers. Less successful programs are sidelined or taken up at a later date when the capability is able to provide useful service to Customers.

Touch assesses and determines the level of R&D expenditure that should be capitalised. Any capitalised R&D relates to work performed on the delivery of systems with identifiable long-term revenue streams. Any work that is not supported by immediately identifiable Customer revenue is expensed as incurred. In cases where work performed leads to the delivery of revenue-generating services in future financial years, the direct employee costs (salaries, wages, bonus payments) will be capitalised. In the financial years to FY2013, no R&D expenditure was capitalised as relevant revenue streams had not yet been sufficiently identified and contracted. As a result of a decision to upgrade the core eServices Platform and develop a new Service Module (PayLater) along with Customer contracts signed during FY2014 and FY2015, Touch has met the criteria for capitalisation. It has capitalised R&D expenditure of \$4.8 million in FY2014, and expects to capitalise \$5.5 million in FY2015 in respect of these two major projects, as described in further detail below:

- ESP – refer to Section 3.3.2 for a brief description of the platform; and
- PayLater – the PayLater platform provides capabilities which allow a real-time decision to be made concerning the identity and credit worthiness of a particular consumer. The PayLater platform brings together a series of independent information streams that are processed by a proprietary logic engine to determine the grading to be given to a particular Consumer's application. The PayLater platform supports consumer lending decisions to be made by consumer finance groups.

Where project activities are eligible R&D tax incentive activities, there is an opportunity for Touch to access and claim an R&D tax incentive offset, which is disclosed as an unrecognised tax asset.

4.7.7 Pro forma historical consolidated income statements: FY2013 compared to FY2012

Table 18 sets out the summary pro forma historical consolidated income statements and selected key operational and financial metrics for FY2012 and FY2013.

TABLE 18: A SUMMARY OF PRO FORMA HISTORICAL CONSOLIDATED INCOME STATEMENTS FOR FY2012 AND FY2013

\$ million Year ended 31 December	Pro forma historical		Percentage change
	FY2012	FY2013	
Services revenue			
Australia & Pacific			
Retail Services	8.2	8.2	0%
Health and Government Services	1.1	1.5	36%
Mobility Services	6.8	8.5	25%
Total Australia & Pacific	16.1	18.2	13%
International			
Retail Services	1.0	0.9	(10%)
Total International	1.0	0.9	(10%)
Total segment revenue	17.1	19.1	12%
Cost of sales			
Australia & Pacific	(3.4)	(3.2)	6%
International	–	(0.0)	n.m.
Total segment cost of sales	(3.4)	(3.2)	6%
Segment result			
Australia & Pacific	12.7	15.0	18%
International	1.0	0.9	(10%)
Total segment result	13.7	15.9	16%
Other income	0.2	0.3	50%
Employee benefits expense	(7.0)	(7.1)	(1%)
Customer development expense	–	–	n.m.
Other expenses	(4.6)	(4.6)	0%
EBITDA	2.3	4.5	96%
Depreciation and amortisation expense	(0.5)	(0.6)	(20%)
EBIT	1.8	3.9	117%
Interest revenue	0.1	0.0	n.m.
Interest expense	–	–	n.m.
Profit before tax	1.9	3.9	105%
Income tax expense	–	–	n.m.
NPAT	1.9	3.9	105%
Key operational metrics			
Transactions	42 million	48 million	14%
Number of Merchants	22,000	24,000	9%
Key financial metrics			
EBITDA margin	13%	24%	
EBITDA margin pre customer development expense	13%	24%	

Net profit after tax: NPAT grew by 105% from \$1.9 million in FY2012 to \$3.9 million in FY2013, driven by an increase in services revenue and successful cost control.

EBITDA: EBITDA grew by \$2.2 million (96%) from \$2.3 million in FY2012 to \$4.5 million in FY2013. This reflected the increase in services revenue and relatively flat cost of sales and other expenses, which resulted in an increase in the EBITDA margin from 13% in FY2012 to 24% in FY2013.

Services revenue: Services revenue increased from \$17.1 million in FY2012 to \$19.1 million in FY2013 (12%). This was driven predominantly by an increase in transaction revenue from \$16.0 million in FY2012 to \$17.8 million in FY2013 (11%) primarily in the Mobility Services business unit. Integration revenue increased from \$1.1 million in FY2012 to \$1.3 million in FY2013 and represented 7% of total services revenue in FY2013 and 6% in FY2012.

Australia & Pacific services revenue was generated across the following business units:

- Retail Services revenue remained stable at \$8.2 million in FY2012 and FY2013.
- Health and Government Services revenue increased from \$1.1 million in FY2012 to \$1.5 million in FY2013 (36%) from the impact of a full year of a new Customer contract implemented in the last quarter of FY2012.
- Mobility Services revenue increased from \$6.8 million to \$8.5 million (25%) primarily due to Touch's provision of additional Service Modules to Optus. Transaction revenue grew from \$6.2 million in FY2012 to \$7.5 million in FY2013, a 21% increase, while integration revenue grew by 67% from \$0.6 million to \$1.0 million in FY2013.

International services revenue largely consisted of transaction revenue and was broadly flat at \$1.0 million in FY2012 and \$0.9 million in FY2013, driven largely by appreciation of the AUD against the EUR.

Cost of sales: Total direct expenses declined by \$0.2 million (6%) between FY2012 and FY2013 driven by movements within the Australia & Pacific operating segment. Transaction processing costs payable to third parties increased from \$1.7 million in FY2012 to \$2.0 million in FY2013 (18%) due to an increase in the number of mobility transactions completed. This was offset by a reduction in channel partner payments from \$0.8 million in FY2012 to \$0.4 million in FY2013 (50%) due to the re-negotiation of existing arrangements and as a result of the removal of these payments from new contract arrangements.

Employee benefits expense: Employee benefits expense increased from \$7.0 million in FY2012 to \$7.1 million in FY2013 (1%). Touch undertook significant re-organisation of its staff, processes and technical systems in FY2012 and FY2013 to enable it to more efficiently handle the expected and actual growth in transaction counts. The marginal increase in employee benefits expense reflected a reduction in staff numbers offset by slightly higher salary levels and an increased bonus pool in FY2013.

Other expenses: Other expenses remained stable at \$4.6 million in FY2012 and FY2013. Increases in legal expenses and travel expenses associated with the negotiation of new contracts and additional compliance expenses were offset by a reduction in restructuring costs between FY2012 and FY2013.

Depreciation and amortisation expense: Depreciation and amortisation expense was broadly flat, increasing by \$0.1 million in FY2013.

Interest revenue: Interest revenue was broadly flat, reflective of the broadly flat cash balance.

Income tax expense: Income tax expense in both FY2012 and FY2013 was zero as in these periods the Company deducted certain temporary differences that were previously unrecognised as well as using some of its carry-forward tax losses.

4.7.8 Pro forma historical consolidated cashflows: FY2013 compared to FY2012

Table 19 sets out the summary pro forma historical consolidated cashflows for FY2012 and FY2013.

TABLE 19: A SUMMARY OF PRO FORMA HISTORICAL CONSOLIDATED CASHFLOWS FOR FY2012 AND FY2013

\$ million	Pro forma historical	
	FY2012	FY2013
Year ended 31 December		
EBITDA	2.3	4.5
Finance costs paid	-	-
Non-cash items	-	-
Changes in working capital	(0.5)	3.1
Net operating cashflow before tax	1.8	7.6
Tax paid	-	-
Net operating cashflow	1.8	7.6
Finance income	0.1	0.0
Fixed assets expenditure	(0.2)	(0.9)
Capitalised development costs	-	-
Net cashflow before financing activities	1.7	6.7
Net financing repayment	-	-
Proceeds from issue of Shares	-	-
Transaction costs offset against issued capital	-	-
Net cashflow	1.7	6.7

Net cashflow

The main factor affecting the cashflow of Touch in FY2012 and FY2013 was the timing of cash receipts from major Customers. As new services are established with Customers, it can take several months to regularise receipt of trade receivables from Customers. Similarly, one-off receipts for integration work affected the timing of cashflows in FY2012 and FY2013.

Creditor cycles did not change materially from FY2012 to FY2013. The Company's largest expense was employee benefits. Accordingly, the Company did not experience large variations in monthly payments.

Capital expenditure increased from \$0.2 million in FY2012 to \$0.9 million in FY2013, driven largely by technical requirements to carry out new Customers' integrations and the introduction of new Service Modules.

4.7.9 Pro forma historical consolidated income statements: FY2014 compared to FY2013

Table 20 sets out the summary pro forma historical consolidated income statements and selected key operational and financial metrics for FY2013 and FY2014.

TABLE 20: A SUMMARY OF PRO FORMA HISTORICAL CONSOLIDATED INCOME STATEMENTS FOR FY2013 AND FY2014

\$ million Year ended 31 December	Pro forma historical		Percentage change
	FY2013	FY2014	
Services revenue			
Australia & Pacific			
Retail Services	8.2	10.7	30%
Health and Government Services	1.5	1.7	13%
Mobility Services	8.5	10.0	18%
Total Australia & Pacific	18.2	22.4	23%
International			
Retail Services	0.9	2.4	167%
Total International	0.9	2.4	167%
Total segment revenue	19.1	24.8	30%
Cost of sales			
Australia & Pacific	(3.2)	(4.7)	(47%)
International	(0.0)	(0.8)	n.m.
Total segment cost of sales	(3.2)	(5.5)	(72%)
Segment result			
Australia & Pacific	15.0	17.7	18%
International	0.9	1.6	78%
Total segment result	15.9	19.3	21%
Other income	0.3	0.2	(33%)
Employee benefits expense	(7.1)	(6.2)	13%
Customer development expense	–	(1.4)	n.m.
Other expenses	(4.6)	(6.3)	(37%)
EBITDA	4.5	5.6	24%
Depreciation and amortisation expense	(0.6)	(0.8)	(33%)
EBIT	3.9	4.8	23%
Interest revenue	0.0	0.1	n.m.
Interest expense	–	–	n.m.
Profit before tax	3.9	4.9	26%
Income tax benefit/(expense)	–	6.8	n.m.
NPAT	3.9	11.7	200%
Key operational metrics			
Transactions	48 million	55 million	25%
Number of Merchants	24,000	36,200	51%
Key financial metrics			
EBITDA margin	24%	23%	
EBITDA margin pre customer development expense	24%	28%	

Net profit after tax: NPAT grew by 200% from \$3.9 million in FY2013 to \$11.7 million in FY2014 driven by an increase in services revenue as well as an income tax benefit of \$6.8 million as a result of the recognition of a deferred tax asset in relation to a portion of Touch's previously unbooked carry forward tax losses.

EBITDA: EBITDA increased from \$4.5 million in FY2013 to \$5.6 million in FY2014 (24%). This reflected an increase in transaction revenue (35%) offset by a lower than proportional increase in expenses (excluding customer development expense).

Services revenue: Services revenue increased from \$19.1 million in FY2013 to \$24.8 million in FY2014 (30%). Growth in services revenue was driven predominantly by an increase in transaction revenue from \$17.8 million in FY2013 to \$24.0 million in FY2014 (35%). The increase in transaction revenue predominantly reflected the increased transaction volumes through existing Customers.

Integration revenue decreased from \$1.3 million in FY2013 to \$0.8 million in FY2014 (38%) predominantly due to the timing of recognition of revenue from integration projects spanning FY2014 and FY2015. The completion of these projects in early FY2015 and the consequent recognition of the full project revenue in FY2015 (including work completed in FY2014, see Section 4.8.2 for further information) is expected to contribute to increased integration revenue in FY2015. As a result of the reduction of integration revenue in FY2014, integration revenue as a percentage of total services revenue decreased from 7% in FY2013 to 3% in FY2014.

Australia & Pacific services revenue was generated across the following business units:

- Retail Services revenue increased from \$8.2 million in FY2013 to \$10.7 million in FY2014 (30%), predominantly due to increased transaction volumes through the Company's existing Merchants, as well as the effects of Customers' integrations in FY2013. A significant component of FY2014 services revenue was the contribution from revenue deferred from FY2013 arising from a single Customer's transaction volumes in FY2013, which is not expected to recur in FY2015. This contract expired in FY2014 and the Customer and Touch have entered into a new agreement. The new contract will result in less services revenue being recognised in FY2015 in respect of this Customer (see Section 4.8.2 for further discussion on expected impact in FY2015). Additional transaction volumes were generated by 7-Eleven following its acquisition of selected Mobil service stations.
- Health and Government Services revenue increased from \$1.5 million in FY2013 to \$1.7 million in FY2014 (13%) due to an increase in completed transaction volumes.
- Mobility Services revenue increased from \$8.5 million in FY2013 to \$10.0 million (18%) due to an increase in completed transaction volumes, driven by additional Service Modules provided to Optus and organic growth in transaction volumes with Optus. Integration revenue accounted for 4% (\$0.4 million) of the total Mobility Services revenue in FY2014, which was down by 60% (\$0.6 million) from FY2013.

International revenue increased from \$0.9 million in FY2013 to \$2.4 million in FY2014 (167%), due to further transaction volume through the integration of additional European Merchants and through growth in existing Customer businesses.

Cost of sales: Total cost of sales increased from \$3.2 million in FY2013 to \$5.5 million in FY2014 (72%), with Australia & Pacific cost of sales increasing from \$3.2 million in FY2013 to \$4.7 million in FY2014 (47%) due to an increase in the number of mobility transactions completed. International cost of sales increased as channel partner payments increased from \$0.0 million in FY2013 to \$0.5 million in FY2014 due to the addition of a multi-language European services desk in accordance with Customer contract requirements.

Employee benefits expense: While gross employee benefits expense increased from \$7.1 million in FY2013 to \$11.0 million in FY2014, net employee benefits expense (net of capitalised development costs) decreased from \$7.1 million in FY2013 to \$6.2 million in FY2014 (13%) due to the successful commercialisation of R&D activities and the resulting capitalisation of related employee benefits expenses. Overall, there was an increase in headcount of 36 (63%) mainly in the area of IT development resources for additional Service Modules. Average staff costs remained relatively static.

Customer development expense: Expenses of \$1.4 million were incurred in FY2014 that represented development costs associated with an expanded relationship with an existing Customer and the establishment of a new contractual agreement. There was no similar expense in FY2013.

Other expenses: Other expenses increased from \$4.6 million in FY2013 to \$6.3 million in FY2014 (37%). This reflected an increase in legal fees driven by an increase in the number of contracts negotiated, and additional travel expenses incurred in support of significantly expanded international business development and system integration activities.

Depreciation and amortisation expense: Depreciation and amortisation expense increased from \$0.6 million in FY2013 to \$0.8 million in FY2014 (33%) reflecting the purchase of additional plant and equipment and TouchPoint terminals for deployment in Customer outlets in Switzerland and Australia under contract.

Interest revenue: Interest revenue was broadly flat.

Income tax expense: Income tax expense in FY2013 was zero as in that period the Company deducted certain temporary differences that were previously unrecognised as well as utilising some of its carry-forward tax losses. In FY2014, the Company recognised an income tax benefit of \$6.8 million as a result of the recognition of a deferred tax asset in relation to a portion of its previously unbooked carry-forward tax losses.

4.7.10 Pro forma historical consolidated cashflows: FY2014 compared to FY2013

Table 21 summarises pro forma historical consolidated cashflows for FY2013 and FY2014.

TABLE 21: A SUMMARY OF PRO FORMA HISTORICAL CONSOLIDATED CASHFLOWS FOR FY2013 AND FY2014

\$ million Year ended 31 December	Pro forma historical	
	FY2013	FY2014
EBITDA	4.5	5.6
Finance costs paid	-	-
Non-cash items	-	0.0
Changes in working capital	3.1	(4.3)
Net operating cashflow before tax	7.6	1.3
Tax paid	-	-
Net operating cashflow	7.6	1.3
Finance income	0.0	0.1
Fixed assets expenditure	(0.9)	(1.2)
Capitalised development costs	-	(4.8)
Net cashflow before financing activities	6.7	(4.6)
Net financing repayment	-	-
Proceeds from issue of Shares	-	-
Transaction costs offset against issued capital	-	-
Net cashflow	6.7	(4.6)

Net cashflow

The main factor affecting the cashflow of Touch in FY2014 was the transition of a significant Supplier contract from an expiring agreement to a new agreement. The change in the timing of receipt of cash meant that in FY2014 the Company received less cash than in the prior year in respect of that contract.

The change in working capital in FY2014 was driven by the timing of cash receipts from major Customers as well as a requirement for increased payments to Suppliers due to increased volumes associated with the integration of new Customers.

As in FY2013, creditor cycles did not change materially and the largest Company expense remains the employee benefits expense, which had increased (in gross value prior to capitalisation of development costs) from \$7.1 million in FY2013 to \$11.0 million in FY2014.

Due to the successful commercialisation of R&D activities, the Company capitalised related employee benefits expenses (\$4.8 million) in FY2014.

Capital expenditure increased from \$0.9 million in FY2013 to \$1.2 million in FY2014 reflecting equipment requirements of a number of new Customer integrations during the year.

4.8 Discussion and analysis of the Forecast Financial Information

4.8.1 Best-estimate assumptions underlying forecasts

4.8.1.1 General assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted by the Directors:

- No material change in the competitive operating environment in which Touch operates;
- No significant deviation from current market expectations of global or local Australian economic conditions relevant to Touch;
- No material changes in tax legislation, regulatory legislation, regulatory requirements or government policy in jurisdictions in which Touch or its key Customers operate that would have a material impact on the financial performance, cashflows, financial position, accounting policies, financial reporting or disclosure of Touch;
- No material changes in applicable Australian Accounting Standards or other mandatory professional reporting requirements or the Corporations Act, or the Bermuda Companies Act which would have a material effect on Touch's financial performance, financial position, accounting policies, financial reporting or disclosure;
- No material business acquisitions, disposals, restructuring or investments;
- No material industrial strikes or other disturbances, environmental costs or legal claims;
- Retention of key personnel;
- No material changes to the industry in which Touch operates that would have a material impact on the demand for or the price of Touch's products or services;
- No change in Touch's capital structure other than as set out in, or contemplated by, this Prospectus;
- No material amendment to any material agreement or arrangement relating to Touch's businesses;
- No material adverse changes to Touch's offshore product sourcing capabilities and costs, including exchange rates;
- No material cashflow or income statement or financial position impact in relation to litigation (existing or otherwise);
- None of the risks listed in Section 5 have a material adverse impact on the operations of Touch; and
- The Offer proceeds to Completion in accordance with the timetable set out in the Key Dates section of this Prospectus.

4.8.1.2 Specific assumptions affecting the Forecast Financial Information

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Touch has analysed historical performance and applied assumptions, where appropriate, across the business. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.9, the risk factors set out in Section 5, the Independent Limited Assurance Report set out in Section 8 and other information in this Prospectus.

Services revenue

The Forecast Financial Information is based on the following key revenue assumptions:

- **Transaction revenue:** Growth in FY2015 is driven by growth in contracted Customers' businesses and forecast growth in the number of new Customers:

Australia & Pacific

- **Retail Services:** Growth is expected from an increase in the number of Merchants resulting in higher transaction revenue (\$1.0 million), the impact of the AfterPay contract (\$3.0 million), additional activities on behalf of an existing major Customer (\$2.5 million) and a general increase (\$1.2 million) driven by organic growth in existing Customers' businesses;
- **Health and Government Services:** Forecast growth is largely flat as a result of existing Customers' transaction counts, which are assumed to be broadly in line with those processed in FY2014;
- **Mobility Services:** Growth will be driven by the addition of new Customers to the Mobility Services business unit (\$2.5 million), of which only \$0.5 million is not yet contracted as at the date of this Prospectus, and by organic growth of existing Customers' businesses (\$3.5 million);

International

- **Retail Services:** Growth from \$2.4 million in FY2014 to \$4.9 million in FY2015 will be driven by the contracted rollout of services to existing Customers in new geographies, particularly in Germany, and by increased transactions via new Customers in Scandinavia and the Baltic States; and
- **Integration:** Touch has completed a significant proportion of the work required to deliver several important contract integration engagements, which were commenced in FY2014 and are scheduled for completion in FY2015. Touch expects to receive Customer acceptance following successful completion of user acceptance testing in the first half of FY2015. Several of these contract deliveries have been delayed from FY2014, primarily due to associated delays within the Customer environments that were largely beyond the control of Touch. The remaining FY2015 integration revenue is forecast to arise in a manner or to an extent consistent with experiences with previous Customer requirements as they seek to either adopt or modify Touch's services to their needs.

Expenses

The Forecast Financial Information is based on the following expense assumptions:

- **Cost of sales:** This is forecast to increase in line with the increase in forecast transaction volumes;
- **Employee benefits expense:** This is forecast to increase from \$6.2 million to \$6.4 million due to an assumed increase in average headcount;
- **Customer development expense:** This is forecast to increase from \$1.4 million to \$5.6 million reflecting the impact of a full year's arrangement with the Customer;
- **Other expenses:** This is forecast to decrease from \$6.3 million to \$5.6 million due to a reduction in overheads expenses and other expenses;
- **Depreciation and amortisation expense:** Forecast amortisation of patents and intangibles, and depreciation of property, plant and equipment is based on the existing useful life profile, with any new capital expenditure during the forecast period depreciated or amortised over its useful life in accordance with Touch's accounting policies; and
- **Pro forma income tax benefit/(expense):** is based on an assumed corporate tax rate of 30% in Australia. Touch's pro forma effective tax rate is expected to be approximately 33% in FY2015.

Other assumptions

The Forecast Financial Information is based on the following additional assumptions:

- **Changes in working capital:** The forecast month-by-month working capital is based on historical collection period and creditor terms. Touch holds very limited EPIN and prepaid money products (such as Paysafecard) inventory, largely to cope with emergency situations where real-time transaction capabilities are not available and these levels are not expected to increase as transactions increase;
- **Capital expenditure:** This is forecast at \$0.9 million representing an anticipated investment in additional processing capacity, some modernisation of existing equipment and the cost of upgrading one of the Company's data centres. No significant additional capital expenditure is expected during the forecast period (as Touch invested in advance of anticipated transactions growth requirements and process modernisation during FY2013 and FY2014); and
- **Foreign exchange:** Touch is exposed to an extent to exchange rate movements, in particular movements in the AUD:EUR, AUD:CHF, AUD:SEK, AUD:NOK, AUD:DKK and AUD:MYR exchange rates. The movements in exchange rates affect the amounts received per transaction in Touch's foreign operations. It is Touch's policy not to hedge generally for exchange rate movements on transaction fees in international operations but the Company occasionally hedge specific large costs, such as equipment purchases supporting a data centre upgrade. The Forecast Financial Information assumes an average AUD:EUR exchange rate of 0.68, AUD:CHF exchange rate of 0.84, AUD:SEK exchange rate of 6.50, AUD:NOK exchange rate of 5.43, AUD:DKK exchange rate of 5.32 and an AUD:MYR exchange rate of 2.71. Local purchases in various countries could, if appropriate, be paid for in local currency out of the Company's in-country earnings.

4.8.2 Pro forma historical and forecast consolidated income statements: FY2015 compared to FY2014

Table 22 summarises the pro forma consolidated historical and forecast consolidated income statements and selected key operational and financial metrics for FY2014 and FY2015.

TABLE 22: A SUMMARY OF PRO FORMA HISTORICAL AND FORECAST INCOME STATEMENTS FOR FY2014 AND FY2015

\$ million	Pro forma historical	Pro forma forecast	Percentage change
Year ended 31 December	FY2014	FY2015	
Services revenue			
Australia & Pacific			
Retail Services	10.7	18.4	72%
Health and Government Services	1.7	1.6	(6%)
Mobility Services	10.0	16.1	61%
Total Australia & Pacific	22.4	36.1	61%
International			
Retail Services	2.4	4.9	104%
Total International	2.4	4.9	104%
Total segment revenue	24.8	41.0	65%
Cost of sales			
Australia & Pacific	(4.7)	(10.5)	(123%)
International	(0.8)	(1.0)	(25%)
Total segment cost of sales	(5.5)	(11.5)	(109%)
Segment result			
Australia & Pacific	17.7	25.6	45%
International	1.6	3.9	144%
Total segment result	19.3	29.5	53%
Other income	0.2	0.1	n.m.
Employee benefits expense	(6.2)	(6.4)	(3%)
Customer development expense	(1.4)	(5.6)	(300%)
Other expenses	(6.3)	(5.6)	11%
EBITDA	5.6	12.0	114%
Depreciation and amortisation expense	(0.8)	(2.0)	(150%)
EBIT	4.8	10.0	108%
Interest revenue	0.1	1.0	n.m.
Interest expense	–	–	n.m.
Profit before tax	4.9	11.0	124%
Income tax benefit/(expense)	6.8	(3.6)	n.m.
NPAT	11.7	7.4	(37%)
Key operational metrics			
Transactions	55 million	87 million	58%
Number of Merchants	36,200	41,000	13%
Key financial metrics			
EBITDA margin	23%	29%	
EBITDA margin pre customer development expense	28%	43%	

Net profit after tax: NPAT in FY2015 is forecast to decrease by \$4.3 million due largely to a tax expense of \$3.6 million recognised in FY2015.

EBITDA: EBITDA is forecast to increase from \$5.6 million in FY2014 to \$12.0 million in FY2015 (114%). This increase is driven by a \$16.2 million forecast increase in services revenue offset by a \$9.7 million increase in expenses.

Services revenue: Services revenue is forecast to increase from \$24.8 million in FY2014 to \$41.0 million in FY2015 (65%) driven by the continued momentum in the business from the activation of new Customers' Touch Systems and the provision of additional Service Modules to existing Touch Customers that commenced in FY2014. Transaction revenue is forecast to increase from \$24.0 million in FY2014 to \$35.5 million in FY2015 (48%).

The Company's integration revenue is forecast to increase from \$0.8 million in FY2014 to \$5.5 million in FY2015. This forecast reflects both existing contractual arrangements and several new contractual arrangements, drafts of which are significantly advanced. Several significant integration projects, which commenced in FY2014, are expected to be completed in FY2015, resulting in the recognition of the full value of the projects in FY2015 at the completion of the integration rather than in stages through FY2014.

Australia & Pacific services revenue is expected to be generated across the business units as follows:

- Retail Services revenue is forecast to increase from \$10.7 million in FY2014 to \$18.4 million in FY2015 (72%). The increase in Retail Services revenue is expected to be driven by new Customers integrating during the course of FY2014 and the launch of new Service Modules in FY2015 for existing Customers. A significant portion of this increase relates to significantly increased activity involving 7-Eleven following the adoption of new Service Modules which Touch expects will materially increase 7-Eleven's contribution to Touch's revenue in FY2015. This also includes \$3.0 million from a development fee payable by AfterPay, subject to AfterPay successfully completing a capital raising, which Touch expects will be paid in FY2015. Refer to Section 5.2.8 for further details. The forecast increase in FY2015 Retail Services revenue is partly offset by revenue from a Customer contract that expired in FY2014 reducing materially in FY2015. Management further expects that a new contract will be signed with this Customer, which will see new revenue streams arise in the Mobility Services business unit in FY2015.
- Health and Government Services revenue is forecast to remain broadly flat at \$1.6 million in FY2015 with completed transaction volumes forecast to remain similar to those of FY2014 as the Company has not yet completed several ongoing contract discussions (which may, if finalised, result in increased transaction counts in the Health Services sector).
- Mobility Services revenue is forecast to increase from \$10.0 million in FY2014 to \$16.1 million in FY2015 (61%). Of this forecast growth, 7% is attributable to integration revenue, with the remainder of revenue growth attributed to expected continued growth in completed transaction volumes from Optus, the completion of the integration of new Customers that commenced in FY2014, as well as transaction activity arising from the integration of an existing Customer in the Mobility Services sector, where Touch is currently contracted to supply services in the Retail Services sector under either continuing or recently re-signed agreements.

International revenue is forecast to increase from \$2.4 million in FY2014 to \$4.9 million in FY2015 (104%). This is due to the completion of the integration of new Merchants with the Touch System for Valora which commenced in FY2014 and is expected to be completed during FY2015, as well as the roll-out of the Touch System to a new Customer, Reitangruppen.

Cost of sales: Cost of sales is forecast to increase from \$5.5 million in FY2014 to \$11.5 million in FY2015 (109%). The major components of the expense increases are a \$1.7 million increase in the costs of processing the increased transaction numbers and the additional expenses associated with processing the transactions of the Company's new payments module (\$3.7 million).

Employee benefits expense: Employee benefits expense is forecast to increase from \$6.2 million in FY2014 to \$6.4 million in FY2015 (3%), reflecting an expected increase in staff headcount from 90 to 93 during FY2015, partially offset by decreased contractor expenses and an increase in capitalised employee benefits expense expected in FY2015. The additional three staff are expected to be employed in business development roles.

Customer development expense: Customer development expense is forecast to increase from \$1.4 million in FY2014 to \$5.6 million in FY2015. This reflects additional investment in customer development activities in FY2015 from which the Company does not expect to receive sufficiently offsetting transaction revenue during FY2015. This relates to a new agreement signed with an existing Customer, which provides the potential for significantly broadening the services provided by Touch. The new contract is expected to result in additional integration and transaction revenue in the Mobility Services business unit in FY2015 and a reduction in existing transaction revenue in the Retail Services business unit.

Other expenses: Other expenses are forecast to decrease from \$6.3 million in FY2014 to \$5.6 million in FY2015 (11%). This cost reflects an expected reduction in legal costs incurred in FY2014, which are not expected to be incurred in FY2015, and an assumed reduction in travel expenses.

Depreciation and amortisation expense: Depreciation and amortisation expense is forecast to increase from \$0.8 million in FY2014 to \$2.0 million in FY2015 (150%) largely driven by increased capital development in FY2014.

Interest revenue: Interest revenue is forecast to increase to \$1.0 million in FY2015 due to the additional interest income on expected cash proceeds from the Offer. Touch is currently debt free and expects to continue to have no debt during FY2015.

Income tax expense: In FY2014 the Company recognised an income tax benefit of \$6.8 million as a result of the recognition of a deferred tax asset in relation to a portion of its previously unbooked carry-forward tax losses. In FY2015 the Company is expecting to recognise \$3.6 million of income tax expense; however, it is expected that no income tax will be payable due to the utilisation of losses.

4.8.3 Pro forma historical and forecast consolidated cashflows: FY2015 compared to FY2014

Table 23 summarises the pro forma historical and forecast consolidated cashflows for FY2014 and FY2015.

TABLE 23: A SUMMARY OF PRO FORMA HISTORICAL AND FORECAST CONSOLIDATED CASHFLOWS FOR FY2014 AND FY2015

\$ million	Pro forma historical	Pro forma forecast
Year ended 31 December	FY2014	FY2015
EBITDA	5.6	12.0
Finance costs paid	-	-
Non-cash items	0.0	-
Changes in working capital	(4.3)	(7.1)
Net operating cashflow before tax	1.3	4.9
Tax paid	-	-
Net operating cashflow	1.3	4.9
Finance income	0.1	1.0
Fixed assets expenditure	(1.2)	(0.9)
Capitalised development costs	(4.8)	(5.5)
Net cashflow before financing activities	(4.6)	(0.5)
Net financing repayment	-	1.2
Proceeds from issue of Shares	-	-
Transaction costs offset against issued capital	-	-
Net cashflow	(4.6)	0.7

Net cashflow

As in FY2014, the timing of cash receipts from major Customers is expected to contribute significantly to the movement of working capital in FY2015.

Ongoing R&D programs in support of Customer requirements are expected to result in capitalised development costs of \$5.5 million for FY2015.

The Company expects to release deposits of \$1.2 million supporting bank guarantees, which will no longer be required.

4.9 Sensitivity analysis

The Forecast Financial Information included in Sections 4.3.1 and 4.6 is based on a number of estimates and assumptions as described in Sections 4.8.1.1 and 4.8.1.2. These estimates and assumptions are subject to business, economic and competitive uncertainties, many of which are beyond the control of Touch, its Directors and management. These estimates are also based on assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions, set out below is a summary of the sensitivity of the Forecast Financial Information to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown. For the purposes of this analysis, each sensitivity is presented in terms of the impact of each on FY2015 pro forma forecast profit before tax as set out in Table 24.

TABLE 24: SENSITIVITY ANALYSIS FOR FY2015 PRO FORMA PROFIT BEFORE TAX

Assumption	Note	Increase/decrease	Impact on FY2015 profit before tax (\$ million)
Increase/decrease in completed transaction volumes	1	+/- 5%	0.9
Increase/decrease in completed transaction volumes for new Customer contracts	2	+/- 5%	0.1
Delay in the commencement of new Customer contracts	3	- 6 months	2.0
Depreciation or appreciation of the Australian dollar against the EUR, CHF, SEK, NOK, DKK and MYR (weighted by revenue contribution)	4	+/- 5%	0.2

Note:

1. The impact on FY2015 profit before tax of a 5% increase or decrease in transaction volume has been calculated using transaction dollars revenue, given the direct relationship between transaction volume and transaction revenue in the forecast. The sensitivity analysis has been applied to recurring transaction revenue streams and their associated direct costs.
2. The impact on FY2015 profit before tax of a 5% increase or decrease in new Customer transaction volumes has been calculated using transaction revenue, given the direct relationship between transaction volume and transaction revenue. The sensitivity analysis has been applied to new recurring transaction revenue streams and their associated direct costs.
3. The impact on FY2015 profit before tax of a six month delay in material Customer contracts forecast to commence in FY2015 has been calculated by delaying forecast revenue and associated direct costs six months into the future.
4. The impact on FY2015 profit before tax of a 5% appreciation or depreciation in the AUD, against the currencies to which Touch has exposure, has been calculated assuming the full impact of the change in currency rate occurs simultaneously and equally across all currencies. The calculation has been applied to revenue streams and material costs.

Care should be taken when interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to present the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Touch management would respond to any adverse change in one variable by seeking to minimise the net effect on Touch's profit before tax.

4.10 Dividend policy

The payment of dividends by the Company, if any, subject to law, is at the complete discretion of the Directors, and the Directors do not provide any assurance of the future level of dividends. The ability to pay dividends will depend on a number of factors, many of which are beyond the control of the Company. In determining whether to declare future dividends, the Directors will have regard to Touch's earnings, overall financial condition and capital requirements. It is the Board's current intention not to declare a final dividend in respect of FY2015, in order to retain financial flexibility.

Future dividends paid by the Company will not have franking credits attached and should be regarded as foreign dividend income to Australian tax-resident Shareholders. Shares issued as a result of this Prospectus will rank equally with each other for dividend entitlements.

The background of the page is a close-up, slightly blurred photograph of numerous SIM cards. The cards are arranged in a grid-like pattern, with their gold-colored contacts and white plastic bodies visible. The lighting is soft, creating a sense of depth and texture. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the text.

SECTION 5

KEY RISKS

5.1 Introduction

This Section 5 describes some of the potential risks associated with Touch's business and the industry in which it operates, and also the risks associated with an investment in Shares.

Touch is subject to a number of risks both specific to Touch's business activities and of a general nature, which may either individually or in combination adversely impact the future operating and financial performance of the Company, its investment returns and the value of its Shares.

Investors should note that this Section 5 does not purport to list every risk that may be associated with an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section are partially or completely outside the control of Touch, its Directors and management. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statement or forecasts will eventuate.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge.

Before applying for Shares, any prospective investor should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this Section 5 of the Prospectus, and should consider whether Shares are a suitable investment for them having regard to their own investment objectives, financial circumstances and taxation position before investing in the Company. If you do not understand any part of this Prospectus, or are in any doubt as to whether or not to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, taxation adviser, financial adviser or other independent and qualified professional adviser before deciding whether to invest.

5.2 Risks specific to an investment in Touch

5.2.1 Loss of key Customer contracts, including through an inability to secure contract renewals

Touch depends on continued relationships with its current significant Customers. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful.

There is a risk that Touch may lose Customers for a variety of reasons including a failure to meet key requirements under the contract, material breach of contract or Customers shifting to in-house solutions due to changes in their internal business strategy.

The loss of any one of Touch's Customers, particularly key Customers such as Optus, Valora and 7-Eleven, may materially and adversely impact Touch's revenue and profitability, and may result in Touch incurring additional expenses. Depending on the reason for the loss of a key Customer, it may also have a negative impact on Touch's reputation.

In most instances, Touch's agreements with its Customers are contracted with a fixed end date. There is the risk that Touch may be unable to secure contract renewals at that time for reasons including a failure to agree on the terms and conditions of the new contract or if the requirements of the new contract are not satisfied. This may materially and adversely impact Touch's revenue and profitability especially given the time required to integrate new Customers onto the Touch System. There is also a risk that new agreements formed may be less favourable to Touch, including in relation to pricing and other key terms, due to unanticipated changes in the market in which Touch operates.

5.2.2 Fluctuation in revenue and profitability generated by Touch due to variability in completed transaction volumes

In FY2015, Touch expects (but cannot guarantee) that approximately 87% of its services revenue will be generated on a 'per successful transaction fee' basis and consequently, the use of the Touch System by Consumers is critical to the ongoing profitability of the Company. Contracts are a pre-condition to, but do not guarantee, the volume of completed transactions.

The number of Consumers or the frequency with which those Consumers will use the Touch System is beyond the control of Touch. Touch's Customers' market positions may also deteriorate due to aggressive marketing by their competitors, which may reduce the volume of transactions executed by Consumers accessing the Touch System. Touch cannot predict with any certainty the number of Consumers or the frequency with which those Consumers will use the Touch System. In the event that completed transaction volumes are less than expected, this may materially adversely impact Touch's revenue and profitability.

Furthermore, not all completed transactions are equally profitable due to differences in fees for different Service Modules across the three business units. Consequently there is a risk that an increase in overall completed transaction volumes may not necessarily result in a corresponding proportional increase in Touch's revenue or profitability.

5.2.3 Employee recruitment risk and retention

Touch's ability to effectively execute its growth strategy depends upon the performance and expertise of its staff. Touch relies on experienced managerial and highly qualified technical staff to develop new Service Modules, operate its technology platform, and to direct operational staff to manage the operational, sales, compliance and other functions of its business.

There is a risk that Touch may not be able to attract and retain key staff or be able to find effective replacements in a timely manner. The loss of staff, or any delay in their replacement, could impact Touch's ability to operate its business and achieve its growth strategies including through the development of new Service Modules.

There is a risk that Touch may not be able to recruit suitably qualified and talented staff in a time frame that meets the growth objectives of Touch. This may result in delays in the integration of new Customers' systems, expansion into new geographies, or the development of new Service Modules, which may adversely impact Touch's revenue and profitability.

There is also a risk that Touch will be unable to retain existing staff, or recruit new staff, on terms of retention that are as attractive to Touch as past agreements. This would adversely impact employment costs and profitability.

5.2.4 Failure to listen to and satisfy Customer requirements

The development and refinement of Touch's Service Modules requires Touch to work closely with existing and potential Customers to listen to and understand their needs. There is the risk that Touch may fail to maintain its current service culture, for example by failing to listen to its Customers, and may not develop Service Modules that satisfy its Customers' requirements. This may negatively impact Touch's reputation and its Customers' adoption of new Service Modules, and ultimately adversely impact Touch's revenue and profitability.

5.2.5 Protection of intellectual property

Touch relies on laws relating to patents, trade secrets, copyright and trademarks to assist in protecting its proprietary rights. However, there is a risk that unauthorised use or copying of Touch's software, data, specialised technology or platforms will occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to Touch's business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question, and if an alternative cost-effective solution were not available, it may materially adversely impact the Company's financial position and performance. Such disputes may also temporarily adversely impact Touch's ability integrate new Customers' systems, or develop new Service Modules, which may adversely impact Touch's revenue and profitability.

There is a risk that Customers may exercise their stand-in rights in the event that Touch fails to perform under the terms of a contract. This may materially adversely impact Touch's ability to conduct its business, its financial position and performance, and reputation.

There is also a risk that Touch will be unable to register or otherwise protect new intellectual property it develops in the future. In addition, competitors may be able to work around any of the patents and patent applications or other intellectual property rights used by Touch, or independently develop technologies or competing electronic products or services that are not covered by Touch's patents, patent applications or other intellectual property rights. Touch's competitors may then be able to offer identical or very similar Service Modules, or those that are otherwise competitive against the Touch System. This may materially adversely impact Touch's revenue, legal expenses and profitability.

5.2.6 Touch Service Modules may be superseded by other technology or changes in business practice

Touch participates in a competitive environment. IT systems are continuing to develop and are subject to rapid change, while business practices continue to evolve. Touch's success will in part depend on its ability to offer services and systems that remain current with the continuing changes in technology, evolving industry standards and changing consumer preferences. There is a risk that Touch will not be successful in addressing these developments in a timely manner. In addition, there is a risk that new products or technologies (or alternative distribution systems) developed by third parties will supersede Touch's Service Modules. This may materially adversely impact Touch's revenue and profitability.

5.2.7 Increase in competition

A number of third-party competitors currently offer services similar to Touch's Service Modules. Existing competitors (including other software solutions providers, payment terminal manufacturers and payment processing businesses), as well as new competitors entering the industry, may engage in aggressive customer acquisition campaigns, develop superior technology offerings or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially erode Touch's market share and revenue, and may materially adversely impact the Touch's revenue and profitability.

In addition, there is a risk that existing Customers may shift away from outsourcing certain or all functions to Touch and seek to provide these services in-house. Touch's Customers include large, blue-chip businesses, such as trading banks and large telecommunication providers, with significant capital to invest in internally developing their businesses and platforms. This may materially adversely impact Touch's revenue and profitability.

5.2.8 AfterPay development fee

In February 2015, Touch entered into an agreement with AfterPay under which AfterPay is required to pay Touch a development fee of \$3.0 million in respect of AfterPay's use of a payment platform that Touch has agreed to customise and make available to Afterpay. Payment of the development fee is conditional on AfterPay successfully completing a capital raising that will fund the payment of this fee, which Touch anticipates will proceed by way of a private placement to a selected number of professional and sophisticated investors. The development fee under the AfterPay agreement is expected to be recognised by Touch as revenue in FY2015. However, to the extent that such a capital raising is not successfully completed by AfterPay, AfterPay will forfeit all of its rights under the agreement (including all intellectual property rights), however this forecast revenue for FY2015 will not be received by Touch in that period, which may materially adversely impact Touch's FY2015 revenue and profitability.

5.2.9 Failure to comply with laws, regulations and industry compliance standards

Touch operates in a wide range of jurisdictions, and is subject to a range of legal and industry compliance requirements that are constantly changing. This includes privacy laws in the jurisdictions in which it operates, the Australian Government's Health Standards, the payment industry data security standards Payment Card Industry-Data Security Standards (**PCI-DSS**) and contractual compliance conditions imposed on Touch by its Customers, as well as best-practice standards which Touch has voluntarily adopted. There is a risk that changes to such laws, regulations and industry compliance standards may make it uneconomic for Touch to continue to operate in places that it currently does business. This includes the potential for expanded licensing requirements and other similar limitations on the conduct of business. This may materially adversely impact Touch's revenue and profitability.

There is also a risk that if Touch fails to comply with these laws, regulations and industry compliance standards, this may result in the loss of licences or denial of pending licences; significantly increased compliance costs; cessation of certain business activities or the ability to conduct business in certain geographies; increased complexity for new Customer registrations; increased requirements in relation to the verification of Customers; forfeiture of assets; criminal and civil litigation; and significant reputational damage. All of these may have a materially adverse impact on Touch's revenue and profitability.

5.2.10 New services or the expansion in new markets and Customers may not perform as intended

Touch's growth strategy may include the introduction of new Service Modules or the expansion into new geographical markets. There is a risk that these initiatives may result in unforeseen costs or risks, or may not deliver the outcomes intended. Touch's strategy depends on the development of new Service Modules, increasingly penetrating its existing Customer base and expanding through the Network Effect.

There is a risk that Customers may choose not to adopt the new Service Modules. There is also a risk that Touch's expected ability to expand through leveraging the expanding relationships from its existing Suppliers and Retailers may not eventuate as intended. This may materially adversely impact Touch's revenue and profitability.

5.2.11 Activities of fraudulent parties

Touch is subject to risks imposed by the fraudulent conduct of internal and external perpetrators, including the potential collusion between internal and external parties. There is a risk that Touch may be unsuccessful in defeating fraud attempts, resulting in a higher than budgeted cost of fraud, which may materially adversely impact Touch's revenue and profitability.

In certain instances, Touch also guarantees transaction integrity, accepts the responsibility associated with minimising fraudulent activity and bears all costs associated with such fraudulent activity. Fraudulent activity may result in Touch suffering losses due to fraud, a materially adverse impact to Touch's reputation and bearing certain costs to rectify and safeguard business operations, the Touch System and Service Modules against fraudulent activity. Such losses may adversely impact Touch's future financial performance and its reputation.

5.2.12 Exposure to potential security breaches

Through the ordinary course of business, Touch collects a wide range of confidential information. Cyber-attacks may compromise or breach the technology platform used by Touch to protect confidential information.

There is a risk that the measures taken by Touch may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information. Any data security breaches or Touch's failure to protect confidential information could result in the loss of information integrity, or breaches of Touch's obligations under applicable laws or Customer agreements, each of which may materially adversely impact the Company's financial performance and reputation.

5.2.13 Touch may suffer reputational damage

Maintaining the strength of Touch's reputation is important to retaining and increasing the Customer base, maintaining its relationships with its bank Customers, partner companies and other service providers, continuing to benefit from word-of-mouth referrals and successfully implementing Touch's business strategy. There is a risk that unforeseen issues or events may adversely impact Touch's reputation. This may adversely impact the future growth and profitability of the Company.

Touch's reputation is also closely linked to the provision of services to Consumers. There is a risk that the actions of Touch's Suppliers and Merchants may adversely impact Touch's reputation. Any factors that diminish Touch's reputation could result in Customers, Consumers, banks or other service providers ceasing to do business with Touch, impede its ability to successfully provide Service Modules and Electronic Products, negatively affect its future business strategy and materially adversely impact the Company's financial position and performance.

5.2.14 Bermuda incorporation

The Company is incorporated and registered in Bermuda and its corporate affairs and the rights of Shareholders will be governed by, among other things, the Company's Bye-laws and the Bermuda Companies Act. The Bermuda laws relating to the protection of the interests of minority shareholders and the fiduciary responsibilities of directors differ from Australian laws.

The Company has incorporated into its Bye-laws shareholder protection provisions that are similar to the provisions of the Corporations Act. These provisions seek to protect the interests of Shareholders where a person seeks to acquire a substantial interest in, or control of, the Company. There are presently no requirements under any Bermudan laws or regulations of general application requiring persons who acquire significant shareholdings in a Company to make takeover offers for the Shares. As the Company is incorporated in Bermuda, certain provisions of the Corporations Act will not apply to offers for the Shares, including in relation to takeovers and substantial holdings, financial assistance, related party transactions and voting on remuneration reports. In addition, any claim against the Company for a contractual breach of its Bye-laws would need to be brought in Bermuda. Any such claim would be contractual in nature and would therefore not have the same level of enforceability as a claim under the Corporations Act.

There is therefore a risk that Shareholders do not benefit from the same level of protection under Bermudan law as under the Corporations Act.

In addition, shareholders of Bermudan companies do not generally have rights to take action against Directors or officers of Bermudan companies, and may only do so in limited circumstances. As a result of the Company being incorporated in Bermuda, it may also be difficult for investors to effect service of process upon the Company within Australia. While there is a mechanism for enforcing judgements through Bermuda's Judgements (Reciprocal Enforcement) (Australia) Order 1988, there may be circumstances in which the relevant legislation does not apply to certain judgements obtained in the courts of Australia, making such judgements difficult to enforce against the Company.

A summary of the company laws of Bermuda is set out in Section 9.4.

5.2.15 Exposure to adverse macroeconomic conditions

Touch's businesses are each exposed to changes in general economic conditions in Australia and internationally. For example, the convenience retail and telecommunications sectors are affected by such macroeconomic conditions as economic recessions, downturns or extended periods of uncertainty or volatility, which may influence Suppliers' and Retailers' focus and investment in outsourcing solutions. This may subsequently impact Touch's ability to generate revenue. Additionally, in weaker economic environments, Consumers may have less disposable income to spend and so may be less likely to purchase Electronic Products. These factors may adversely impact Touch's operating and financial performance, the price of the Shares and Touch's ability to pay dividends.

5.2.16 Suppliers and Merchants increase the level of capital the Company is required to maintain

There is a risk that Suppliers and Merchants could require additional working capital and collateral amounts to be increased in the future. There is a risk that, to satisfy these requirements, the Company may be required to raise additional capital, increase prices and/or reduce or cease paying dividends, to increase the level of capital available within the business.

5.2.17 Concentration of shareholding

After the Offer is completed, the Existing Shareholders will hold approximately 65.5% of the total Shares on issue, and will continue to be able to exert significant influence over the Company, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters submitted to the vote of Shareholders. There is a risk that the interests of the Existing Shareholders may be different from the interests of investors who purchase Shares under the Offer, particularly given their Shares were acquired prior to completion of the Offer and at different prices to the Offer Price. There is also a risk that the continued shareholding of the Existing Shareholders, in particular until the end of the escrow period, may cause or contribute to a limited liquidity in the market for Shares, which could affect the market price at which other Shareholders are able to sell. While some of the Shares held by Existing Shareholders post Offer will be subject to voluntary escrow, some of their Shares will not. Refer to Section 7.19 for the details of escrow arrangements.

There is also a risk that a significant sale of Shares by Existing Shareholders after the end of the escrow period, or the perception that such a sale might occur, could adversely impact the price of Shares. The continued shareholding of Existing Shareholders may also negatively impact the timing and effectiveness of any capital raising activities of Touch, which could adversely impact Touch's cost of capital and financial position.

5.2.18 Touch System and communication networks disruption

Touch depends on the performance, reliability and availability of its technology system and third-party communication networks. There is a risk that these systems may be adversely impacted by a number of factors, some of which may be outside the control of Touch, including damage, equipment faults, power failure, fire, natural disasters, weather interventions, computer viruses and external malicious interventions such as hacking or denial-of-service attacks. Events of that nature may cause part or all of Touch's technology system and/or communication networks to become unavailable. Touch's operational processes and contingency plans may not adequately address every potential event. This may disrupt transaction flow and materially adversely impact Touch's financial performance and reputation.

There is a risk that repeated failures to keep the Touch System available as required by contract may result in a decline in the number of completed transactions on the Touch System or Customers cancelling their contracts with Touch. This may materially adversely impact the Company's financial performance, including a reduction in revenue from completed transactions and an increase in the costs associated with servicing Customers through the disruption, as well as negatively impacting Touch's reputation.

5.2.19 Risk of litigation, claims and disputes

Touch may be subject to litigation and other claims and disputes in the course of its business, including contractual disputes with Suppliers and Merchants, employment disputes, indemnity claims, and occupational and personal claims. There is a risk that such litigation, claims and disputes could materially adversely impact the Company's operating and financial performance due to the cost of settling such claims, and affect Touch's reputation.

5.2.20 Exchange rate risk for European and Asian operations

Touch's financial reports are prepared in Australian dollars. However, revenue, expenditure and cashflows, and assets and liabilities from Touch's European and Asian operations are denominated in Swiss francs, Swedish kronor, Norwegian kroner, Danish kroner, Euros and Malaysian ringgit. Touch is therefore exposed to the risk of fluctuations in the Australian dollar against those currencies, and adverse fluctuations in exchange rates may negatively impact the translation of account balances and profitability from these offshore operations.

5.2.21 Capacity constraints

Continued increases in transaction volumes may require Touch to expand and adapt its network infrastructure to avoid interruptions to the Touch System. Any unprecedented transaction volumes may interrupt the Touch System, reduce the number of completed transactions, reduce revenue and reduce the level of Consumer service, and may potentially adversely impact the Company's financial performance.

Furthermore, if Touch expands into new offshore markets beyond 2015, it may be required to secure additional data centre capacity in those particular markets due to exclusion and data security constraints and requirements.

5.2.22 Tax residency of Touch

As a Bermudan incorporated company, the Company is considered a non-resident for Australian income tax purposes, based on an existing assessment of where central management and control of the Company resides. This assessment is an ongoing test and there is a risk that in future Touch could be considered an Australian tax resident, resulting in certain taxing events (for example, resetting of the tax base of assets of the Australian group), which may negatively affect Company profit.

5.3 General risks associated with an investment in Touch

5.3.1 Price of Shares

There are risks associated with any stock market investment. Some of these risks are listed below.

The price at which Shares are quoted on the ASX may be subject to fluctuations in response to factors such as:

- Actual or anticipated variations in the Company's operating results;
- Announcements of technological innovations or new services by Touch or its competitors;
- Changes to government fiscal, monetary or regulatory policy, legislation or the regulatory environment in which Touch operates;

- Changes in financial outcomes estimated by securities analysts;
- Changes in the market valuation of other comparable companies and the nature of the market in which Touch operates;
- Announcements by Touch or its competitors of significant acquisitions;
- Strategic alliances, joint ventures or capital commitments;
- Additions or departures of key personnel;
- An event of force majeure, such as terrorism, fire, flood, earthquake, war or strikes;
- Fluctuations in the domestic and international market for listed stocks;
- Fluctuations in general domestic and global economic conditions, including interest rates, exchange rates, commodity and oil prices;
- Sale of Shares or, if applicable, other securities of the Company; and
- Other events or factors which may be beyond the Company's control.

There is a risk that broader market and industry factors may materially and adversely impact the price of the Shares, regardless of the Company's operating performance and may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX.

5.3.2 Liquidity of Shares

There is currently no public market through which the Shares of the Company may be sold. There can be no guarantee that an active market in Shares will develop or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on the ASX at any given time. There is a risk that this increases the volatility of the market price of Shares and the prevailing market price at which Shareholders are able to sell their Shares. This may result in investors under the Offer receiving a market price for their Shares that is less than the Offer Price.

Following Completion of the Offer the Escrowed Shareholders will hold approximately 55.2 – 61.7% of the total Shares on issue, which may impact on liquidity. The Escrowed Shareholders either have an existing escrow over their Shares held or have entered into voluntary escrow arrangements in relation to all the Shares they hold (other than any Shares they acquired under the Offer) immediately following Completion of the Offer, as set out in Section 7.19. There is a risk that the absence of any trading in Shares held by the Escrowed Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares, and also the time taken to exit all or part of their shareholding.

5.3.3 Additional capital and risk of dilution

The Company may elect to issue Shares in connection with fundraising, to finance its continued growth or other future developments. The amount and timing of such additional financing needs will vary principally on the amount of cashflow from the Company's operations. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), there is a risk that the future sale of additional equity could result in dilution for Shareholders.

Following release from escrow, Shares held by the Escrowed Shareholders may be freely traded on the ASX. There is a risk that a significant sale of Shares by an Escrowed Shareholder, or the perception that such a sale has occurred or might occur, could adversely impact the price of the Shares.

5.3.4 Government regulation and legal requirements

Touch is not currently subject to specific laws or regulations other than the laws and regulations applicable to business generally. There is a risk that a number of laws and regulations may be adopted with respect to the Touch System covering issues such as user privacy, pricing, the content and quality of products and services, intellectual property rights and information security which could limit the proposed scope of activities of Touch.

5.3.5 General economic and financial market conditions

General domestic and global economic conditions may adversely impact the price of Shares and Touch's ability to generate revenue and profits or pay dividends in the future. This includes increases in unemployment rates, negative Consumer and business sentiment and an increase in interest rates, amongst other factors. There is a risk that Shares may trade on the ASX at a price below their Offer Price.

5.3.6 Exposure to changes in tax rules or their interpretations

Tax rules or their interpretation for both the Company and its Shareholders may change. There is a risk that both the level and basis of taxation may change both in Australia and in foreign jurisdictions where Touch currently transacts, as well as new markets it may enter in the future. The tax considerations of investing in the Shares may differ for each Shareholder. Each prospective investor is encouraged to seek professional tax advice in connection with any investment in the Company.



SECTION 6




KEY INDIVIDUALS, INTERESTS AND BENEFITS

6.1 Board of Directors

At the date of listing (**Listing Date**) the Board will comprise five members, consisting of the Independent, Non-executive Chairman, the Managing Director and CEO, two Independent, Non-executive Directors, and one Non-executive Director who by virtue of his significant shareholding in the Company is not considered independent. The Directors of the Company bring to the Board a variety of skills and experience, including industry and business knowledge, financial management and corporate governance experience.

Table 25 provides further details on the Board.

TABLE 25: BOARD OF DIRECTORS

Director	Expertise, experience and qualifications
 <p>Michael Jefferies Independent, Non-executive Chairman</p>	<p>Michael Jefferies was appointed Independent Chairman of the Company in June 2004.</p> <p>Michael is a chartered accountant with extensive experience in finance and investment including more than 20 years as an executive of Guinness Peat Group plc, an international investment group listed on the major stock exchanges in London, Australia and New Zealand. He is also a Non-executive Director of RESIMAC and Ozgrowth Limited and has been a director of a number of listed public companies in Australia and New Zealand.</p> <p>Michael has over 30 years of public company and finance experience.</p>
 <p>Adrian Cleeve Managing Director and CEO</p>	<p>Adrian Cleeve joined Touch in May 2000 and was appointed Managing Director and Chief Executive Officer of the Company in April 2008.</p> <p>Adrian is an experienced commercial lawyer having been admitted to practice in 1979 and active in commercial matters since that time. He left private practice in 1986 and has been actively involved in business interests since then.</p> <p>Adrian has over 28 years' involvement in business interests since leaving legal practice.</p>
 <p>Duncan Saville Non-executive Director</p>	<p>Duncan Saville was appointed to the Board of the Company in October 2011.</p> <p>Duncan is a chartered accountant and is currently Chairman of ICM Limited, an international fund manager. In addition, he is Chairman of Vix Investments Limited, Non-executive Director of Infratil Limited, New Zealand Oil and Gas Limited, Somers Limited and West Hamilton Holdings Limited. He is an experienced Non-executive Director having previously been a Non-Executive Director of a number of listed utility and investment companies. Due to Duncan's significant shareholding in Touch he is not considered independent.</p> <p>Duncan has in excess of 30 years' of public company and finance experience.</p>

Director**Expertise, experience and qualifications**



Hatim Tyabji
Non-executive
Independent Director

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

Hatim Tyabji is a distinguished executive with an exceptional record. Hatim currently serves as Chairman of Jasper Networks Inc, Chairman of Best Buy (NYSE) and a director of the Missile Defense Advocacy Alliance. Previously, he was Executive Chairman of Bytemobile, and Chairman and CEO of VeriFone (NYSE), where he grew market capitalisation from \$30 million to \$1.5 billion, and later served as Chairman of Datacard Group. Prior to joining Bytemobile, Hatim was founding Chairman and CEO of Saraide, driving convergence of the Internet and wireless telecommunications. Earlier, he held several positions at Sperry Corporation, the last being President, Information Systems – the number-three position in the 77,000-person company.

Hatim holds a Bachelor of Science and a Master of Science in Electrical Engineering, and a Master of Business and Administration in International Business. He was awarded an honorary doctorate by the State University of New York. In 2007, he published *Husband, Wife & Company: An Honest Perspective on Success in Life and Work*, a book on the complex interrelationships between family and career.

Hatim has over 40 years' experience in the technology sector and in business.



Elana Rubin
Non-executive
Independent Director

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

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

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

The composition of the Board committees and details of its key corporate governance policies are set out in Section 6.8.

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a Non-executive Director or Executive Director of the Company, as the case may be, without constraint from other commitments.





As noted above, Hatim Tyabji is also the Chairman of Best Buy Co. Inc. Legal proceedings (in the form of a class action) have been initiated against Best Buy and its Board of Directors (including Hatim) in relation to earnings guidance provided by Best Buy for the 2011 financial year. Best Buy and its Board of Directors (including Hatim) have publicly stated, including in formal announcements to the U.S. Securities and Exchange Commission, their view that the '...allegations are without merit...' and that they intend to '...vigorously defend...' the claim.

The Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills.

6.2 Senior management team

Table 26 below provides details around the senior management team of Touch.

TABLE 26: SENIOR MANAGEMENT TEAM

Executive	Expertise, experience and qualifications
 <p>Adrian Cleeve Managing Director and CEO</p>	<p>See Table 25 above.</p>
 <p>Tony Bianco Chief Financial Officer</p>	<p>Tony Bianco joined Touch in November 2004 and has been in his current position since April 2008.</p> <p>As the Company's Chief Financial Officer Tony's role encompasses all aspects of financial and management reporting and assisting the Managing Director and other senior members of staff in running the business.</p> <p>Tony has over 25 years' experience in financial services.</p> <p>Tony has a Bachelor of Business, majoring in accounting from RMIT University and is a Certified Practising Accountant.</p>
 <p>Jason Van Head of Technology, Platforms and Operations</p>	<p>Jason Van joined Touch in January 2007 has been in his current position since December 2013.</p> <p>At Touch, Jason has been instrumental in developing the health, e-commerce payments and transaction integrity portfolios. Jason leads the technology group, focusing on new product development.</p> <p>Jason has held senior management roles in both government and private enterprise. In 2004, as Chief Information Officer for the Bartercard Global Group of Companies, he was responsible for implementing electronic barter currencies through banking systems and developing mobile payment systems.</p> <p>Jason has 26 years' experience in technology and business.</p>
 <p>Keith Cleeve General Manager, Business Solutions – Australia</p>	<p>Keith Cleeve is one of the founders of Touch and has been in his current position since April 2013.</p> <p>At Touch, Keith is the system architect where he assists in the development of a wide range of solutions that now constitute the Touch Service.</p> <p>Keith joined Mobil Oil Australia initially as a programmer and subsequently gained experience across a wide range of technical and business related roles.</p> <p>Keith has over 30 years' experience in technology and business.</p> <p>Keith has a Bachelor of Science from the University of Melbourne and post-graduate Information Technology qualifications from Monash University.</p>

Executive

Expertise, experience and qualifications



Goran Abramovic
General Manager, Business
Solutions – Europe

Goran Abramovic joined Touch in June 2002 and has been in his current position since January 2009.

At Touch, Goran has held leadership and business development roles in Europe and the US. Goran has directed the growth of Touch's business in Europe winning significant contracts in Austria, Switzerland, Germany and Scandinavia with major retail businesses.

Goran has over 15 years of business in technology and business.

Goran holds a Degree in Computer Science from the Oklahoma State University, US.



Vladimir Shchelkunov
Chief of Staff

Vladimir Shchelkunov joined Touch in May 2014 and has been in his current position since then.

Vlad's role at Touch as Chief of Staff is to ensure alliance of various product development programs and projects with Customer requirements and the strategic direction of the Company.

Vlad has extensive expertise in corporate finance, modelling and valuation analysis, and business analytics gained from his time with the Forensic Accounting division of Ferrier Hodgson and the Management Consulting division of KPMG Australia.

Vlad has 10 years' experience in technology and business.

Vlad is a chartered accountant and holds a Bachelor of Banking and Finance (Monash University) and a Masters of Practising Accounting (Monash University).



Leigh-Ann Bramall
Human Resources
Manager

Leigh-Ann Bramall joined Touch in January 2010 and has been in her current role since then.

Leigh-Ann has helped Touch define and enhance the culture of the organisation. Leigh-Ann is an experienced HR Manager who brings with her wide experience across IT, major events, recruitment and retail.

Prior to joining Touch, Leigh-Ann worked for two years in recruitment, two years in Major Events and then six years as a HR Manager with Caffè Nero Group Ltd, one of the leading UK coffee house operators in the world, with over 600 stores worldwide.

Leigh-Ann has 15 years' experience in human resources.

Leigh-Ann has a BA (Hons) Business degree from Bournemouth University, England.




Jo Wenzel
Marketing Manager

Jo Wenzel joined Touch in April 2008 and has been in her current position since then.

Jo manages both Supplier relationships and marketing to help Touch increase its retail footprint nationally. Jo plays a key role in developing and maintaining sound Customer and Supplier relationships.

Prior to joining Touch, Jo worked in the prepaid industry for 15 years. She has worked closely with Australian Telecommunications brands to launch the prepaid category through some of Australia's largest retailers including 7 Eleven, Coles, Caltex and BP.

Jo has 22 years' experience in marketing.

Executive	Expertise, experience and qualifications
 <p data-bbox="86 667 274 745">Kamil Kuzmicki General Manager, Mobility Services</p>	<p data-bbox="387 376 1295 405">Kamil Kuzmicki joined Touch in February 2014 and has been in his position ever since.</p> <p data-bbox="387 421 1257 450">At Touch, Kamil is responsible for the growth of the Mobility Services business unit.</p> <p data-bbox="387 465 1353 521">Kamil is an experienced telecommunications executive who has held senior roles at Telstra and Optus and global telecommunication vendors such as Tecnotree and Asurion Australia.</p> <p data-bbox="387 537 1289 566">Kamil has over 18 years' experience in business and the telecommunications industry.</p> <p data-bbox="387 582 1353 638">He is a Certified Practising Accountant and holds a Bachelor of Business (Accounting) from Monash University and a Masters of Applied Finance from the University of Melbourne.</p>

6.3 Interests and benefits

This Section 6 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out in this Prospectus, no:

- Director or proposed Director of the Company;
- Person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- Promoter of the Company; or
- Sole Underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer;

holds at the time of lodgement of the Prospectus with ASIC, or has held in the two years preceding lodgement of this Prospectus with the ASIC, any interest in:

- The formation or promotion of the Company; or
- Property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- The Offer;

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company.

6.4 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Goldman Sachs has acted as Sole Global Co-ordinator, Sole Bookrunner, Sole Underwriter and Joint Lead Manager to the Offer and the fees payable to Goldman Sachs pursuant to the Underwriting Agreement are described in Section 9.3.11;
- Wilson HTM has acted as a Joint Lead Manager to the Offer and the fees payable to Wilson HTM pursuant to the Underwriting Agreement are described in in Section 9.3.11;
- Clayton Utz has acted as Australian Legal Adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, up to \$695,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Clayton Utz in accordance with its normal time-based rates;
- Griffith Hack has provided specific legal advice with respect to intellectual property law. Payments to Griffith Hack should not exceed \$40,000 (excluding disbursements and GST) for these services up until the Prospectus Date;
- Bermuda Corporate & Trust Law Limited has provided specific legal advice with respect to Bermudan law. Payments to Bermuda Corporate & Trust Law Limited should not exceed \$20,000 (excluding disbursements and GST) for these services up until the Prospectus Date;
- Ernst & Young Transaction Advisory Services Limited has acted as the Investigating Accountant on, and has performed work in relation to, the Financial Information and has performed work in relation to its Independent Limited Assurance

Report in Section 8. The Company has paid, or has agreed to pay, Ernst & Young Transaction Advisory Services Limited, approximately \$40,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Ernst & Young Transaction Advisory Services Limited under time-based charges; and

- Ernst & Young has acted as accounting and tax adviser to Touch in relation to the Offer. Touch has paid, or agreed to pay, Ernst & Young approximately \$470,000.

The Company will pay these amounts, and other expenses of the Offer, out of funds raised under the Offer or cash otherwise available to the Company (or one of its subsidiaries). Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.7.

6.5 Directors' interests and remuneration

6.5.1 Managing Director and CEO

Touch has entered into an agreement with Adrian Cleeve in respect of his employment by the Company. Refer to Section 6.6.1 for further details.

6.5.2 Non-executive Director remuneration

Under the Bye-laws of the Company (**Bye-laws**), the Directors decide the total amount paid to each Director as remuneration for their services. However, under the ASX Listing Rules, the total amount paid to all Non-executive Directors must not exceed in total in any financial year the amount fixed in a general meeting of the Company. This amount is currently US\$500,000.

Annual Directors fees that have been agreed to be paid from the Listing Date are US\$100,000 to the Independent Chairman, Mr Jefferies, US\$100,000 to Independent, Non-executive Director, Mr Tyabji, US\$50,000 to Non-executive Director Mr Saville and US\$70,000 to Non-executive Director Ms Rubin.

The amounts above include fees payable for service on committees.

The remuneration of the Non-executive Directors must not (and does not) include a commission on, or a percentage of, the profits or income of the Company. Superannuation is included in the above amounts, where applicable.

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the Company.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

6.5.3 Deed of access, insurance and indemnity for Directors

The Company has entered into deeds of access, insurance and indemnity with each Director, which contain rights of access to certain books and records of Touch for a period of seven years after the Director ceases to hold any office as an officer of the Company or a subsidiary of the Company. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

Indemnification: Pursuant to the Bye-laws and to the extent permitted by law, the Company is required to indemnify all officers of the Company against all liabilities (other than legal costs) incurred by such persons as an officer of the Company or a Subsidiary. To the extent permitted by law, the Company is required to indemnify such persons against reasonable legal costs incurred in defending an action for a liability incurred as an officer of the Company or a Subsidiary.

Under the deed of indemnity, access and insurance, Touch indemnifies such parties against all liabilities to another person that may arise from their position as an officer of the Company or its subsidiaries, to the extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

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

6.5.4 Directors' interests in Shares and other securities

Directors are not required under the Bye-laws to hold any Shares in the Company. The Directors (and their associates) are entitled to apply for Shares in the Offer. Table 27 below sets out the Directors (and their associated entities) interests in the Company on Completion of the Offer.

TABLE 27: DIRECTORS' SHAREHOLDING AT COMPLETION OF THE OFFER

Director	Shares held on Completion of the Offer (million)	Shares held on Completion of the Offer (%)
Michael Jefferies	6.2 – 6.9	5.3 – 6.0%
Adrian Cleeve ¹	21.0 – 23.6	18.2 – 20.4%
Duncan Saville	29.3 – 32.8	25.2 – 28.3%
Hatim Tyabji	0.1	0.1%
Elana Rubin ²	0.0	0.0%

Note:

1. The Shares held by Mr Cleeve (or his associated entity) upon Completion of the Offer include Shares to be issued upon exercise of Options held by Mr Cleeve as at the Prospectus Date (see Section 6.6.1 for further details).
2. Elana Rubin has informed the Company that she, or entities that she is associated with, intends to apply for 20,000 Shares under the Offer (at the Offer Price).

6.6 Management interests and remuneration

6.6.1 Managing Director and CEO

Adrian Cleeve is employed by Touch in the position of Managing Director and CEO under an ongoing employment agreement. Touch may terminate Mr Cleeve's employment agreement by providing three months written notice or six months in certain circumstances or providing a payment in lieu of the notice period. Touch may terminate the agreement at any time without notice if serious misconduct has occurred. Where termination with cause occurs Mr Cleeve is only entitled to that portion of remuneration that is fixed.

Mr Cleeve's employment contract also contains a restraint period of up to 12 months from the date of termination of his employment. During this period, Mr Cleeve is restrained from certain activities which may negatively impact the business. Enforceability of such restraint is subject to all usual legal requirements.

Mr Cleeve's total fixed annual remuneration is currently \$502,000 (inclusive of superannuation). He is also eligible to receive a short term incentive cash bonus equivalent to 40% of his fixed annual remuneration. The short-term incentive is payable upon the achievement of a number of KPIs, including those based on revenue growth and not exceeding the budgeted level of expenses.

Mr Cleeve will also be eligible to participate in Touch's Long Term Incentive Plan (LTIP). For further details about Touch's LTIP refer to Section 6.7. In 2009 on his appointment as Managing Director and CEO, Mr Cleeve received an initial grant of 5 million Options under THL employee Option plan. Following the successful takeover of THL, Mr Cleeve exchanged his 5 million THL Options for 5 million Options in the Company. These Options have vested and are able to be exercised at an exercise price of \$0.20 any time up to 30 June 2015. Mr Cleeve has advised the Company that he intends to exercise these Options in conjunction with the Offer, so that the Shares issued to Mr Cleeve upon exercise of the Options will be issued at the same time as Shares are issued under the Offer.

6.6.2 Other senior management

The other members of Senior Management are employed under individual employment agreements with the Company.

These arrangements include:

- Total fixed compensation including a base salary and superannuation contribution to a fund of the individual's election;
- Termination notice provisions of between one and three months (and in some circumstances up to six months);
- Restraint of trade provisions between three and six months after termination of employment. The enforceability of the restraint clause is subject to all usual legal requirements; and
- Eligibility to participate in the Company's LTIP.

6.7 Long Term Incentive Plan

The Company has established an LTIP under which employees may be offered Shares as a means of:

- (a) Motivating and retaining eligible employees; and
- (b) Attracting high quality persons as eligible employees.

An initial grant of Shares under the Plan has been made to eight members of the senior management team. The total number of Shares issued under the plan is 1,963,500.

In the future, the Plan may be used to issue further Shares from time to time that form the long term incentive component of the remuneration packages for participants. Such issues will be regulated by the Plan rules that have been adopted by the Board and any other regulatory requirements, including the ASX Listing Rules.

The key terms of the Plan Rules are set out in Table 28 below.

TABLE 28: KEY TERMS OF THE PLAN

Term	Description
Eligibility	Offers may be made at the Board's discretion to employees of and consultants to Touch, including Directors or any other person that the Board determines to be eligible to receive a grant under the Plan.
Offers	The Board may make offers at its discretion. The Board has the discretion to set the terms and conditions on which it will offer Shares in individual offer documents. Offers must be accepted by the employee for a grant of Shares to occur.
Issue of Shares	Shares are issued to employees at a price set out in the relevant offer document, subject to meeting specific vesting conditions set out in the relevant offer document. The Company provides a loan to the employee for the issue price of the Shares.
Issue price	The Shares will typically be issued at market price, although the Board has the discretion to set the issue price.
Vesting conditions	<p>Shares granted under the Plan will vest subject to the satisfaction of certain conditions. The conditions may be determined by the Board in its discretion and must be set out in the relevant offer document.</p> <p>The vesting conditions for the Shares currently outstanding under the Plan are that:</p> <ul style="list-style-type: none"> (a) The employee must satisfy a set of KPIs set out in the offer letter; and (b) The holder remains as an eligible employee of Touch at 31 December 2015. <p>If the vesting conditions are not met, none of the Shares of a holder under the Initial Grant will vest and they will be cancelled in satisfaction of the amount of the loan provided to purchase the Shares.</p> <p>In addition, Shares granted under the Plan may be forfeited prior to the vesting date in certain circumstances, including if the Board determines that the holder has acted unlawfully or dishonestly, or committed any act of fraud, defalcation, gross misconduct or in serious breach of the holder's obligations to the Company.</p>
Restrictions on sale	<p>Shares granted under the Plan may not be sold, transferred, mortgaged or otherwise encumbered or dealt with without the consent of the Company (acting in its absolute discretion) where either:</p> <ul style="list-style-type: none"> (a) the loan provided for the issue price of the Shares remains outstanding; or (b) before 31 December 2015.
Rights associated with shares	Shares granted under the Plan carry dividend and voting rights. Prior to vesting, any dividends must be applied to reduce the balance of the loan outstanding.
Accelerated vesting	In a situation where there is likely to be a change of control of the Company, or in other circumstances determined by the Board, the Board has the discretion under the Plan rules to accelerate vesting of some or all of the Shares.
Corporate actions	A holder of Shares cannot participate in new issues of securities by the Company prior to vesting of their Shares. However, the Plan Rules include specific provisions dealing with other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to a holder in respect of their Shares as a result of such corporate actions.

6.8 Corporate governance

This Section explains how the Board will oversee the management of the Company's business. The Board is responsible for the overall corporate governance of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving its annual business plan and the associated budget. The Board is committed to maximising performance, generating an appropriate level of Shareholder value and financial return and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has developed and adopted a framework of corporate governance policies and practices, risk management practices and relevant internal controls that it believes appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The main policies and practice adopted by the Company, which either already exist or which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Bye-laws. Details of the Company's key policies and the charters for the Board and each of its committees will be available from Listing at www.touchcorp.com.

6.8.1 ASX corporate governance principles and recommendations

The Company is seeking a Listing on the ASX. In order to promote investor confidence and to assist companies to meet stakeholder expectations, the ASX Corporate Governance Council has developed and released the third edition of the Corporate Governance Principles and Recommendations (**ASX Recommendations**) for Australian listed entities. The ASX Recommendations are not mandatory or prescriptive and the Board is entitled not to adopt a particular recommendation if it considers it inappropriate in the context of the business. However, under the ASX Listing Rules the Company will be required to provide a corporate governance statement in its annual report (or by reference in its annual report to the URL of the page on its website where the statement can be viewed), disclosing the extent to which it has followed the ASX Recommendations within the reporting period. Where the Company does not follow a recommendation for any part of a reporting period, it must identify the recommendation and provide its reasons for not doing so and what (if any) alternative governance practices it adopted in lieu of the recommendation. The Board does not anticipate that it will depart from the ASX Recommendations at the time of its Listing, however it may do so in the future if it considers such a departure would be reasonable.

6.8.2 Board appointment and composition

It is the Board's policy that there should be a majority of independent Directors and that the office of Chair be held by an independent Director. The Board considers an independent Director to be a Director who is not a member of the Company management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist it in this regard. The Board will regularly review the independence of each Director in light of interests disclosed to the Board and will disclose any change to the ASX, as required by the ASX Listing Rules.

The Board considers each of Michael Jefferies, Hatim Tyabji and Elana Rubin are independent Directors, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement and that each is able to fulfil the role as an independent Director for the purposes of the ASX Recommendations.

The Board (with Mr Jefferies abstaining) determined that, having regard to the make-up of the share register and the fact that Mr Jefferies will hold only slightly in excess of 5% of the issued capital (at the conclusion of the IPO process) and that there are no other matters which might cast doubt on his independence, in its opinion Mr Jefferies is an independent Director.

Adrian Cleeve is currently considered by the Board not to be independent given his continued holding of the executive position of Managing Director and CEO, and on the basis of the significant shareholding in the Company of entities associated with him.

Due to Duncan Saville's significant shareholding in the Company, he is not considered by the Board to be independent.

6.8.3 Board charter

The Board has adopted a written charter to take effect from Listing. The charter sets out:

- The Board composition;
- The Board's role and responsibilities;
- The relationship and interaction between the Board and management; and
- The authority delegated by the Board to management and Board committees.

The Board's role is to, among other things:

- Represent the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- Provide strategic direction for, and approval of, corporate strategy and performance objectives;
- Review and ratify systems of risk management, internal compliance and control, codes of conduct, and legal and regulatory compliance to ensure appropriate compliance systems and controls are in place;
- Monitor senior management's performance and implementation of strategy, and seek to ensure appropriate resources are available;
- Approve and monitor the operational and financial position and performance of the Company;
- Approve and monitor the progress of major capital expenditure, capital management, acquisitions and divestments;
- Approve and monitor budgets; and
- Oversee control and accountability systems.

Matters that are specifically reserved to the Board or its committees include:

- Appointment of the Chair;
- Appointment and removal of the Managing Director and CEO;
- Appointment of Directors;
- Establishment of Board committees, their membership and their delegated authorities;
- Review of corporate codes of conduct; and
- Any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Managing Director and CEO as directed by the Board. Management must supply the Board information in a form, time frame and quality that will enable the Board to discharge its duties effectively. The Board collectively and any individual director may seek independent professional advice at the Company's expense, subject to the reasonable approval of the Chairman of the Board and the advice being made available to the Board as a whole.

6.8.4 Board Committees

The Board may from time to time establish committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. Membership of Board committees will be based on the needs of the Company, relevant legislation, regulatory and other requirements, and the skills and experience of Board members.

6.8.4.1 Audit and Risk Committee

Under its charter, the committee should comprise at least three Directors a majority of whom must be independent and all of whom must be Non-executive Directors. The committee Chair must not be the Chairman of the Company. All members of the committee must be financially literate and at least one member must be a qualified accountant or other financial professional with appropriate expertise in financial and accounting matters.

From Listing the members of the committee will be Hatim Tyabji (Chair), Duncan Saville and Michael Jefferies; each member is financially literate and all are qualified accountants.

The primary role of the committee is to assist the Board to fulfil its responsibilities for the Company's financial reporting, external audit, risk management systems and internal control structure. This includes:

- Engaging in the oversight of the Company's financial reporting, internal control, continuous disclosure, financial and non-financial risk, and overseeing and reviewing the output of that process;
- Assessing the appropriateness and application of the Company's accounting policies and principles, and any changes to them, so that they accord with the applicable financial reporting framework;
- Assessing any significant estimates or judgements in the Company's financial reports;
- Reviewing all half-yearly and annual reports with management, advisors and the external auditors (as appropriate), and recommending the applicable accounts' adoption by the Board;

- Overseeing the establishment of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the ongoing efficacy of those systems;
- Reviewing the adequacy of risk management procedures to ensure they comply with legal obligations;
- Approving the policies and procedures for appointing or removing an external auditor and for external audit partner engagement rotation; and
- Meeting periodically with the external auditor and inviting the auditor to attend committee meetings to assist the committee to discharge its obligations.

Pursuant to the Company's charter, it is the policy that the external auditor must be independent and that the external auditor's independence be reviewed on an annual basis.

The committee may invite other Directors, senior managers and representatives of the external auditor to attend committee meetings and may seek advice from external consultants.

6.8.4.2 Remuneration and Nomination Committee

The charter of this committee provides that the committee should comprise at least three Directors all of whom (including the Chair) must be Non-executive Directors and a majority should be independent. The Managing Director and CEO must not be a member of the committee.

From Listing, the committee will comprise Michael Jefferies (Chair), Duncan Saville and Hatim Tyabji.

The role of the committee is to assist the Board with fulfilling its responsibilities to Shareholders and other stakeholders to seek to ensure that the Company:

- Has coherent and appropriate remuneration policies and practices which enable the Company to attract and retain Directors and executives who will create value for Shareholders;
- Fairly and responsibly remunerates Directors and executives having regard to the performance of the Company, the performance of the executives and the general market environment;
- Has policies to evaluate the performance and composition of the Board, individual Directors and executives on (at least) an annual basis with a view to ensuring that the Company has a Board of effective composition, size and diversity, expertise and commitment to adequately discharge its responsibilities and duties;
- Has adequate succession plans in place (including for the recruitment or appointment of Directors and senior management); and
- Has policies and procedures that are effective to attract, motivate and retain appropriately skilled and diverse people that meet the Company's needs and that are consistent with the Company's strategic goals and human resource objectives.

The committee may seek advice and assistance where appropriate (for example, for the purpose of conducting the annual review process) from external consultants.

6.8.5 Diversity policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. The Company's diversity policy, which has meritocracy as a guiding principle, seeks to align the Company management systems with its commitment to continue to develop a culture that values and achieves diversity in its workforce and on its Board.

In its annual report, the Company will disclose the measureable objectives for achieving diversity and progress toward achieving them and will also disclose the proportion of women in the whole organisation, women in senior positions and women on the Board.

6.8.6 Continuous disclosure policy

Once listed, the Company will be required to comply with the continuous disclosure obligations of the ASX Listing Rules. Subject to the exceptions in the ASX Listing Rules, the Company will be required to disclose any information to the ASX that is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company is committed to observing its continuous disclosure obligations under the ASX Listing Rules. The Company has adopted a policy to take effect from Listing which establishes procedures that are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. Under the disclosure policy the Company Secretary will be responsible for managing the Company's compliance with its continuous disclosure obligations.

In addition to being provided to the ASX, continuous disclosure announcements will also be available on the Company's website at www.touchcorp.com.

6.8.7 Shareholder communications

The Board's aim is to ensure Shareholders are provided with sufficient information to assess the performance of the Company and that Shareholders are informed of all major developments affecting the affairs of the Company in accordance with all applicable laws. The Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with the ASX. This information will also be published on the Company's website at www.touchcorp.com.

The Company's website will also contain information about the Company, including media releases, key policies and charters of the Board and its committees.

6.8.8 Securities trading policy

The Company has adopted a written policy to take effect from Listing for dealing in the Company's Shares which will apply to the Company, its Directors, officers, management and certain restricted employees (**Touch Persons**) and other employees.

The policy is intended to explain the types of conduct in relation to dealing in Shares that is prohibited by the Corporations Act and establishes best-practice procedures in relation to Touch Persons and employees dealing in Shares.

Subject to certain exceptions, including financial hardship or during a period the Company is subject to heightened disclosure requirements (e.g. during the offer period under a prospectus), the policy defines certain 'prohibited periods' during which trading by Touch Persons in Shares is prohibited. The prohibited periods are currently defined as the following periods:

- The Company's financial year end until the business day after the release of the full-year results;
- The Company's half financial year end until the business day after the release of the half-yearly results; and
- Any additional periods determined by the Board from time to time.

Outside of the prohibited periods, Touch Persons must receive clearance for any proposed dealing in Shares. In all instances, buying and selling of Shares is not permitted at any time by any person who possesses price-sensitive information.

6.8.9 Code of conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a code of conduct, to take effect from Listing, to be followed by all employees and officers. The key aspects of this code are to:

- Act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of Shareholders;
- Act in accordance with all applicable laws, regulations and the Company's policies and procedures;
- Have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- Use the Company's resources and property properly.

The code of conduct sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy, security of information and conflicts of interest.

6.9 Arrangements with individuals associated with Goldman Sachs and Wilson HTM

As at the date of this Prospectus, Goldman Sachs is aware that several employees of an affiliate of Goldman Sachs are the holders of less than 1.0% in aggregate of the existing Shares in Touchcorp. Goldman Sachs has acted as Sole Global Co-ordinator, Sole Bookrunner and Sole Underwriter for the Offer. The Board does not believe these Existing Shareholders are, or on Completion of the Offer will be, related parties of the Company. The Board considers its arrangements with Goldman Sachs to be on arms-length terms.

In 2001, an authorised representative of an affiliate of Wilson HTM became the holder of approximately 0.02% of the existing shares in Touchcorp. Wilson HTM has acted as Joint Lead Manager for the Offer. The Board does not believe this Existing Shareholder is, or on Completion of the Offer will be, a related party of the Company. The Board considers its arrangements with Wilson HTM to be on arms-length terms.

SECTION 7

DETAILS OF THE OFFER



7.1 Description of the Offer

This Prospectus relates to an Offer of 40,000,000 Shares in the Company at an Offer Price of \$1.40 per Share. The Shares offered under this Prospectus will represent approximately 34.5% of the Shares on issue at Completion of the Offer. The Offer is expected to raise \$56.0 million, comprising \$22.4 million from the issue of new Shares (**New Shares**) by the Company and \$33.6 million from the sale of Shares by SaleCo.

The total number of Shares on issue at Completion of the Offer will be 116.0 million and all Shares will, once issued, rank equally in all respects with the Shares currently on issue. A summary of the rights attaching to the Shares is set out in Section 9.7.

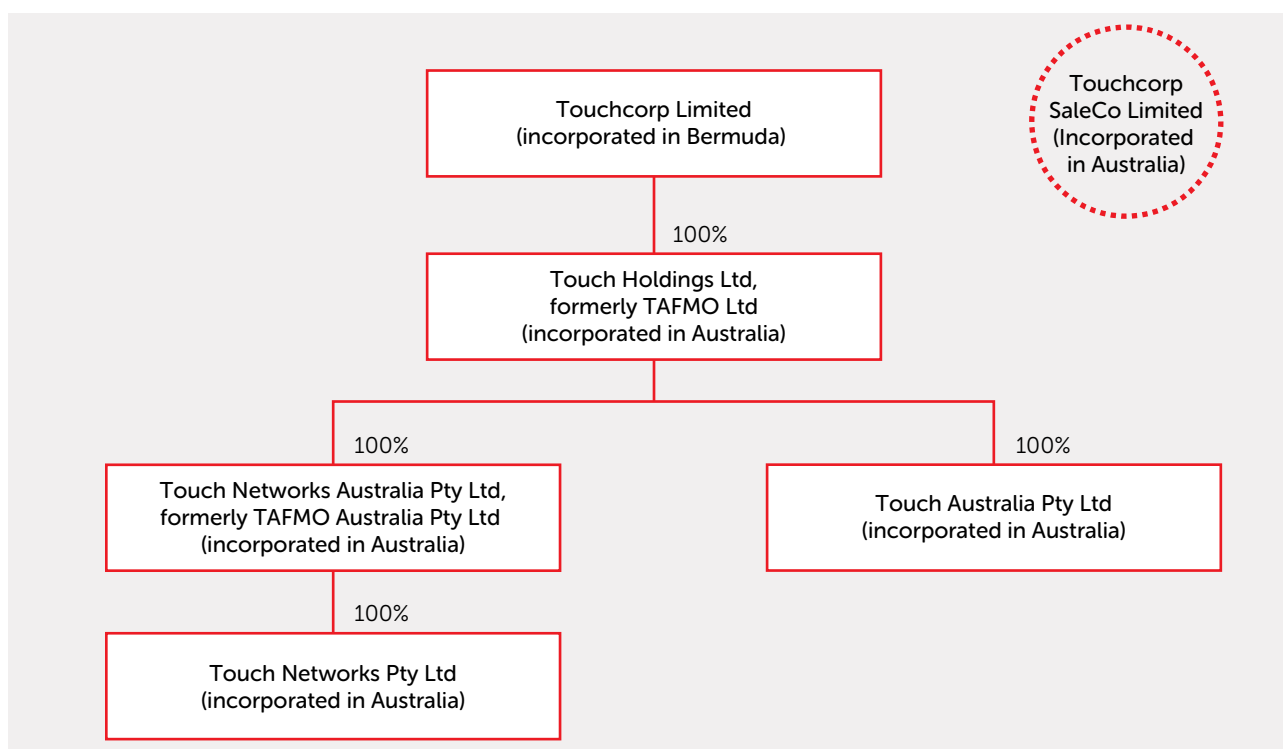
The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2 Corporate structure

Touchcorp Limited is the parent of the Touch group of companies and is incorporated in Bermuda. Touch Holdings Limited is the head Australian incorporated company that owns the Australian incorporated operating subsidiaries, which include Touch Networks Australia Pty Ltd, Touch Australia Pty Ltd and Touch Networks Pty Ltd. Touch Networks Australia Pty Ltd employs all Touch staff. Touch Networks Pty Ltd and Touch Australia Pty Ltd are the primary entities which contract to deliver services to Customers.

Figure 22 below provides a graphical representation of the Touch corporate structure as at the Prospectus Date. Touchcorp SaleCo Limited is the entity that has the right to acquire and on-sell 24.0 million shares in the Company that are to be sold as part of the Offer on behalf of Existing Shareholders. SaleCo does not form part of the Touch corporate group. The sole shareholder of SaleCo is Adrian Cleeve. Following completion of the Offer, SaleCo will voluntarily enter into liquidation and cease to exist as part of the corporate structure.

FIGURE 22: TOUCH'S CORPORATE STRUCTURE



7.3 Sale of Existing Shares by SaleCo

As part of the Offer, a special purpose vehicle, SaleCo, was established on 19 February 2015 so that Existing Shareholders may elect to sell all or part of their Existing Shares in the Company. As part of settlement of the Offer, the following key steps will occur:

- Subject to the conditions below, Existing Shareholders will transfer to SaleCo those Shares they wish to sell as part of the IPO (but not including any Shares required to be retained by the Escrowed Shareholders in accordance with existing restrictions on the transfer of those shares);
- SaleCo will sell those Shares, and Touch will issue Shares, to investors under the Offer; and
- Offer proceeds will be dealt with as described in Section 7.7.

Those Existing Shareholders who will not be subject to a voluntary escrow over their existing Shares post Completion of the Offer have the opportunity to sell up to the greater of 100,000 Shares or 50.0% of their holding as part of the Offer. Depending on the number of Shares proposed to be sold by these Existing Shareholders as part of the Offer, other Existing Shareholders which have agreed to enter into a voluntary escrow over all Existing Shares held post Completion of the Offer have committed to sell between 19.1 – 27.9% of their Existing Shares to ensure that the total number of Shares to be offered for sale by SaleCo as part of the Offer equals 24.0 million shares.

Certain other members of management and staff that hold Existing Shares issued under the LTIP are subject to an existing escrow restriction and will not be permitted to sell any of these Existing Shares as part of the Offer.

The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue New Shares to successful Applicants under the Offer.

SaleCo has no material assets other than its interest in the agreements described above. The Company has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its obligations in relation to the Offer and will indemnify SaleCo in respect of the costs of the Offer. The Company has also indemnified SaleCo and the directors of SaleCo for any loss which SaleCo or the directors of SaleCo may incur as a consequence of the Offer.

7.4 Structure of the Offer

The Offer comprises:

- The Retail Offer, consisting of:
 - The Broker Firm Offer, which is only open to Australian resident retail clients of Brokers who have received a firm allocation from their Broker; and
 - The Chairman's List Offer, which is open to selected investors who have received a Chairman's List invitation; and
- The Institutional Offer – an invitation to bid for Shares made to Institutional Investors in Australia and in certain other eligible jurisdictions.

No general public Offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker.

Details of:

- The Broker Firm Offer, and the allocation policy under it, are set out in Section 7.14;
- The Chairman's List Offer, and the allocation policy under it, are set out in Section 7.15; and
- The Institutional Offer, and the allocation policy under it, are set out in Section 7.16.

The allocation of Shares between the Broker Firm Offer, the Chairman's List Offer and the Institutional Offer is determined by Goldman Sachs as Sole Underwriter in consultation with the Company.

The Offer has been fully underwritten by the Sole Underwriter, Goldman Sachs. A summary of the Underwriting Agreement, including the events which would entitle the Sole Underwriter to terminate the Underwriting Agreement, is set out in Section 9.3.11.

7.5 Important dates

Table 29 sets out important dates relating to the Offer.

TABLE 29: IMPORTANT DATES

Prospectus lodgement date	Friday, 20 March 2015
Retail Offer opens	Friday, 20 March 2015
Retail Offer closes	Thursday, 26 March 2015
Settlement of the Offer	Friday, 27 March 2015
Allotment of and issue of Shares under the Offer	Monday, 30 March 2015
Commencement of trading on the ASX on deferred settlement basis	Tuesday, 31 March 2015
Expected dispatch of holding statements	Wednesday, 1 April 2015
Commencement of trading on the ASX on a normal settlement basis	Thursday, 2 April 2015

7.6 Purpose of the Offer and use of funds

The Offer is expected to raise gross proceeds of \$52.0 million to \$60.0 million. Assuming Completion of the Offer occurs on Monday, 30 March 2015, this amount, together with \$1.0 million from the exercise of options and \$2.7 million of existing cash on the balance sheet, will be applied in accordance with Table 30 in Section 7.7.

The purpose of the Offer is to provide the Company with:

- A strengthened balance sheet so that the Company is viewed as a financially robust partner to existing and targeted Customers;
- Working capital to support the day-to-day operations of the Company;
- Additional financial strength, financial flexibility and access to capital markets to more rapidly implement the Company's Strategic Plan – be it the development of new Service Modules or the expansion into a particular geography;
- A liquid market for its Shares and an opportunity for new shareholders to invest in Shares; and
- Allow Existing Shareholders to realise part of their investment in Touch.

The proceeds of the Offer will also be used to pay the costs of the Offer (see Section 9.10).

Post Listing, it is expected that Touch will continue to primarily fund its business operations and any future expansion activities by reinvesting internally generated cashflow from its current business and by investing some of the capital expected to be raised through the Offer.

7.7 Sources and use of funds

Table 30 below details the Company's sources of funding (including the Offer) and the uses of those amounts, assuming Completion of the Offer occurs on Monday, 30 March 2015.

TABLE 30: SOURCES AND USES OF FUNDS

Sources of funds	\$ million	%	Uses of funds	\$ million	%
Cash proceeds received from sale of Existing Shares	33.6	56.3%	Payment of proceeds to Existing Shareholders	33.6	56.3%
Gross cash proceeds received from issue of New Shares	22.4	37.5%	Payment of costs of the Offer	5.4	9.1%
Exercise of CEO options	1.0	1.7%	Pro forma cash	20.7	34.6%
Existing cash	2.7	4.5%			
Total sources	59.7	100.0%	Total uses	59.7	100.0%

7.8 Pro forma historical balance sheet

Touch Pro Forma Historical Balance Sheet following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.5.

7.9 Capitalisation

The Company's capitalisation as at 31 December 2014, before and following the Completion of the Offer and Listing on the ASX is set out in Section 7.1.

7.10 Shareholding structure

The Company expects its Shareholders will have the approximate shareholdings on the Prospectus Date and following Completion of the Offer as set out in Table 31 below.

TABLE 31: SHAREHOLDING STRUCTURE

Shareholder	Existing Shares as at Prospectus Date (million)	Existing Shares as at Prospectus Date (%)	Shares held on Completion of the Offer (million)	Shares held on Completion of the Offer (%)
Adrian Cleeve and associated entity ^{1,2}	29.2	29.2%	21.0 – 23.6	18.2 – 20.4%
Duncan Saville associated entity ¹	40.6	40.6%	29.3 – 32.8	25.2 – 28.3%
Michael Jefferies and associated entity ¹	8.6	8.6%	6.2 – 6.9	5.3 – 6.0%
Hatim Tyabji ¹	0.2	0.2%	0.1	0.1%
Elana Rubin	–	–	–	–
Other management and staff ³	2.0	2.0%	2.0	1.7%
Other substantial Shareholders ¹	7.5	7.5%	5.4 – 6.0	4.6 – 5.2%
Other Shareholders	12.0	12.0%	44.4 – 52.0	38.3 – 44.8%
Total	100.0	100.0%	116.0	100.0%

Note:

- Existing Shareholders who will enter into a voluntary escrow on their Shares held on Completion of the Offer.
- The Shares held by Mr Cleeve (or his associated entity) for purposes of calculating the range of existing shares to be sold as part of the IPO and on Completion of the Offer include Shares issued upon the exercise of Options held by Mr Cleeve as at the Prospectus Date.
- Touch lent management loans to purchase these shares. They are subject to restrictions on disposal until 1 January 2016 and the relevant loan has been repaid, unless Touch otherwise consents.

The ultimate ownership structure depends on the mix of Existing Shares sold by the non-escrowed Existing Shareholders and the Escrowed Shareholders as set out in Section 7.19.

Information on the number of Shares to be held on Completion of the Offer that will be subject to escrow arrangements, and details of those escrow arrangements, is set out in Section 7.19.

7.11 Control implications of the Offer

The Directors do not expect any Shareholder to control the Company on Completion of the Offer (as defined in Section 50AA of the Corporations Act).

7.12 Potential effect of the fundraising on the future of the Company

The Directors believe that, on Completion of the Offer, the Company will have sufficient funds available from the cash proceeds of the Offer to fulfil the purposes of the Offer and meet Touch's stated business objectives.

7.13 Key terms and conditions of the Offer

The key terms and conditions of the Offer are summarised in Table 32 below:

TABLE 32: KEY TERMS AND CONDITIONS OF THE OFFER

What type of security is being offered?	<ul style="list-style-type: none"> Shares, being fully paid ordinary Shares in the capital of the Company.
What rights and liabilities are attached to the security being offered?	<ul style="list-style-type: none"> A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 9.7.
What consideration is payable for each security being offered?	<ul style="list-style-type: none"> The Offer Price is \$1.40 per Share.
What is the Offer Period?	<ul style="list-style-type: none"> The Key Dates, including details of the Offer Period, are set out in the Key Offer Information Section. This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEST. The Company and SaleCo in consultation with the Sole Underwriter, reserve the right to vary both of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, and accept late Applications or bids, either generally or in particular cases. The Company and SaleCo reserve the right to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any Applicants. If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No Shares will be issued on the basis of this Prospectus later than 13 months after the date of lodgement of this Prospectus.
What cash proceeds are to be raised?	<ul style="list-style-type: none"> \$56.0 million will be raised from the Offer proceeds, comprising \$22.4 million from the issue of New Shares by the Company and \$33.6 million from the sale of Existing Shares by SaleCo.
Is the Offer underwritten?	<ul style="list-style-type: none"> Yes. The Sole Underwriter has fully underwritten the Offer pursuant to the Underwriting Agreement. Details are provided in Section 9.3.11.

<p>What is the minimum and maximum Application size under the Broker Firm Offer?</p>	<ul style="list-style-type: none"> • The minimum Application under the Broker Firm Offer is \$2,000 worth of Shares and in multiples of \$1,000 worth of Shares thereafter, as directed by the Applicant's Broker. • The Sole Underwriter, in consultation with the Company, reserves the right to reject any Application or to allocate a lesser number of Shares than that applied for. • There is no maximum number or value of Shares that may be applied for under the Broker Firm Offer.
<p>What is the allocation policy?</p>	<ul style="list-style-type: none"> • The allocation of Shares between the Broker Firm Offer and the Institutional Offer was determined by the Sole Underwriter in consultation with the Company having regard to the allocation policies outlined in Sections 7.14.4 and 7.16.2. With respect to the Broker Firm Offer, it is a matter for the Broker how it allocates firm Shares among its eligible retail clients. • For further information on the Broker Firm Offer, see Section 7.14. • For further information on the Chairman's List Offer, see Section 7.15. • For further information on the Institutional Offer, see Section 7.16.
<p>Will the Shares be quoted?</p>	<ul style="list-style-type: none"> • The Company has applied to the ASX for admission to the Official List of the ASX and quotation of Shares on the ASX. Touch's code is expected to be 'TCH'. • Completion of the Offer is conditional on the ASX approving this Application. If approval is not given within three months after such Application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. • The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained from time to time. • The ASX and its officers take no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.
<p>When are the Shares expected to commence trading?</p>	<ul style="list-style-type: none"> • Details are provided in Section 7.25.3. • It is expected that the Shares will commence trading on Tuesday, 31 March 2015 on a deferred settlement basis. • Trading will be on a deferred settlement basis until the Company has advised the ASX that holding statements have been dispatched to Shareholders. • It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. • The Company, SaleCo and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Touch Offer Information Line, by a Broker or otherwise.
<p>When will I receive confirmation that my Application has been successful?</p>	<ul style="list-style-type: none"> • It is expected that initial holding statements will be dispatched by standard post on Wednesday, 1 April 2015. • The Company reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.
<p>Are there any voluntary escrow arrangements?</p>	<ul style="list-style-type: none"> • Yes. Details are provided in Section 7.19.

Are there brokerage, commission or stamp duty considerations?	<ul style="list-style-type: none"> • No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. • See Section 9.10 for details of various commissions, fees and expenses payable by the Company to the Joint Lead Managers.
Are there any tax considerations?	<ul style="list-style-type: none"> • Yes. Please refer to Section 9.9 and note that it is recommended that all potential investors consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.
Can the Offer be withdrawn?	<ul style="list-style-type: none"> • Yes. The Company and SaleCo reserve the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. • If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.
Where should I direct any enquiries?	<ul style="list-style-type: none"> • All enquiries in relation to this Prospectus should be directed to the Touch Offer Information Line on 1300 721 982 (toll free within Australia) or +61 3 9415 4811 (from outside Australia) between 8.30am and 5.00pm (AEST), Monday to Friday. • All enquiries in relation to the Broker Firm Offer should be directed to your Broker. • If you require assistance to complete the Application Form, require additional copies of this Prospectus, have any questions in relation to the Offer or are uncertain as to whether obtaining Shares in the Company is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, taxation adviser, financial adviser or other independent professional adviser before deciding whether to invest.

7.14 Broker Firm Offer

7.14.1 Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. The Broker Firm Offer is only open to Australian residents.

7.14.2 How to apply

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEST) on the Closing Date or any earlier Closing Date as determined by your Broker.

Applications for Shares must be for a minimum of \$2,000 worth of Shares and thereafter in multiples of \$1,000 worth of Shares and payment for the Shares must be made in full at the Offer Price per Share.

There is no maximum number or value of Shares that may be applied for under the Offer. The Company may determine a person to be eligible to participate in the Offer, and may amend or waive the Offer Application procedures or requirements in its discretion in compliance with applicable laws.

The Offer is expected to open at 9.00am (AEST) on Friday, 20 March 2015 and is expected to close at 5.00pm on Thursday, 26 March 2015 (AEST). The Company, SaleCo and the Sole Underwriter may elect to close the Offer or extend the Offer, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus) together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, SaleCo, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

7.14.3 Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided to them by that Broker.

7.14.4 Allocation policy under the Broker Firm Offer

The allocation of firm stock to Brokers has been determined by the Sole Underwriter, in consultation with the Company. Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each Broker as to how they allocate firm Shares among their retail clients, and they (and not Touch, SaleCo or the Sole Underwriter) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.

7.14.5 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by the Applicant to the Company or SaleCo to apply for the amount of Shares specified in the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form (including conditions regarding quotation on the ASX in Section 7.21). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants.

The Sole Underwriter, in agreement with the Company and SaleCo, reserve the right to reject any Application in whole or in part which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.14.6 Application Monies

Application Monies received under the Broker Firm Offer will be held in a bank account until Shares are issued or transferred to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded, and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

To participate in the Offer, the Application Form must be completed and received, together with the Application Monies, in accordance with the instructions on the Application Form.

7.14.7 Announcement of the final allocation policy under the Broker Firm Offer

The Company expects to announce the final allocation policy under the Broker Firm Offer on or about 30 March 2015.

Applicants under the Broker Firm Offer will be able to call the Touch Offer Information Line on 1300 721 982 (within Australia) or +61 3 9415 4811 (outside Australia) between 8:30am and 5:00pm (AEST), Monday to Friday, after the final allocation policy is announced to confirm their allocations. Applicants under the Broker Firm Offer will also be able to confirm their allocation through their Broker.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Company or confirmed your allocation through your Broker.

7.15 The Chairman's List Offer

7.15.1 Who may apply

The Chairman's List Offer is open to selected investors who have received a Chairman's List invitation to participate. If you have been invited to participate in the Chairman's List Offer, you will be treated as an Applicant under the Chairman's List Offer in respect of those Shares that are allocated to you.

7.15.2 How to apply

If you have received a Chairman's List invitation and you wish to apply for Shares, you should follow the instructions on how to apply in your personalised invitation.

Applications under the Chairman's List Offer must be for a minimum of \$2,000 worth of Shares. By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement document), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

7.15.3 How to pay

Applicants under the Chairman's List Offer must pay their Application Monies by electronic funds transfer in accordance with instructions in their personalised invitation and the Application Form. For more details, Applicants should contact the Touch Offer Information Line on 1300 721 982 (within Australia) or +61 3 9415 4811 (outside Australia).

Application Monies must be received by the Share Registry by no later than 5.00pm AEST on 26 March 2015 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Sole Underwriter take any responsibility for any failure to receive Application Monies or payment before the Chairman's List Offer closes, arising as a result of, among other things, delays in processing of payments by financial institutions.

7.15.4 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Chairman's List Offer, whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down and any excess refunded (without interest).

If the amount of your Application Monies that you pay is less than the amount specified on your Application Form, you may be taken to have applied for such lower amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your online Application Form) or your Application may be rejected.

7.15.5 Acceptance of Applications

An Application in the Chairman's List Offer is an offer by an Applicant to the Company and SaleCo to apply for Shares in the amount specified the Application Form at the Offer Price and on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form (including the conditions regarding quotation on the ASX in Section 7.25.1). To the extent permitted by law, an application by an Applicant under the Chairman's List Offer is irrevocable.

An Application may be accepted by the Company and the Sole Underwriter in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.15.6 Chairman's List Offer allocation policy

Chairman's List Offer Applicants will receive a guaranteed allocation of Shares in the amount notified on their Chairman's List invitation. Beyond this, the allocation of stock to Applicants under the Chairman's List Offer will be determined by the Sole Underwriter and the Company. Shares which have been allocated to Applicants under the Chairman's List Offer will be issued to the Applicants who have received a valid allocation of Shares from the Company.

7.16 Institutional Offer

7.16.1 Invitations to bid

The Institutional Offer consisted of an invitation to certain Australian resident Institutional Investors and a number of other eligible Institutional Investors in jurisdictions outside the U.S. to apply for Shares under this Prospectus. The Joint Lead Managers separately advised Institutional Investors of the application procedures for the Institutional Offer.

7.16.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants between the Institutional Offer and the Broker Firm Offer was determined by the Sole Underwriter in consultation with the Company. The Sole Underwriter in consultation with the Company had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained by, the following factors:

- Number of Shares bid for by particular Applicants;
- The timeliness of the bid by particular Applicants;
- The Company's desire for an informed and active trading market following Listing on the ASX;
- The Company's desire to establish a wide spread of Institutional Shareholders;
- Overall level of demand under the Retail Offer and Institutional Offer;
- The size and type of funds under management of particular Applicants;
- The likelihood that particular Applicants will be long-term Shareholders; and
- Any other factors that the Company, SaleCo and the Sole Underwriter consider appropriate.

7.17 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- Agreed to become a Shareholder of the Company and to be bound by the terms of the Bye-laws and the terms and conditions of the Offer;
- Acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) accompanying the Application Form and having read them all in full;
- Declared that all details and statements in their Application Form are complete and accurate;
- Declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- Acknowledged that once the Company receives an Application Form it may not be withdrawn;
- Applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- Agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- Authorised the Company and the Joint Lead Managers and their respective officers or agents to do anything on behalf of the applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- Acknowledged that, in some circumstances, the Company may not pay dividends;
- Acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not investment advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs of the Applicant(s); and
- Declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer).

7.18 Underwriting Agreement

The Offer is fully underwritten by Goldman Sachs, the Sole Underwriter. The Joint Lead Managers, the Company and SaleCo have entered into an Underwriting Agreement under which the Sole Underwriter agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer, and the Joint Lead Managers have agreed to severally manage the Offer. The Underwriting Agreement sets out a number of circumstances under which the Sole Underwriter may terminate the agreement and its underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.3.11.

7.19 Disposal restrictions on Shares

All Shares held at Completion of the Offer by the Escrowed Shareholders (other than any Shares acquired by them under the Offer) will be subject to voluntary escrow arrangements.

Each of the Escrowed Shareholders has entered into an escrow deed in respect of their escrowed Shares. This deed will prevent them from disposing of their escrowed Shares for the applicable Escrow Period (as defined below). With the exception of the Escrow Period, these escrow deeds contain identical terms, with the key provisions summarised below. The restriction on 'disposing' is broadly defined and includes, among other things, selling, or agreeing to sell or otherwise disposing of the escrowed Shares or encumbering or granting a security interest over the escrowed Shares.

For all Escrowed Shareholders, except those included in the Other substantial Shareholders category (see Section 7.10), the escrow restrictions will apply until the date which is the first trading day in Shares after the public announcement by the Company of its preliminary final report for the financial year ended on 31 December 2015. For the Shareholders in the Other substantial Shareholders category (see Section 7.10), the escrow restriction will apply until the date six months after the initial Listing Date.

All of the Escrowed Shareholders may be released early from these escrow obligations to enable:

- The Escrowed Shareholders to accept an offer under a takeover bid in relation to their escrowed Shares;
- The Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a Share buyback or return or capital or other similar reorganisation, a merger or acquisition by scheme of arrangement or an acquisition of all Shares where all necessary approvals has been obtained.

During the Escrow Period, the Escrowed Shareholders may deal in any of their Shares to the extent the dealing is pursuant to an order of a court of competent jurisdiction compelling any escrowed Shares to be disposed of or to have a security interest granted over them.

If an Escrowed Shareholder breaches its voluntary escrow deed, or the Company believes that a prospective breach of the voluntary escrow deed may occur:

- The Company may take the steps necessary to enforce the voluntary escrow deed, or to rectify the breach; and
- The Company may, in addition to its other rights and remedies, refuse to acknowledge, deal with, accept or register any sale, assignment, transfer or conversion of any of the applicable Shares in addition to other rights and remedies of the Company.

Subject to the mix of sales of Existing Shares between Escrowed Shareholders and non-escrowed shareholders, in aggregate 64.0 – 71.5 million Shares will be the subject of these escrow arrangements and escrow arrangements relating to Shares issued under the LTIP (refer Section 6.7 for further detail). While this may be a risk factor, this is not expected to have an adverse effect on the liquidity of trading in the Shares on the ASX.

7.20 Discretion regarding the Offer

The Company and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company, SaleCo and the Sole Underwriter also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

Applications received under the Offer are irrevocable and may not be varied or withdrawn, except as required by law.

7.21 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia other than for the purpose of complying with Bermudan Law by lodging a copy of the registered Prospectus with the Bermudan authorities.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the U.S. or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia, and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the U.S. and may not be offered or sold, directly or indirectly, in the U.S., except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or the securities laws of any state or other jurisdiction of the U.S.

Each Applicant in the Broker Firm Offer and Chairman's List Offer will be taken to have represented, warranted and agreed as follows:

- It understands that the Shares have not been and will not be, registered under the U.S. Securities Act or the securities laws of any state of the U.S. and may not be offered, sold or resold in the U.S.;
- It is not in the U.S.;
- It has not and will not send the Prospectus or any other material relating to the Offer to any person in the U.S.; and
- It will not offer or sell the Shares in the U.S. or in any other jurisdiction outside Australia.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.22 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants who apply for Shares using an Application Form. Investors who buy or sell Shares on the ASX may be subject to brokerage and other transaction costs. Under current legislation, no stamp duty is payable on the sale or purchase of shares on the ASX.

7.23 ASIC relief

The Company has sought and received from ASIC an exemption from the pre-prospectus advertising and publicity rules in section 734(2) of the Corporations Act to permit the Company and other Touch entities to provide employees and shareholders with certain information relating to the Offer prior to lodgement of the Original Prospectus with ASIC.

The Company has also sought and received from ASIC an exemption from the prohibition on making an unsolicited offer in section 1019F(1)(a) of the Corporations Act to allow SaleCo to invite Existing Shareholders to sell their Shares to SaleCo in order for SaleCo to offer those Shares to prospective Applicants under this Prospectus, subject to certain conditions with which SaleCo will comply.

7.24 ASX waivers

The Company has applied for and received from ASX in-principle advice that ASX will likely grant a waiver of the following Listing Rules:

- ASX Listing Rule 6.10.4, so that the removal or change of a Shareholder's right to vote or receive dividends is permitted, not only where the right is removed or changed under Australian legislation, but also where the removal or change is permitted under Bermudan legislation. Under the Bermuda Companies Act, a Shareholder's right to vote is required to be removed or changed in certain circumstances, including where a Bermudan company purchases its shares in the Company as treasury shares, or where a transfer of shares is made without the approval of a liquidator; and
- ASX Listing Rule 15.15 to allow the Company to incorporate into its Bye-laws shareholder protection provisions similar to the provisions of Chapter 6 of the Corporations Act which protect the interests of Shareholders where a person seeks to acquire a substantial interest in, or control of, the Company. This waiver has been granted on the condition that the Company, if seeking to enforce these provisions, acts in accordance with the ruling of a competent court, consults with ASX as required and outlines the takeover framework which it has adopted in its Bye-laws in its annual report.

7.25 ASX Listing, Registers and holding statements, deferred settlement trading

7.25.1 Application to the ASX for Listing of Touch and quotation of Shares

The Company has applied for admission to the Official List of the ASX and quotation of the Shares on the ASX. The Company's ASX code is expected to be 'TCH'.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If the Company does not make such an Application within seven days after the date of the Prospectus, or if permission is not granted for the official quotation of Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to certain conditions (including any waivers obtained by the Company from time to time).

7.25.2 CHESS and issuer sponsored holdings

The Company has applied to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with ASX Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer-sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer-sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements at the end of each month or if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer-sponsored sub-register. The Share Registry may charge a fee for these additional statements.

7.25.3 Deferred trading and sale of Shares on market

It is expected that trading of the Shares on the ASX (on a deferred settlement basis) will commence on or about Tuesday, 31 March 2015. It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a holding statement, successful Applicants do so at their own risk. The Company, SaleCo, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a holding statement, even if the Shareholder obtained details of their holding through the Touch Offer Information Line, the Joint Lead Managers or their Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on Thursday, 2 April 2015.

SECTION 8

INDEPENDENT LIMITED ASSURANCE REPORT





Ernst & Young Transaction Advisory
Services Limited
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20 March 2015

The Board of Directors
Touchcorp Limited
19 Par-la-Ville Road
Hamilton HM 11, Bermuda

The Board of Directors
Touchcorp SaleCo Limited
Level 16
380 La Trobe Street
Melbourne VIC 3000

Dear Directors

PART 1 — INDEPENDENT LIMITED ASSURANCE REPORT ON STATUTORY HISTORICAL FINANCIAL INFORMATION, PRO FORMA HISTORICAL FINANCIAL INFORMATION, STATUTORY FORECAST FINANCIAL INFORMATION AND PRO FORMA FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by Touchcorp Limited ("Touchcorp" or "Company") and Touchcorp SaleCo Limited to report on the statutory historical financial information, pro forma historical financial information, statutory forecast financial information and pro forma forecast financial information of Touchcorp for inclusion in the Prospectus ("Prospectus") to be dated on or about 20 March 2015, and to be issued by Touchcorp and Touchcorp SaleCo Limited, in respect of the initial public offering of Touchcorp's ordinary shares ("the Offer").

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the Corporations Act 2001. Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Stephen Lomas is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Statutory Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following statutory historical financial information of Touchcorp:

- ▶ the statutory historical consolidated income statements for the financial years ended 31 December 2012 ("FY2012"), 31 December 2013 ("FY2013") and 31 December 2014 ("FY2014") as set out in Table 11 in Section 4.3.3 of the Prospectus;
- ▶ the statutory historical consolidated cashflows for FY2012, FY2013 and FY2014 as set out in Table 35 in Appendix B of the Prospectus; and
- ▶ the statutory historical consolidated balance sheet as at 31 December 2014 as set out in Table 14 in Section 4.5 of the Prospectus.

(Hereafter the "Statutory Historical Financial Information")

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The Statutory Historical Financial Information has been derived from the financial report of Touch Holdings Limited for FY2012 and the financial report of Touchcorp for FY2014, with the FY2013 Statutory Historical Financial Information having been derived from the comparative financial information for FY2013 included in the FY2014 financial report. These financial reports were audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued unmodified audit opinions on these financial reports.

The Statutory Historical Financial Information has been prepared in accordance with recognition and measurement principles prescribed in Australian Accounting Standards issued by the Australian Accounting Standards Board, which is consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board and the accounting policies of Touchcorp as summarised in Appendix A of the Prospectus.

Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma historical financial information of Touchcorp:

- ▶ the pro forma historical consolidated income statements for FY2012, FY2013 and FY2014 as set out in Table 9 in Section 4.3.1 of the Prospectus;
- ▶ the pro forma historical consolidated cashflows for FY2012, FY2013 and FY2014 as set out in Table 15 in Section 4.6 of the Prospectus; and
- ▶ the pro forma historical consolidated balance sheet as at 31 December 2014 as set out in Table 14 in Section 4.5 of the Prospectus.

(Hereafter the “Pro Forma Historical Financial Information”)

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of Touchcorp and Touch Holdings Limited, and adjusted for the effects of pro forma adjustments described in Sections 4.3.4, 4.5 and 4.6.1 of the Prospectus.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards other than it includes certain adjustments which have been prepared in a manner consistent with Australian Accounting Standards, that reflect (a) the exclusion of certain transactions that occurred in the relevant periods and (b) the impact of certain transactions as if they had occurred on or before 31 December 2014.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company’s actual or prospective financial position, financial performance and cash flows.

Statutory Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following forecast financial information of Touchcorp:

- ▶ statutory forecast consolidated income statement of Touchcorp for the year ending 31 December 2015 (“FY2015”) as set out in Table 11 in Section 4.3.3 of the Prospectus; and
- ▶ statutory forecast consolidated cashflows of Touchcorp for FY2015 as set out in Table 15 in Section 4.6 of the Prospectus.

(Hereafter the “Statutory Forecast Financial Information”).



The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is in accordance with recognition and measurement principles prescribed in Australian Accounting Standards issued by the Australian Accounting Standards Board, which is consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board and the accounting policies of Touchcorp as summarised in Appendix A of the Prospectus.

Pro Forma Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma forecast financial information of Touchcorp:

- ▶ pro forma forecast consolidated income statement of Touchcorp for FY2015 as set out in Table 9 in Section 4.3.1 of the Prospectus; and
- ▶ pro forma forecast consolidated cashflows of Touchcorp for FY2015, as set out in Table 15 in Section 4.6 of the Prospectus.

(Hereafter the "Pro Forma Forecast Financial Information").

(Collectively, the "Financial Information").

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in Sections 4.3.4 and 4.6.1 of the Prospectus.

The Pro Forma Forecast Financial Information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards other than it includes certain adjustments which have been prepared in a manner consistent with Australian Accounting Standards, that reflect (a) the exclusion of certain transactions that occurred in the relevant period and (b) the impact of certain transactions as if they had occurred on or after 1 January 2015.

Due to its nature, the Pro Forma Forecast Financial Information does not represent the Company's actual prospective financial performance and cashflow for the year ending 31 December 2015.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors' Responsibility

Statutory Historical and Pro Forma Historical Financial Information

The Directors of Touchcorp are responsible for the preparation and presentation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.



Statutory Forecast and Pro Forma Forecast Financial Information

The Directors of Touchcorp are responsible for the preparation and presentation of the Statutory Forecast Financial Information for the year ending 31 December 2015, including the basis of preparation and the best-estimate assumptions underlying the Statutory Forecast Financial Information. They are also responsible for the preparation and presentation of the Pro Forma Forecast Financial Information for the year ending 31 December 2015, including the basis of preparation, selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Statutory Forecast Financial Information and Pro Forma Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Statutory Historical and Pro Forma Historical Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

Statutory Forecast and Pro Forma Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our limited assurance engagement.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Statutory Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information comprising:

- ▶ the statutory historical consolidated income statements for FY2012, FY2013 and FY2014 as set out in Table 11 in Section 4.3.3 of the Prospectus;
- ▶ the statutory historical consolidated cashflows for FY2012, FY2013 and FY2014 as set out in Table 35 in Appendix B of the Prospectus; and

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- ▶ the statutory historical consolidated balance sheet as at 31 December 2014 as set out in Table 14 in Section 4.5 of the Prospectus

is not presented fairly and properly, in all material respects, in accordance with the stated basis of preparation as described in Section 4.2.1 of the Prospectus.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information comprising:

- ▶ the pro forma historical consolidated income statements for FY2012, FY2013 and FY2014 as set out in Table 9 in Section 4.3.1 of the Prospectus;
- ▶ the pro forma historical consolidated cashflows for FY2012, FY2013 and FY2014 as set out in Table 15 in Section 4.6 of the Prospectus; and
- ▶ the pro forma historical consolidated balance sheet as at 31 December 2014 as set out in Table 14 in Section 4.5 of the Prospectus

is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 4.2.1 of the Prospectus.

Statutory Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- ▶ the Directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information of Touchcorp for the year ending 31 December 2015 do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- ▶ in all material respects, the Statutory Forecast Financial Information:
 - ▶ is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.8.1 of the Prospectus; and
 - ▶ is not presented fairly in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus; and
- ▶ the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- ▶ the Directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information of Touchcorp for the year ending 31 December 2015 do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- ▶ in all material respects, the Pro Forma Forecast Financial Information:
 - ▶ is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.8.1 of the Prospectus; and



- ▶ is not presented fairly in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus; and
- ▶ the Pro Forma Forecast Financial Information itself is unreasonable.

Statutory Forecast and Pro Forma Forecast Financial Information

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information have been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of Touchcorp for the year ending 31 December 2015. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which Statutory Forecast Financial Information and Pro Forma Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Touchcorp. Evidence may be available to support the Directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Touchcorp Limited, which are detailed in the Prospectus and the inherent uncertainty relating to the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Sections 4.9 and 5 of the Prospectus. The sensitivity analysis described in Section 4.9 of the Prospectus demonstrates the impact on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the forecast or pro forma forecast will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of Touchcorp, that all material information concerning the Prospectus and proposed operations of Touchcorp has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 4.2.1 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.



8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of this Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

A handwritten signature in black ink that reads 'Stephen R Lomas'.

Stephen Lomas
Director and Representative



Ernst & Young Transaction Advisory
Services Limited
8 Exhibition Street
Melbourne VIC 3000 Australia
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20 March 2015

**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT
LIMITED ASSURANCE REPORT**

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services” or “we,” or “us” or “our”) has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report (“Report”) in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide (“FSG”) provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$40,000 (exclusive of GST).

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Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits disclosed in this Prospectus in Section 6.4, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Transaction Advisory Services AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	Contacting the Independent Dispute Resolution Scheme: Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08
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This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

SECTION 9

ADDITIONAL INFORMATION



9.1 Registration

Touchcorp Limited is a company incorporated under the law of Bermuda as an 'exempted company' and registered by the Bermuda Registrar of Companies on 21 October 2013 with registration number 48280. An 'exempted company' is a company that is registered in Bermuda but is not permitted to conduct business there.

The Company and its subsidiaries are and will be subject to tax at the relevant corporate tax rates in the jurisdictions in which they operate.

The Company was registered as a Foreign Corporation under the Corporations Act on 20 January 2015.

9.2 Corporate history

Touch was founded in May 2000 by Adrian Cleeve and Keith Cleeve. The original intellectual property created within the Touch business, including the Touch name and trademark, was licensed to Intellect Holdings Limited (IHL) in 2002 and subsequently Intellect acquired the operating company Touch Networks, from Touch. In August of 2004, the subsidiary of IHL that owned Touch Networks was spun out of IHL and acquired by TAFMO Limited (now known as Touch Holdings Limited) (a company established for that purpose) in consideration for the payment of cash and the issue of TAFMO shares to IHL. In 2009, the combined business of TAFMO and IHL was renamed Touch Holdings Limited.

In 2013, Touch Holdings Limited was acquired by Touchcorp Limited, a Bermudian entity, in a 1-for-1 share exchange. The rationale supporting the change to the corporate structure and the consequent re-domicile of the holding company was to create a more flexible corporate structure in terms of ability to access international capital markets in the future and also establish an appropriate corporate structure that has an international focus recognising the significant growth opportunities for the Company in Europe, Asia and the Americas.

9.3 Material agreements

The Directors consider that there are a number of contracts which are significant or material to Touch or are of such a nature that an investor may wish to have details of them when making a decision as to whether to apply for Shares. The following key contracts are expected to result in Touch earning the forecast revenue and the servicing of which has as a minimum informed Touch's decisions in relation to its cost structures.

The main provisions of these contracts are summarised below, or elsewhere in this Prospectus. These summaries are included for the information of potential investors in the Offer but do not purport to be complete and are qualified by the text of the contracts themselves.

9.3.1 Optus MSA and PWAs

The relationship between Touch and Optus is constituted by a MSA under which Touch provides certain goods and services (including equipment and software but excluding collection of revenue) to Optus for a fee; a consolidated sub-agency agreement, which deals with the way in which Touch collects revenue on behalf of Optus and is paid a fee in exchange for doing so (**Consolidated Sub-Agency Agreement**); and individual PWAs, which specify the particular terms relevant to that project, including fees payable, the term of the agreement and obligations of each party with respect to the installation and integration project.

Touch's services to Optus range from retail sales of Optus PINs through Touch's Merchant network of Optus prepaid recharge products to the provision of IVR systems, Internet, mobile website and mobile device applications transaction and payment services primarily selling Optus prepaid mobile recharge products. Touch is required to meet certain service level agreements (**SLAs**) and Optus has the right to terminate Touch's agreement if it materially fails to meet the SLAs and fails to rectify relevant failures in a reasonable time.

There are multiple agreements in place with Optus with a variety of renewal dates and termination provisions, which collectively contribute significantly to Touch's revenue (refer to Section 3.6). Touch is in a continual process of revision, extension and renewal of these agreements, reflecting the operational requirements of Optus' business. The MSA and the Consolidated Sub-Agency Agreement are both due for renewal later this year. The Company and Optus are in discussions on the terms which should apply to their arrangements after scheduled expiry of existing agreements. There have been a number of successful renewals over the course of the Company's relationship with Optus, and a number of PWAs are still current.

Touch recognises that its relationship with Optus depends on its satisfactory performance and notes that these agreements can be terminated by Optus at any time in circumstances where Touch becomes insolvent or behaves in a manner likely to be damaging to Optus' business or reputation.

The agreements with Optus may also be terminated by Optus in certain circumstances, including if Touch commits a material breach of the agreement which remains unremedied for a specified period. In the case of the MSA, Optus may also terminate the agreement if Touch experiences a material change of control or the Consolidated Sub-Agency Agreement is terminated.

Either party may terminate the MSA and Consolidated Sub-Agency Agreement if there is a force majeure event that continues for a specified period, and either party may terminate any supply contract under the MSA or the Consolidated Sub-Agency Agreement for convenience at any time on the provision of written notice.

9.3.2 Virgin Mobile

Under the terms of the Optus MSA Touch is required to provide the services separately provided to Optus to its MVNO, Virgin Mobile (Australia) Pty Ltd (ACN 092 726 442) (**Virgin Mobile**). Touch is subject to similar SLAs in relation to Virgin Mobile services and Touch's agreement can be terminated in similar circumstances as those which exist under the MSA and Consolidated Sub-Agency Agreement, including for failure to meet SLAs or rectify failures.

9.3.3 Optus SIM Activation PWA

Touch has entered an additional PWA in relation to the control and tracking of the activation of subscriber identity modules (SIM) which store the international mobile subscriber identity (IMSI)

9.3.4 7-Eleven

Touch provides an in-store, e-service transacting platform to 7-Eleven Stores Australia. The terms of the agreement require Touch to continually modify and adapt the Touch Service to ensure that 7-Eleven is able to service its Consumers' requirements. The current agreement replaces the original agreement which commenced in 2007 and continues the requirement of service level agreements.

There is no fixed term but the contract can be terminated for performance-related reasons or by mutual consent. 7-Eleven may terminate the agreement in a number of circumstances, including when a competitor or person who is unable, unwilling or is unlikely to be willing to ensure that the relevant Touch contracting entity complies with its obligations under the agreement acquires greater than 50% shareholding in that entity or a related corporation (including the Company); a particular competitor acquires a direct or indirect interest in more than 10% of the relevant Touch contracting entity's shares; Touch commits a material breach of the agreement which remains unremedied for a specified period; an insolvency event occurs; acceptance of the system developed and installed by Touch has not occurred by a certain agreed date, or if a force majeure event has continued for more than 90 days from the date of notification.

9.3.5 Valora MSA and Swiss, German and Luxembourg PWA plus IM PWA

Touch has a MSA contract with the Valora Group covering a range of services in Switzerland, Germany, Luxembourg and Austria. Under the terms of the agreement Touch is required to provide services consistent with a series of detailed project works and SLA. Failure to meet the terms of the SLA can in some circumstances result in the termination of the contract by Valora.

The MSA operates as a framework agreement under which Touch provides services and continues until terminated in accordance with its terms. The parties have also entered into a number of PWAs in relation to each specific installation and integration project, which incorporate the terms of the MSA as well as specifying the particular terms relevant to that project, including fees payable, the term of the agreement and obligations of each party with respect to the installation and integration project.

The MSA does not have a fixed term and continues until terminated by either party. Either party is entitled to terminate in a number of circumstances, including where a force majeure event continues for more than 30 business days or in accordance with a termination right existing under a PWA (which often includes similar termination events as those which exist under the MSA). The MSA may not however, be terminated while a PWA remains current.

The MSA provides that transactions were initially to be processed in Valora retail outlets in Switzerland, Luxembourg and Germany, with scope to expand the jurisdictions in which transactions could be processed by agreement between the parties.

9.3.6 Reitan MSA and Norway and Sweden PWAs

Touch has entered into a MSA with the Reitan Group which covers that Group's operations in the four Scandinavian countries (Norway, Sweden, Finland and Denmark) and the three Baltic States (Latvia, Estonia and Lithuania). The commencement of the Reitan MSA is conditional on the success of a pilot program to ensure that the Touch System is able to meet the requirements of Reitan; however Touch expects to be able to meet the stipulated requirements and anticipates that the MSA will commence shortly.

Touch is required to deliver access to the Touch Service to Reitan Merchants across each country and to operate the systems in accordance with a variety of SLAs. Failure to deliver the required access or to operate in accordance with the relevant SLAs can, in certain circumstances, result in termination of the MSA and associated PWAs.

Under the terms of the MSA, either party is entitled to terminate with immediate effect on written notice in certain circumstances, including where a material breach of the MSA or a PWA is committed, on the insolvency of the other party or where a force majeure event continues for more than 30 business days. The MSA may not however, be terminated while a PWA remains current.

9.3.7 Telstra

Touch has historically provided services to Telstra, particularly in the prepaid mobile business segment under the terms of multiple agreements. On 17 December 2014, the Company entered into a significant new agreement with Telstra which replaces earlier arrangements between the parties (**EPIN Agreement**). The EPIN Agreement deals with EPIN supply rights to Touch, commissions, reconciliation processes, EPIN stock arrangements and transitioning the systems of Telstra and Touch to real-time supply methods, in substitution for earlier EPIN purchased inventory systems. The EPIN Agreement also details a process for Touch to offer its expanded range of services to Telstra.

Under the terms of the EPIN Agreement, Telstra is entitled to terminate the agreement in a range of circumstances, including in circumstances where Telstra changes its procedures and the parties do not agree with the change upon three months' written notice, where Touch fails to meet the agreed service level commitments, where beneficial ownership in Touch is transferred or assigned to a competitor of Telstra without Telstra's prior consent, where Touch ceases operation of its business for reasons within its control for more than 10 consecutive days, or where a force majeure event continues for more than three consecutive months.

9.3.8 Logistik MSA and PWA

Touch provides the Touch Services to Logistik Consulting GES.M.B.H (**Logistik Consulting**) in Austria, servicing approximately 4,000 Merchants under the terms of an MSA that operates as a framework agreement. The parties have also entered into a number of PWAs in relation to each specific installation and integration project, which incorporate the terms of the MSA as well as specifying the particular terms relevant to that project, including fees payable, the term of the agreement and the obligations of each party with respect to the installation and integration project. The MSA does not have a fixed term and continues until terminated by either party. Either party is entitled to terminate in a number of circumstances, including where a force majeure event continues for more than 30 business days or in accordance with a termination right existing under a PWA (which often includes similar termination events as those which exist under the MSA). The MSA may not, however, be terminated while a PWA remains current.

9.3.9 MyEG MSA

Touch has entered into a MSA with MY E.G. Services Berhad (**MyEG**) under which Touch is to integrate the Touch System with various MyEG applications to enable MyEG to process payment transactions and to assist with any necessary compliance requirements of MyEG. The parties will also enter into a number of PWAs in relation to each specific project, which will incorporate the terms of the MSA as well as specifying the particular terms relevant to that project, including fees payable, the terms of the agreement and obligations of each party with respect to the project. The MSA does not have a fixed term and continues until terminated by either party. Either party is entitled to terminate in a number of circumstances, including where a force majeure event continues for more than 30 business days or in accordance with a termination right existing under a PWA (which often includes similar termination events as those which exist under the MSA). The MSA may not however, be terminated while a PWA remains current.

9.3.10 Pre-IPO transactions

9.3.10.1 Transfer of Shares by Shareholders to SaleCo

Please refer to Section 7.3 for a description of the proposed transfer of Shares by Existing Shareholders to SaleCo to enable their participation in the Offer.

9.3.11 Underwriting Agreement

The Company, SaleCo and the Joint Lead Managers signed an Underwriting Agreement on Thursday, 12 March 2015. Under the Underwriting Agreement, the Company and SaleCo appointed Goldman Sachs as Sole Global Co-ordinator, Sole Bookrunner and Sole Underwriter of the Offer. They also appointed Goldman Sachs and Wilson HTM as Joint Lead Managers of the Offer and the Joint Lead Managers have agreed to arrange and manage the Offer. The following is a summary of the principal provisions of the Underwriting Agreement.

9.3.11.1 Fees and expenses

The Company has agreed to pay to the Sole Underwriter a management fee of \$1,750,000 and an underwriting fee of 3.5625% of the Offer proceeds. The Sole Underwriter will, on behalf of the Company, pay, or procure payment to, Wilson HTM a management fee of \$200,000 and a selling fee of \$500,000 out of the fees payable to the Sole Underwriter under the Underwriting Agreement.

In addition, the Company and SaleCo must pay, or reimburse the Joint Lead Managers for, reasonable expenses in relation to the Offer, including legal costs and disbursements, reasonable expenses incurred in connection with the qualification of the Shares for issue or sale under the laws of relevant jurisdictions outside Australia (as agreed between the Company, SaleCo and the Joint Lead Managers), any stamp duty, and any reasonable costs that the Joint Lead Managers may incur in respect of any review of the Offer documents by any regulatory body.

The Sole Underwriter must pay, or procure payment, to any Broker a broker firm fee of 1.50% of the Australian dollar amount of commitments settled by the Broker under the Broker Firm Offer out of the fees payable to the Sole Underwriter under the Underwriting Agreement. However any other fees or expenses of co-managers, co-lead managers and Brokers will be borne by the Company.

9.3.11.2 Representations, warranties and undertakings

The Company and SaleCo give certain standard representations, warranties and undertakings to the Joint Lead Managers (as well as common conditions precedent, including the entry into voluntary escrow arrangements by the Escrowed Shareholders in a form and substance acceptable to the Joint Lead Managers).

The representations and warranties given by the Company include but are not limited to matters such as power and authorisations, compliance with applicable laws and ASX Listing Rules, financial information, documents issued or published by or on behalf of the Company in respect of the Offer, the conduct of the Offer and the due diligence process, litigation, material contracts, insolvency, intellectual property, dividends and distributions, title to property, internal controls, tax and labour.

The representations and warranties given by SaleCo include, but are not limited to, matters such as power and authorisations, the shares to be acquired by SaleCo as described in Section 7.3, compliance with applicable laws and ASX Listing Rules and the conduct of the Offer.

The Company and SaleCo provide undertakings under the Underwriting Agreement which include, but are not limited to, notifications of breach of any obligation, representation, warranty or undertaking given by them under the Underwriting Agreement, or the occurrence of a termination event, or the non-satisfaction of any condition.

With the exception of the Shares issued under the Offer and certain other limited exceptions, the Company also provides an undertaking that it will not, without the Sole Underwriter's prior written consent (which is not to be unreasonably withheld or delayed), issue or agree to issue any Shares (or other securities in the capital of the Company or any member of the Touch group of companies) at any time after the date of the Underwriting Agreement until 90 days after Completion of the Offer. The Company also provides undertakings that for the same 90 day period, it will not alter the capital structure of the Company or amend its memorandum of association or Bye-laws.

9.3.11.3 Indemnity

The Company and SaleCo jointly and severally agree to indemnify the Joint Lead Managers and their related bodies corporate, officers, directors, employees, partners, contractors, advisers, representatives and agents against all claims, demands, damages, losses, costs, expenses, liabilities or damages incurred by them in connection with the Offer and the Offer documents (subject to certain customary exclusions relating to, among other things, gross negligence, wilful misconduct or fraud of an indemnified party).

9.3.11.4 Termination events

If any of the following events occur at any time from the date of execution of the Underwriting Agreement until 4.00pm on the date for Settlement under the Offer (or at any other earlier time as specified below), the Sole Underwriter may, by notice given to the Company, SaleCo and Wilson HTM, terminate its obligations under the Underwriting Agreement:

- **(Disclosures in Prospectus)** in the Sole Underwriter's reasonable opinion, there is a misleading or deceptive statement in the Prospectus or Application Form in or accompanying the Prospectus or an omission from the Prospectus of material required by sections 710, 711, 715A or 716 of the Corporations Act;
- **(Supplementary prospectus)** the Company or SaleCo issues, or in the reasonable opinion of the Sole Underwriter, is required to issue, a supplementary prospectus to comply with section 719(1) of the Corporations Act or lodges a supplementary prospectus with ASIC in a form and substance that has not been approved by the Joint Lead Managers in circumstances where such approval is required;

- **(Listing and quotation)** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions to:
 - the Company's admission to the official list of ASX on or before the date required in the Underwriting Agreement; or
 - the quotation of the Offer Shares on ASX or for the Offer Shares to be traded through CHESS on or before the date required in the Underwriting Agreement;
- **(Market fall)** at any time the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the date of close of the Bookbuild and is at or below that level at the close of trading (i) for 2 consecutive Business Days during any time after the date of the Underwriting Agreement or (ii) on the Business Day immediately prior to the date for Settlement under the Offer;
- **(Voluntary escrow agreement)** any voluntary escrow agreement referred to in Section 7.19 is withdrawn, varied, terminated, rescinded, altered, amended or breached or there is a failure to comply with any of them;
- **(Share sale deed)** any share sale deed entered into to effect the transfer of shares as contemplated in Section 7.3 is breached, amended without the consent of the Sole Underwriter (such consent not to be unreasonably withheld or delayed), rescinded or terminated or the offer contained in any such share sale deed is withdrawn by the selling Shareholder;
- **(Fraud)** the Company, SaleCo or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of this agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
- **(Notifications)** any of the following notifications are made in respect of the Offer:
 - ASIC issues an order (including an interim order) under section 739 of the Corporations Act and any such order is not withdrawn within 3 Business Days of the date for Settlement under the Offer or, if it is made within 3 Business Days of the date for Settlement under the Offer, it has not been withdrawn by the day before the date for Settlement under the Offer;
 - ASIC holds a hearing under section 739(2) of the Corporations Act;
 - An application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an offer document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an offer document and any such application, investigation or hearing is not withdrawn within 3 Business Days of the date for Settlement under the Offer or, if it is made within 3 Business Days of the date for Settlement under the Offer, it has not been withdrawn by the day before the date for Settlement under the Offer;
 - Any person who has previously consented to the inclusion of its name in the Prospectus (other than a Joint Lead Manager) withdraws that consent; or
 - Any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than a Joint Lead Manager);
- **(Certificate)** the Company or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement;
- **(Withdrawal)** the Company or SaleCo withdraws the Prospectus or the Offer;
- **(Insolvency events)** the Company, SaleCo or any group member of Touch becomes insolvent, or there is an act or omission which is likely to result in the Company, SaleCo or any group member of Touch becoming insolvent;
- **(Timetable)** an event specified in the timetable in the Underwriting Agreement up to and including the date for Settlement under the Offer is delayed by more than two Business Days (other than any delay agreed between the Company, SaleCo and the Sole Underwriter);
- **(Change to Company)** the Company:
 - Alters the issued capital of the Company or any group member of Touch; or
 - Disposes or attempts to dispose of a substantial part of the business or property of the Company or any group member of Touch,
 without the prior written consent of the Sole Underwriter;
- **(Change in management)** Adrian Cleeve ceases to be the Chief Executive Officer of the Company, Tony Bianco ceases to be the Chief Financial Officer of the Company, Jason Van ceases to be the Head of Platforms, Development & Operations of the Company or there is a change in the board of directors of the Company;
- **(Unable to issue Shares)** the Company is prevented from allotting and issuing the New Shares, or SaleCo is prevented from transferring the Shares, by applicable laws, an order of a court of competent jurisdiction or a governmental authority;

- **(Material contracts)** if any of the obligations of the relevant parties under any of the material contracts summarised in this Prospectus are not capable of being performed in accordance with their terms (in the reasonable opinion of the Sole Underwriter) or if all or any part of any material contract:
 - Is terminated;
 - Ceases to have effect, otherwise than in accordance with its terms; or
 - Is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal;
- **(Memorandum of association and bye-laws)** except as disclosed in the offer documents or minuted at a due diligence committee meeting, the Company varies any term of its memorandum of association or bye-laws without the prior written consent of the Sole Underwriter (such consent not to be unreasonably withheld or delayed); or
- **(Prosecution)** any of the following occur:
 - A director or proposed director of the Company named in the Prospectus is charged with an indictable offence; or
 - Any director or proposed director of the Company named in the Prospectus is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.

9.3.11.5 Termination subject to materiality

The Sole Underwriter may terminate the Underwriting Agreement, by notice to the Company, SaleCo and Wilson HTM, at any time after the date of the Underwriting Agreement until 4.00pm on the date for Settlement under the Offer (or at any other earlier time as specified below) if any of the following events occur and the Sole Underwriter has reasonable grounds to believe the event: (i) has or is likely to have a materially adverse effect on the success, marketing or outcome of the Offer or on the ability of the Sole Underwriter to market, promote or settle the Offer or on the likely price at which the Shares will trade on ASX, or the willingness of investors to subscribe for the Shares; or (ii) will, or is likely to, give rise to a liability of the Sole Underwriter under, or a material contravention by the Sole Underwriter or any of its related bodies corporate of, any applicable law or the rules of the Financial Industry Regulation Authority or the Underwriting Agreement:

- **(Compliance with law)** any of the offer documents, any public or media statements made by or on behalf of the Company or SaleCo in relation to the business of the Touch group or the Offer (**Public Information**) is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an offer document or the Public Information (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act), the ASX Listing Rules or any other applicable law or regulation);
- **(Disclosures in the due diligence committee report)** the due diligence committee report adopted by the due diligence committee established in connection with the Offer, or any other information supplied by or on behalf of the Company or SaleCo to the Sole Underwriter in relation to the Touch group of companies or the Offer is, or becomes, false, misleading or deceptive, including by way of omission;
- **(Adverse change)** an event occurs which is, or is likely to give rise to an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Touch group of companies from those disclosed in this Prospectus;
- **(Change of law)** there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation, government policy or governmental agency policy (including ASIC) in Australia, New Zealand, Malaysia, Switzerland, Sweden, Norway, Denmark, the U.S., the U.K., Hong Kong, Bermuda or Singapore (other than a law, regulation or policy which has been announced before the date of the Underwriting Agreement);
- **(Representations and warranties)** a representation or warranty contained in the Underwriting Agreement on the part of the Company or SaleCo is not true or correct;
- **(Breach)** the Company or SaleCo defaults on one or more of its obligations under the Underwriting Agreement;
- **(Breach of laws)** there is a contravention by the Company or any other member of the Touch group of companies of the Corporations Act, the Competition and Consumer Act 2010 (Cth), ASIC Act (any regulations under those acts), its constitution or memorandum of association and Bye-laws (as applicable), any of the ASX Listing Rules or any other applicable law;
- **(Legal proceedings)** any of the following occurs:
 - A director of SaleCo or the Company is charged with an indictable offence;
 - Any director of SaleCo or the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
 - The commencement of legal proceedings against SaleCo or the Company or any of their directors in their capacity as a director; or
 - Any regulatory body commences any inquiry against any member of the Touch group of companies or SaleCo or the Company, other than in relation to any matter that has been disclosed in this Prospectus or minuted at a due diligence committee meeting;

- **(Disruption in financial markets)** any of the following occurs:
 - A general moratorium on commercial banking activities in Australia, the U.S., the U.K. or Hong Kong is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - Trading in all securities quoted or listed on ASX is suspended for at least one day on which that exchange is open for trading;
- **(Information supplied)** any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of a member of the Touch group of companies to the Joint Lead Managers in respect of the Offer or the Touch group of companies is, or is found to be, misleading or deceptive, or likely to mislead or deceive (including by omission);
- **(Hostilities)** hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the U.S., the U.K., the People’s Republic of China, Singapore, Malaysia, Hong Kong, Switzerland, Sweden, Norway, Denmark or any member state of the European Union or a major terrorist act is perpetrated on any of those countries;
- **(Forecasts)** there are not, or there ceases to be, reasonable grounds in the opinion of the Sole Underwriter for any statement or estimate in this Prospectus which relates to a future matter;
- **(Certificate)** a closing certificate provided under the Underwriting Agreement is false, misleading or deceptive (including by way of omission);
- **(Regulatory approvals)** if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform their obligations under the Underwriting Agreement or to carry out the transactions contemplated by this Prospectus; or
- **(Material contracts)** all or any part of any material contract summarised in this Prospectus:
 - Is amended or varied without the consent of the Sole Underwriter; or
 - Is breached.

9.4 Differences between Australian and Bermuda company law

The Company is incorporated in Bermuda, and its corporate affairs are governed by (among other things) its Bye-laws and the Bermuda Companies Act. It operates subject to Bermudan law and, in particular, is not subject to certain aspects of Australian company law. The Company has been designated by the BMA as non-resident for Bermuda exchange control purposes.

Table 33 notes the key differences between Australian and Bermudan company law.

TABLE 33: KEY DIFFERENCES BETWEEN AUSTRALIAN AND BERMUDAN COMPANY LAW

	Australia	Bermuda
Takeovers	Substantial holder notice requirements and 20% stop rule.	<p>No equivalent substantial holder notice or 20% stop rule provisions.</p> <p>The Company may be required to disclose changes in substantial holdings of which it is aware in accordance with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules.</p> <p>The Company has also incorporated into its Bye-laws Shareholder protection provisions which are similar to the provisions of Chapter 6 of the Corporations Act which seek to protect the interests of Shareholders where a person seeks to acquire a substantial interest in, or control of, the Company (refer to Section 9.7).</p>

	Australia	Bermuda
Takeovers <i>(continued)</i>	Compulsory acquisition permitted by holders of 90% or more of shares.	Compulsory acquisition permitted: <ul style="list-style-type: none"> Where a scheme or contract involving the transfer of shares in a company to another company (in this item referred to as 'transferee company'), has, within four months after the making of the offer in that behalf by the transferee company, been approved by the holders of not less than 90% in value of the shares whose transfer is involved, other than shares already held at the date of the offer by, or by a nominee for, the transferee company or its subsidiary; and By holders of 95% or more of shares.
Financial assistance/self-acquisition	Financial assistance and self-acquisition of shares in the company are prohibited, subject to limited exception.	The Bermuda Companies Act does not prohibit financial assistance. A Bermuda company may acquire its own shares to be held as treasury shares or for cancellation, if authorised to do so by its memorandum of association or bye-laws.
Related-party transactions	The Corporations Act regulates the provision of financial benefits to related parties of 'public companies'.	The Bermuda Companies Act does not contain provisions to this effect. The Company will, however, be required to comply with ASX listing rule requirements in respect of related-party transactions.
Protection of minorities	The Corporations Act has various provisions allowing for application for a court order for oppressive conduct of a company's affairs, allowing for derivative actions and permitting the inspection of a company's books. A winding up may also be sought on just and equitable grounds.	Bermuda law has comparably wide statutory oppression, and just and equitable winding up actions. Class actions are generally not available to Shareholders under Bermudan law. Derivative actions are, in some circumstances, available to shareholders under Bermudan law.
Filing of documents and access to information	The Corporations Act requires a corporation to file various documents with ASIC, including its accounts and notification of changes to its constitution. Documents filed with ASIC are available to the public. The Corporations Act also provides for a statutory right to apply to a court for an order permitting the shareholder to inspect the books of a company.	Although the Company is required to comply with the Australian obligations as a foreign company registered in Australia and may also be required to disclose such information to the ASX under disclosure requirements of the Corporations Act and the ASX Listing Rules, the Company is not subject to orders under the Corporations Act permitting a shareholder to inspect its books.

	Australia	Bermuda
Filing of documents and access to information <i>(continued)</i>		<p>The Bermuda Companies Act requires a company to file certain documents with the Bermuda Registrar of Companies, including an increase in authorised share capital, a company's memorandum of association (including its objects and powers) and any alteration thereto. Members of the general public have the right to inspect the public documents of a company available at the office of the Bermuda Registrar of Companies which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association.</p> <p>The shareholders of a company have the right to inspect the bye-laws of the company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. The register of members of a company shall during business hours (subject to such reasonable restrictions as the company may impose so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the general public without charge.</p>
Notice of meetings	The Corporations Act requires at least 28 days' notice of a general meeting of a listed company.	The Bermuda Companies Act requires at least five days' notice of a general meeting.
Removal of directors	The Corporations Act contains various provisions regarding resignation, removal and retirement of directors. The Corporations Act provides that a director may be removed by resolution at a general meeting, subject to a company receiving at least two months' notice of the intention to move the resolution and the company notifying the relevant director as soon as possible after receiving notice of that intention.	The Bermuda Companies Act provides that subject to a company's bye-laws, the shareholders of a company may, at a special general meeting called for that purpose, remove a director. Notice of such meeting must be served on the director at least 14 days before the meeting and the director shall be entitled to be heard at the meeting.
Directors' duties	The Corporations Act contains a number of statutory duties which are imposed on directors, including the duty of due care and diligence, good faith and avoidance of improper use of position or information.	The Bermuda Companies Act provides for comparable duties, being to act honestly and in good faith with a view to the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

	Australia	Bermuda
Remuneration reports	<p>Under the Corporations Act, if 25% of the shareholders at a company's annual general meeting vote against the company's remuneration report, the company will receive a 'first strike'.</p> <p>If the company's remuneration report at the next annual general meeting is also voted against by 25% or more of the company's shareholders, the shareholders will vote at the same annual general meeting to determine whether all the directors will need to stand for re-election.</p> <p>If at least 50% of the shareholders present at the meeting vote in favour of the 'spill' resolution, then a 'spill meeting' at which the directors will face re-election, must be held within 90 days.</p>	<p>The Bermuda Companies Act does not contain any equivalent provision to this effect in relation to remuneration reports.</p>

Where it is noted in Table 33 above that Bermudan company law contains comparable provisions to those existing under Australian law, it is emphasised that the summary table only attempts to provide general guidance, and that the detailed provisions may contain differences (including as to the availability of the cause of action), and may also be subject to differing interpretation by Australian and Bermudan courts.

9.5 Applicable Company law

As the Company is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Bermuda Companies Act and the Bermuda Registrar of Companies.

Set out below is a summary of certain provisions of Bermudan company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermudan company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

9.5.1 Share Capital

The Bermuda Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares must be transferred to an account (Share Premium Account) to which the provisions of the Bermuda Companies Act relating to a reduction of share capital of a company shall apply as if the Share Premium Account were paid up share capital of the company, except that the Share Premium Account may be applied by the company:

- In paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares;
- In writing off:
 - The preliminary expenses of the company; or
 - The expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or
- In providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares, the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Bermuda Companies Act permits a company to issue preference shares and, subject to the conditions stipulated therein, to convert those preference shares into redeemable preference shares.

The Bermuda Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws of a company authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required. The holders of not less in the aggregate than 10% of the issued shares

of that class may apply to a Bermudan court to have the variation cancelled and, where such application is made, the variation shall not have effect unless and until it is confirmed by the court.

Where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the rights attached to any class of shares may, unless otherwise provided by the terms of issue of that class, be varied with the written consent of the holders of three quarters of the issued shares of that class or the sanction of a resolution passed as aforesaid.

9.5.2 Membership

Under the Bermuda Companies Act, only those persons who agree to become shareholders of a Bermuda company and whose names are entered on the register of shareholders of such a company are considered shareholders. A Bermuda company is also not bound to see to the execution of any trust, whether express, implied or constructive, to which any of its shares are subject and whether or not the company had notice of such trust.

Accordingly, persons holding shares through a trustee, nominee or depository will not be recognised as shareholders of a Bermuda company under Bermuda law and may only have the benefit of rights attaching to the shares or remedies conferred by law on shareholders through or with the assistance of the trustee, nominee or depository.

9.5.3 Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Shares repurchased may be cancelled or held as treasury shares.

Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the Share Premium Account. Any amount due to a shareholder on a purchase by a company of its own shares may:

- Be paid in cash;
- Be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or
- Be satisfied partly under each of the above requirements.

Any purchase by a company of its own shares may be authorised by its board of Directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled (in which event, the company's issued, but not its authorised, capital will be diminished accordingly) or may be held as treasury shares. Under the laws of Bermuda, if a company holds shares as treasury shares, the company shall be entered in the register of members as the shareholder holding the shares but the company is not permitted to exercise any rights in respect of those shares and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermudan law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Bermudan law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. A company, whether a subsidiary or a holding company, may only purchase its own shares for cancellation if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Bermuda Companies Act.

9.5.4 Takeovers

There are presently no Bermudan laws or regulations of general application which will require persons who acquire significant holdings in the Company's Shares to make takeover offers for those Shares or to notify the Company.

9.5.5 Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- The company is, or would after the payment be, unable to pay its liabilities as they become due; or
- The realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and Share Premium Accounts.

Contributed surplus is defined for purposes of section 54 of the Bermuda Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

9.5.6 Protection of minorities

Class actions are generally not available to shareholders under the laws of Bermuda. Derivative actions are available to Shareholders under some circumstances. The Bermudan courts would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye bye-laws. Furthermore, consideration would be given by the Bermudan court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any shareholder of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the shareholders, including themselves, may petition the Bermudan court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the shareholders but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any shareholders of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermudan law also provides that the company may be wound up by the Bermudan court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the Bermudan court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of loss or damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

The Bermuda Companies Act also provides that the Minister of Finance of Bermuda may at any time appoint one or more inspectors to investigate the affairs of an exempted company and to report on them in such manner as the Minister may direct. The inspector shall, on the completion of their investigation, report to the Minister and shall send copies of such reports to the company. However, no other person shall be informed of the nature or contents of the report save at the request of the company or on the direction of the Minister. Upon receiving the inspector's report, the Minister may require the company to take such measures as they may consider necessary in relation to its affairs or direct the Bermuda Registrar of Companies to petition the Bermuda court for the winding up of the company.

9.5.7 Management

The Bermuda Companies Act contains no specific restriction on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising their powers and discharging their duties must act honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Bermuda Companies Act requires that every officer should comply with the Bermuda Companies Act, regulations passed pursuant to the Bermuda Companies Act and the bye laws of the company. The Bermuda Companies Act contains no specific provision in respect of the establishment or composition of audit committees or similar committees of the board of directors of a company.

9.5.8 Accounting and auditing requirements

The Bermuda Companies Act requires a company to cause proper records of account to be kept with respect to:

- All sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- All sales and purchases of goods by the company; and
- The assets and liabilities of the company.

Furthermore, it requires a company to keep its records of account at the registered office of the company or at such other place as the directors think fit and such records must at all times be open to inspection by the directors or the resident representative of the company.

If the records of account are kept at some place outside Bermuda, there must be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three-month period, except that where the company is listed on an appointed stock exchange (as defined in the Bermuda Companies Act), there must be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six-month period.

The Bermuda Companies Act requires that the directors of the company must, at least once a year, lay before the company in a general meeting financial statements for the relevant accounting period signed on the balance sheet page by two directors of the company; however, this requirement may be waived if all of the members and all of the directors, either in writing or at a general meeting, agree that in respect of a particular interval no financial statements or auditor's report thereon need be laid before a general meeting.

Further, the company's auditor must audit the financial statements so as to enable them to report to the shareholders. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the shareholders. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Bermuda Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor must identify the generally accepted auditing standards used. Subject to certain exceptions provided in the Bermuda Companies Act, the company must send to every shareholder a copy of the financial statements, prepared in accordance with generally accepted accounting principles and containing all such information and documents as required by the Bermuda Companies Act (Financial Statements), at least five days before the general meeting of the company at which the Financial Statements are to be tabled.

A company listed on an appointed stock exchange may send to its shareholders summarised financial statements derived from the Financial Statements for the relevant period instead of the Financial Statements. The summarised financial statements must include a summarised report of the Financial Statements and be accompanied by the auditor's report. The summarised financial statements must be sent to shareholders not less than 21 days before the general meeting at which the Financial Statements are to be tabled, and a copy of the summarised financial statements must be made available for inspection by the public at the company's registered office in Bermuda. The company must also make a copy of the full Financial Statements available for inspection by the public at the company's registered office. Summarised financial statements must be accompanied by a notice informing shareholders how they may elect to receive the company's Financial Statements.

9.5.9 Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that no auditor shall be appointed to hold office until the close of the next annual general meeting.

A person, other than an incumbent auditor, is not capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than 21 days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the shareholders not less than seven days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the foregoing requirements.

An auditor appointed to replace another auditor must, before accepting the appointment or consenting to be appointed, seek from the former auditor a written statement as to the circumstances of the latter's replacement. If the former auditor does not respond within 15 days, the new auditor may act in any event.

An appointment as auditor of a person who has not requested a written statement from the former auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned or been removed, or whose term of office has expired or is about to expire, or who has vacated office, is entitled to:

- Attend the general meeting of the company at which they are to be removed or their successor is to be appointed;
- Receive all notices of, and other communications relating to, that meeting which a shareholder is entitled to receive; and
- Be heard at that meeting on any part of the business of the meeting that relates to their duties as auditor or former auditor.

9.5.10 Exchange control

Exchange control is operated under the Exchange Control Act 1972 of Bermuda (and the regulations made thereunder) and is administered by the BMA. Under the regulations, any payment by a person resident in Bermuda to or for the credit of a person resident outside Bermuda will require prior approval from the BMA, although the BMA's long-standing policy is to grant general permission for all such payments with no application for approval necessary.

Exempted companies are normally designated non-resident for exchange control purposes and are able to conduct their day-to-day operations free of exchange control formalities. Such companies are able to pay dividends, distribute capital, open and maintain bank accounts in any foreign currency and to acquire assets and meet all liabilities without reference to the Bermuda Monetary Authority.

Issues and transfers of securities in exempted companies involving non-residents for exchange control purposes must receive prior approval from the BMA. However, the BMA has granted to all Bermudan companies with voting shares listed on an appointed stock exchange a general permission for the issue and subsequent transfer of any securities of such companies from and/or to a non-resident of Bermuda for so long as any voting shares of such companies remain so listed.

9.5.11 Taxation

Under present Bermuda law, no Bermudan withholding tax on dividends or other distributions, or any Bermudan tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, and there is no Bermudan tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda.

Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable to it or any of its operations until 31 March 2035, although this assurance will not prevent the imposition of any Bermudan tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

9.5.12 Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving Bermudan property. This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in Bermudan local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

9.5.13 Loans to directors

Bermudan law prohibits a company from:

- Making loans to any of its directors (or any directors of its holding company) or to their spouse or children or to companies (other than a company which is a holding company or a subsidiary of the company making the loan) in which they own or control directly or indirectly more than a 20% (20%) interest; or
- Entering into any guarantee or providing any security in connection with a loan made to such persons as aforesaid by any other person,

without the consent of any shareholder or shareholders holding in aggregate not less than nine tenths of the total voting rights of all shareholders having the right to vote at any meeting of the shareholders of the company.

These prohibitions do not apply to anything done to provide a director with funds to meet the expenditure incurred or to be incurred by them for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan, guarantee or security is made or given on condition that it will be repaid or discharged, as the case may be, within six months from the conclusion of the next following annual general meeting if the loan, guarantee or security is not approved at or before such meeting. If the approval of the company is not given for the loan, guarantee or security as aforesaid, the directors who authorised it will be jointly and severally liable to indemnify the company for any loss arising therefrom.

9.5.14 Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Bermuda Registrar of Companies which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association.

The shareholders of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting.

Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two hours during business hours each day.

Except when the register of members is closed under the provisions of the Bermuda Companies Act, the register of members of a company shall during business hours (subject to such reasonable restrictions as the company may impose so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the general public without charge. A company may on giving notice by advertisement in an appointed newspaper close the register of members for any time or times not exceeding in the whole 30 days in a year.

A company is required to maintain its register of members in Bermuda but may, subject to the provisions of the Bermuda Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any member of the public may require a copy of the register of members or any part thereof which must be provided within 14 days of a request on payment of the appropriate fee prescribed in the Bermuda Companies Act. Bermudan law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office in Bermuda and such register must during business hours (subject to such reasonable restrictions as the company may impose, so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the public without charge. Any shareholder of the public may require a copy of the register of directors and officers, or any part of it, on payment of the appropriate fee prescribed in the Bermuda Companies Act.

Where a company, the shares of which are listed on an appointed stock exchange, sends its summarised financial statements to its members pursuant to section 87A of the Bermuda Companies Act, a copy of the full financial statements (as well as the summarised financial statements) must be made available for inspection by the public at the company's registered office in Bermuda.

9.5.15 Shareholder approval

Shareholders of a Bermudan company appoint the directors and auditor of the company at the annual general meeting. Shareholders must also approve changes to the name of the company, alterations to the company's memorandum of association and bye-laws, alteration of the company's authorized share capital, mergers, amalgamations, discontinuances from Bermuda to other jurisdictions, and conversions of preference shares to redeemable preference shares. Shareholders must also approve alterations to share rights (as discussed above) and, subject to the Bermuda Companies Act, voluntary wind-ups of the company (as discussed below).

An annual general meeting must be held at least once in every calendar year unless shareholders vote in a general meeting to dispense with the holding of one or more AGMs. In any year in which an AGM is dispensed with, any member may require the holding of an AGM by notice to the company not later than three months before the end of the year. There is no general provision in Bermudan law providing the right of shareholders to request or require a general meeting other than the AGM. Shareholders may vote in general meetings in person or by proxy.

9.5.16 Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributories. The Bermuda court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable to do so.

A company may be wound up voluntarily when the shareholders so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such a company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in their hands and no future executive action may be carried out without their approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a shareholders' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a shareholders' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Bermuda Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full in the period stated in the directors' declaration of solvency, they are obliged to summon a meeting of creditors and lay before the meeting a statement of the assets and liabilities of the company.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda. In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company

to be summoned for the day, or the next day following the day on which the meeting of the shareholders at which the resolution for voluntary winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to shareholders. In addition, such a company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the shareholders at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors and the shareholders nominate different persons, the person nominated by the creditors shall be the liquidator. If no person is nominated by the creditors, the person (if any) nominated by the company shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year and must lay before such meetings an account of their acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purpose of laying the account before such meetings and giving an explanation thereof. This meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

Within one week after the date of the meetings, or if the meetings are not held on the same date, after the date of the later meeting, the liquidator is required to send to the Bermuda Registrar of Companies a copy of the account and make a return in accordance with the Bermuda Companies Act. The company will be deemed to be dissolved on the expiration of three months from the registration by the Bermuda Registrar of Companies of the account and the return. However, the Bermudan court may, on the application of the liquidator or of some other person who appears to the court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the court thinks fit.

9.6 Financing arrangements

Touch operates transactional bank accounts with National Australia Bank and Westpac Bank in Australia. The Bank accounts do not include any debt facilities and Touch is debt free. These are current accounts which operate with positive balances.

9.7 A summary of rights and liabilities attaching to Shares and other material provisions of the Company's Bye-laws

9.7.1 Rights attaching to Shares

The rights attaching to the Shares are set out in the Company's Bye-laws and are, in certain circumstances, regulated by the Bermuda Companies Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law. The principal rights, liabilities and obligations of the Shareholders are summarised below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX. As the Company is incorporated in Bermuda, certain provisions of the Corporations Act will not apply to offers for the Shares, including in relation to takeovers and substantial holdings, financial assistance, related party transactions and voting on remuneration reports. In addition, any claim against the Company for a contractual breach of its Bye-laws would need to be brought in Bermuda. Any such claim would be contractual in nature and would therefore not have the same enforceability as a claim under the Corporations Act.

9.7.2 Voting

At a general meeting, every Shareholder, present in person or by proxy, attorney or representative has one vote on a show of hands (unless a Shareholder has appointed more than one proxy) and one vote on a poll for each fully paid Share held.

9.7.3 Dividends

Subject to the Bermuda Companies Act, the Bye-laws, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

A Member who holds Restricted Securities (as defined in the ASX Listing Rules) is not entitled to dividends in respect of those Restricted Securities while there is a breach of the ASX Listing Rules or a Restriction Agreement (in the form set out in the ASX Listing Rules) relating to those Restricted Securities, except as permitted by the relevant Restriction Agreement, the ASX Listing Rules or ASX.

9.7.4 Issue of further Shares

The Board may (subject to the Bermuda Companies Act, the Bye-laws and the ASX Listing Rules) issue, allot or grant options over unissued, or otherwise dispose of, Shares in the Company on such terms as the Board determines.

9.7.5 Variation of class rights

The rights attached to any class of Shares may be varied in accordance with the Bermuda Companies Act and in accordance with the provisions set out in the Bye-laws in relation to general meetings. Under the Bermuda Companies Act, the rights attached to a class of Shares may be varied or cancelled, with the:

- Consent in writing of the holders of at least 75% of the issued Shares in the particular class; or
- Sanction of a special resolution passed at a separate meeting of the holders of Shares in that class.

9.7.6 Transfer of Shares

Subject to the Bye-laws and to any restrictions attached to a Shareholder's Shares, Shares may be transferred in accordance with the ASX Settlement Operating Rules, any other ASX requirements and the Bermuda Companies Act or via a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may refuse to register a transfer of Shares or cause a holding lock to apply where permitted by the Bermuda Companies Act, ASX Listing Rules or ASX Settlement Operating Rules.

The Board must refuse to register a transfer when required by the Bye-laws, the Bermuda Companies Act, the ASX Listing Rules or ASX Settlement Operating Rules or a law about stamp duty. Automatically upon the Company being admitted to the Official List of the ASX, the Company will incorporate into its Bye-laws shareholder protection provisions which are similar to the provisions of Chapter 6 of the Corporations Act which seek to protect the interests of Shareholders where a person seeks to acquire a substantial interest in, or control of, the Company.

9.7.7 General meeting and notices

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Bye-laws, Corporations Act and ASX Listing Rules. The Company must give at least 28 days written notice of a general meeting.

9.7.8 Winding up

Subject to the Bye-laws and any preferential rights attaching to any class or classes of Shares, if the Company is wound up, the liquidator may with the sanction of a special resolution, divide the whole or part of Company's property among Shareholders and decide how the division is to be carried out between different classes of Shareholders.

9.7.9 Proportional takeover provisions

The Bye-laws require Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless they are renewed by Shareholders passing a special resolution by the third anniversary of either the date that those rules were adopted or the date those rules were last renewed.

9.7.10 Directors – appointment and removal

Under the Bye-laws, the Board is comprised of a minimum of three Directors and a maximum of ten, unless the Shareholders pass a resolution varying either number at a general meeting. Directors are appointed at general meetings of Company.

In accordance with the ASX Listing Rules, no Director (excluding any Managing Director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may appoint a Director in addition to the existing Directors or to fill a casual vacancy on the Board, and that Director must not hold office (without re-election) past the next annual general meeting of the Company following their appointment.

9.7.11 Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present at the meeting and entitled to vote on the matter. Subject to the Bermuda Companies Act, each Director has one vote.

9.7.12 Directors – remuneration

The Directors may be paid remuneration for his or her services as a Director. However the total amount provided to all Non-executive Directors for their services as Non-executive Directors must not exceed an aggregate maximum amount of US\$500,000 per annum or such other amount approved by the Company in a general meeting. The remuneration of a Director must not include a commission on, or a percentage of, profits.

Directors may be paid for travel and other expenses incurred in attending to Company's affairs, including attending and returning from meetings of Directors or committees or general meetings. Any Non-executive Director who devotes special attention to the business of Company or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of Company.

Director's remuneration is discussed in Section 6.5.

9.7.13 Powers and duties of Directors

The business of the Company is managed by the Board, which may exercise all powers that the Bye-laws or the law do not require to be exercised by the Company in a general meeting.

9.7.14 Preference Shares

Company may issue preference Shares including preference Shares which are, or at the option of Company or holder are, liable to be redeemed for Shares. The rights attaching to preference Shares are those set out in the Bye-laws unless other rights have been approved by the Directors.

9.7.15 Amendment

The Bye-laws may be amended only by a special resolution passed by Shareholders.

9.7.16 Share capital

As at the Prospectus Date, the only class of security on issue by Company are fully paid ordinary Shares.

9.8 Litigation and claims

The Directors are not aware of any civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature instituted, pending or threatened in which Touch is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

9.9 Taxation considerations

The comments in this Section provide a general outline of Australian tax issues for Australian tax resident Shareholders who (together with associates) acquire ordinary Shares, representing less than 10% of Touch's issued Shares, under this Prospectus and that hold Shares in the Company on capital account for Australian income tax purposes. The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account.

This summary does not consider the consequences for foreign resident Shareholders, insurance companies, banks and Shareholders that hold their Shares on revenue account or carry on a business of trading in shares, or Shareholders who are exempt from Australian tax. This summary also does not cover the consequences for Shareholders who, either, are subject to the Taxation of Financial Arrangement rules contained in Division 230 of the *Income Tax Assessment Act 1997*, or are an 'attributable taxpayer' in relation to a controlled foreign company, under the controlled foreign company provisions contained in Part X of the *Income Tax Assessment Act 1936*.

The summary in this Section is general in nature and is not exhaustive of all income tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of the Shareholder.

It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax consequences, including capital gains tax (CGT), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

The summary in this Section is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this Prospectus. The summary does not take into account the tax law of countries other than Australia.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in these summaries does not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant tax authorities. If there is a change, including a change having retrospective effect, the tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications of ownership or disposal of the Shares will depend upon each Shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to Australian taxation issues and is only one of the matters which need to be considered by Shareholders before making a decision about their investments. Shareholders should consider taking advice from a licenced adviser, before making a decision about their investment to acquire shares under this Prospectus.

9.9.1 Income tax treatment of dividends received by Australian tax resident Shareholders

On the basis that the Company is a non-resident for Australian income tax purposes, the Company is unable to frank any distributions to Shareholders. That is, to the extent Australian corporate tax has been paid by Australian subsidiaries in the Touch group of companies, the franking credits that would otherwise attach to the distribution cannot be passed through the Company (as a non-resident of Australia for income tax purposes) to its Shareholders.

No foreign income tax offset should arise in relation to any assessable foreign dividends paid by the Company as Bermudan withholding tax should not be deducted from these dividends.

9.9.1.1 Australian tax resident individual Shareholders and complying superannuation entities

Where dividends on a Share are paid by the Company, those dividends should constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid.

The rate of tax payable by each Australian Shareholder that is an individual will depend on the individual circumstances of the Shareholder and their prevailing marginal rate of income tax.

9.9.1.2 Corporate Shareholders

Corporate Shareholders, who hold less than a 10% interest in the Company, are required to include the dividend in their assessable income in the year the dividend is paid. Where a Corporate Shareholder holds a 10% or more interest in the Company any dividend received may not be assessable.

9.9.1.3 Trusts and partnerships

Australian tax resident Shareholders who are trustees (other than trustees of 'complying superannuation entities') or Partnerships should include the dividend in determining the net income of the trust or partnership.

9.9.2 CGT implications for Australian tax resident Shareholders on a disposal of Shares

The disposal of Shares by a Shareholder will be a CGT event. A capital gain should arise where the capital proceeds on disposal exceed the cost base of the Shares (broadly, the amount paid to acquire the Shares plus any transaction costs incurred in relation to the acquisition or disposal of the Shares). In the case of an arm's-length on-market sale, the capital proceeds should generally be the cash proceeds received from the sale of the shares.

A CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or Trustee, and the Shares have been held for at least 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised where the reduced cost base of the share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other forms of assessable income.

9.9.3 GST implications

No GST should be payable by Shareholders in respect of the acquisition or disposal of their Shares in the Company, regardless of whether or not the Shareholder is registered for GST.

Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect relevant to their particular circumstances.

No GST should be payable by Shareholders on receiving dividends distributed by the Company.

9.9.4 Stamp duty

Shareholders should not be liable for stamp duty in respect of the acquisition of their Shares. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of their Shares while Touch remains listed.

9.10 Costs of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$5.4 million and are expected to be applied towards the items set out in Table 34 below.

TABLE 34: COSTS OF THE OFFER

Item of expenditure	Cost (\$'000s)
Underwriters fees	3,745
Legal fees	1,085
Investigating Accountant's fees	40
Tax and accounting advice	470
Printing and distribution	50
Other costs	55
Total	5,445

9.11 Consents to be named and disclaimers of responsibility

Each of the parties listed in this Section (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Goldman Sachs Australia Pty Ltd (**Goldman Sachs**) has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Joint Lead Manager and Sole Underwriter in the form and context in which it is named. Goldman Sachs has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in the Prospectus;
- Wilson HTM Corporate Finance Ltd (**Wilson HTM**) has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Joint Lead Manager in the form and context in which it is named. Wilson HTM has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in the Prospectus;
- Ernst & Young Transaction Advisory Services Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as the Investigating Accountant in the form and context in which it is named and to the inclusion in this Prospectus of its Independent Limited Assurance Report in the form and context in which it is included. Ernst & Young Transaction Advisory Services Limited has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in the Prospectus;
- Clayton Utz has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer in the form and context in which it is named;
- Griffith Hack has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as legal adviser to the Company in relation to certain legal intellectual property considerations in the form and context in which it is named;
- Bermuda Corporate & Trust Law Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Bermudan legal adviser to the Company in relation to the Offer in the form and context in which it is named;

- Computershare has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Computershare has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to Touch; and
- Ernst & Young has given, and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as the auditor of the Company in the form and context in which it is named. Ernst & Young has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in the Prospectus.
- Best Buy Co. Inc. has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the statement in Section 6.1 regarding its publicly stated views on the legal proceedings referred to in that section.

References are made in this Prospectus to entities that have certain dealings with Touch, including counterparties to contractual arrangements referred to in this Prospectus. These parties have been referred to for information purposes only. Those entities did not authorise or cause the issue of this Prospectus and have had no involvement in the preparation of any part of this Prospectus.

9.12 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Victoria and each Applicant submits to the exclusive jurisdiction of the courts of Victoria.

9.13 Authorisation of this Prospectus

Each Director of the Company and each Director of SaleCo has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and no Director has withdrawn this consent.

SECTION 10

GLOSSARY

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GLOSSARY

Term	Meaning
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AEST	Australian Eastern Standard Time
AfterPay	AfterPay Pty Ltd (ACN 169 342 947)
Applicant	A person who submits an Application for Shares under this Prospectus
Application	Application made to subscribe for Shares under the Offer
Application Form	The relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares
Application Monies	The amount accompanying an Application Form submitted by an Applicant, calculated as the Offer Price multiplied by the number of Shares applied for
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited (ABN 98 008 624 691)
ASX Listing Rules	The official listing rules of ASX
ASX Recommendations	The Corporate Governance Principles and Recommendations issued by the ASX
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532)
ASX Settlement Operating Rules	The operating rules of ASX Settlement Pty Ltd
ATO	Australian Taxation Office
AUD	Australian dollars
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations
Australian Accounting Standards Board	The AASB is an Australian Government agency under the <i>Australian Securities and Investments Commission Act 2001</i>
Australian Legal Advisor	Clayton Utz
B2B	Business-to-business
B2C	Business-to-consumer
Bermuda Companies Act	Bermuda Companies Act 1981
BMA	The Bermuda Money Authority
Board	The Board of Directors of Touchcorp
Broker	Any ASX participating organisation selected by the Sole Underwriter to act as a Broker to the Offer
Broker Firm Applicant	A person who applies to subscribe for Shares under the Broker Firm Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident clients of Brokers who have received a firm allocation from their Broker
Bye-laws	The bye-laws of the Company

Term	Meaning
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Chairman	In relation to the Company, Michael Jefferies, or otherwise as the context requires
Chairman's List Offer	The offer of Shares under this Prospectus to selected investors who have received a Chairman's List invitation
CHESS	Clearing House Electronic Sub-register System operated in accordance with the <i>Corporations Act 2001 (Cth)</i>
CHF	The currency abbreviation for the Swiss franc
Chief Executive Officer	In relation to the Company, Adrian Cleeve, or otherwise as the context requires
Chief Financial Officer	In relation to the Company, Tony Bianco, or otherwise as the context requires
Completion of the Offer	Completion in respect of the allotment of Shares in accordance with the Underwriting Agreement
Consumer	The end user of an Electronic Product
Customer	Supplier or Merchant, as the context requires, engaging Touch to provide the Touch System
Company	Touchcorp Limited ARBN 603 731 184
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Director	Each of the Directors of the Company from time to time
DKK	The currency abbreviation for the Danish krone
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Electronic Product	Non-physical products, services and entitlements
EOI	Expression of Interest
EPIN	Electronic PIN vouchers
Escrow Period	In respect of all Escrowed Shareholders other than those included in the Other substantial Shareholders category (see Section 7.10), the period commencing on the date the Company is admitted to the official list of the ASX until the first trading day in Shares following the date of the public announcement by the Company of its preliminary final report for FY2015 In respect of those Other substantial Shareholders (see Section 7.10), the period commencing on the date of Listing until six months following that date
Escrowed Shareholders	Each of Existing Shareholders that have entered into a voluntary escrow deed with the Company in relation to their Shares (excluding any shares acquired under the Offer) together with other management and staff that are subject to an existing escrow over Existing Shares
ESP	eServices Platform, a B2B technology platform to support the Retail Services, and Health and Government Services business units

Term	Meaning
EUR	The currency abbreviation for the Euro
Existing Shareholders	Persons owning Shares in the Company prior to the Offer
Existing Shares	Ordinary Shares in the Company that were on issue prior to this Offer
Exposure Period	The period specified in Section 727(3) of the <i>Corporations Act 2001 (Cth)</i> , being a minimum of seven days from the date of the Original Prospectus, during which an Application must not be accepted. ASIC may extend this period to no more than 14 days after the date of the Original Prospectus
Financial Information	Has the meaning given in Section 4.1
Forecast Financial Information	Has the meaning given in Section 4.1
Foreign Corporation	An incorporated or unincorporated body that is formed in an external territory of Australia or outside Australia and must be registered under Part 5B.2 of the <i>Corporations Act 2001 (Cth)</i>
FY2012	Financial year ending 31 December 2012
FY2013	Financial year ending 31 December 2013
FY2014	Financial year ending 31 December 2014
FY2015	Financial year ending 31 December 2015
Goldman Sachs	Goldman Sachs Australia Pty Ltd (ACN 006 797 897)
GST	Goods and services or similar tax imposed in Australia
Health and Government Services	The health and government business unit that enables processing and payment of health insurance claims by Consumers
HIN	Holder Identification Number
Historical Financial Information	Has the meaning given in Section 4.1
IFRS	International Financial Reporting Standards
Institutional Investors	An investor: <ul style="list-style-type: none"> • in Australia who is either a 'professional investor' or 'sophisticated investor' under sections 708(11) and 708(8) of the <i>Corporations Act 2001 (Cth)</i>; and • in certain other jurisdictions to whom offers or invitations of Shares can lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which Touch is willing in its discretion to comply).
Institutional Offer	The invitation to bid for Shares made to Institutional Investors under this Prospectus as described in Section 7.16
Investigating Accountant	Ernst & Young Transaction Advisory Services Limited
Independent Limited Assurance Report	The Independent Limited Assurance Report set out in Section 8
IPO	Initial public offering
IRAP	Information Security Registered Assessors Program

Term	Meaning
IT	Information Technology
IVR	Interactive voice recognition
Joint Lead Managers	Goldman Sachs and Wilson HTM
KPI	Key performance indicator
KYC	Know your customer requirements
Listing Date	The date on which the Company is admitted to the official list of the ASX
LTIP	The Long Term Incentive Plan established by Touchcorp as described in Section 6.7
Merchant	Business wishing to sell Electronic Products in-store
Mobility Services	The mobility services business unit that enables the acceptance of payments and service requests from Consumers by MNOs and MVNOs, and purchases of Electronic Products by Consumers
MSA	Master Services Agreement
m.sites	Mobile sites
MNO	Mobile network operator that owns and operates its own network
MVNO	Mobile virtual network operator that rents the network of a MNO to provide its services
MyEG	MY E.G. Services Berhad (Incorporated in Malaysia) (Company Number 505639-K)
MYR	The currency abbreviation for Malaysian ringgit
Network Effect	Touch's existing Suppliers establishing connectivity with new Retailers
New Share/s	Shares issued under this Offer
New Shareholders	Persons acquiring Shares under the Offer excluding any Existing Shareholders who acquire Shares under the Offer
NOK	The currency abbreviation for the Norwegian krone
NPAT	Net profit after tax
NPS	Net promoter score
Offer	The Offer under this Prospectus of new Shares to be issued by the Company, including the Institutional and Retail Offers
Offer Price	\$1.40 per Share
Officer	Has the meaning given in section 9 of the <i>Corporations Act 2001 (Cth)</i>
Options	Options over Shares in the Company issued by the Company to certain members of the Company's management
Optus	Optus Mobile Pty Limited (ACN 65 054 365 696)
PIN	Personal identification number
Plan	The Long Term Incentive Plan established by Touchcorp as described in Section 6.7

Term	Meaning
Plan Rules	The rules of the Plan
PMS Infrastructure	Payment terminals or practice management systems used by Practitioners
POS	Point-of-sale
POS-ECR	Point-of-sale electronic cash register
POS Device	Point-of-sale device
Practitioner	Medical or allied health practitioner that receive payments from Medicare Australia or private health funds for providing services
Pro Forma Financial Information	Has the meaning given in Section 4.1
Pro Forma Forecast Financial Information	Has the meaning given in Section 4.1
Pro Forma Historical Financial Information	Has the meaning given in Section 4.1
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document
Prospectus Date	The date this Prospectus was lodged with the Australian Securities and Investments Commission
Providers	Third-party providers whose systems process one or more aspects of Touch's transactions, for example, banks, payment gateways, point-of-sale software providers and practice management software providers
PWA	Project Works Agreement
R&D	Research and development
Reitan	Reitan Convenience AS (Organisation Number: 983 415 652)
Retail Services	The retail services business unit that enables point-of-sale devices in retail premises to sell Electronic Products
Retailer	Store owner (by a corporate or individual) that sells goods to Consumers in-store
SaleCo	Touchcorp SaleCo Limited (ACN 604 321 495)
SEK	The currency abbreviation for the Swedish krona
Settlement	Settlement in respect of the Shares which are the subject of the Offer, occurring as described in the Underwriting Agreement
Service Module	Service provided by Touch to its Customers
7-Eleven	7-Eleven Stores Pty Ltd (ACN 005 299 427)
Share	A fully paid ordinary share in Touch
Shareholder	The registered holder of a Share
Share Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
SIM	A Subscriber Identity Module (SIM) card is a portable memory chip used mostly in mobile phones that operate on the Global System for Mobile Communications (GSM) network

Term	Meaning
Sole Bookrunner	Goldman Sachs
Sole Global Co-ordinator	Goldman Sachs
Sole Underwriter	Goldman Sachs
SRN	Security Reference Number
Statutory Financial Information	Has the meaning given in Section 4.1
Statutory Forecast Financial Information	Has the meaning given in Section 4.1
Statutory Historical Financial Information	Has the meaning given in Section 4.1
Subsidiary	Has the meaning given in section 9 of the <i>Corporations Act 2001 (Cth)</i>
Supplier	A business wishing to deliver and/or sell Electronic Products
Telstra	Telstra Corporation Limited (ACN 051 775 556)
TFN	Tax file number
THL	Touch Holdings Limited, a company incorporated in Melbourne, Victoria (ACN 109 766 592)
Touch	The corporate group described in Section 7.2 comprising the Company and each of its subsidiaries and, where relevant, means one or more of those subsidiaries, as the context requires
Touch System	Touch's software and hardware network that includes the TouchPoint Technology, the ESP, the Mobility Platform, any associated hardware and the range of network capabilities
Touchcorp Limited	Touchcorp Limited, a company incorporated under the law of Bermuda, registration number 48280
TouchPoint Technology	The suite of software technology developed by Touch, through which Touch integrates with existing POS Devices or PMS Infrastructure
U.K.	United Kingdom
Underwriting Agreement	The underwriting agreement dated 12 March 2015 between the Company, SaleCo and the Joint Lead Managers in connection with the Offer, as described in Section 9.3.11
U.S.	United States
Valora	Valora Schweiz AG (Switzerland) (CH-170.3.020.587-4)
VAS	Value-added services. Refers to the ability to sell Electronic Products using POS Devices such as payment terminals
Virgin	Virgin Mobile (Australia) Pty Ltd (ACN 67 092 726 442)
Wilson HTM	Wilson HTM Corporate Finance Ltd (ACN 057 547 323)

APPENDIX A

PRINCIPAL ACCOUNTING POLICIES



A summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Financial Information are set out below. The following policies have been consistently applied to all the years presented, unless otherwise stated:

(a) Compliance with IFRS

The Financial Information has been extracted or derived, as applicable, from the Audited FY2014 Financial Statements of Touchcorp Limited and the Audited FY2012 Financial Statements of Touch Holdings Limited. The Audited FY2014 Financial Statements of Touchcorp Limited and the Audited FY2012 Financial Statements of Touch Holdings Limited has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Financial Information has been prepared on a historical cost basis.

(b) New accounting standards and interpretations

The following standards and interpretations have been applied:

- AASB 1031 – *Materiality*. The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. Effective 1 January, 2014. Adoption of this standard did not have a significant impact on Touch's Financial Information.

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 2014:

Reference	Title	Summary	Application date of standard	Impact on Group Financial Information	Application date for Group
AASB 9 and IFRS 9	Financial Instruments	<p>On 24 July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement: a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.</p> <p>IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be applied early in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p>	1 January 2018	The Group expects that there will be no material impact.	1 January 2018
		<p>The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 with new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simplified approach to the classification and measurement of financial assets compared with the requirements of AASB 139.</p>	1 January 2018	The Group expects that there will be no material impact.	1 January 2018

Reference	Title	Summary	Application date of standard	Impact on Group Financial Information	Application date for Group
AASB 2014-1 Part A – Annual Improvements 2010–2012 cycle	Amendments to Australian Accounting Standards – Part A <i>Annual Improvements to 2010–2012 and 2011–2013 Cycles</i>	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the IASB of the annual improvements to the IFRS 2010–2012 and 2011–2013 cycles.</p> <hr/> <p>The annual improvements to the IFRS 2010–2012 cycle address the following items:</p> <ul style="list-style-type: none"> • AASB 2 clarifies the definition of ‘vesting conditions’ and ‘market condition’ and introduces the definition of ‘performance condition’ and ‘service condition’ • AASB 3 clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137 • AASB 8 requires entities to disclose factors used to identify the entity’s reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments’ assets to the entity’s total assets 	1 January 2015	The Group expects that there will be no material impact.	1 January 2015

Reference	Title	Summary	Application date of standard	Impact on Group Financial Information	Application date for Group
AASB 2014-1 Part A – Annual Improvements 2010–2012 cycle <i>(continued)</i>	Amendments to Australian Accounting Standards – Part A <i>Annual Improvements to 2010–2012 and 2011–2013 Cycles</i> <i>(continued)</i>	<ul style="list-style-type: none"> AASB 116 and AASB 138 clarify that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts AASB 124 defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed 			
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 116 and IAS 138)	<p>AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	The Group expects that there will be no material impact.	1 January 2016

(c) Significant accounting judgements, estimates and assumptions

(i) Significant accounting estimates and assumptions

Management has identified the following accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions, and may materially affect financial results or the financial position reported in future periods.

Share-based payment transactions

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

Estimating the useful lives of assets

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

Impairment of intangible assets

Intangible assets with finite lives are reviewed annually for impairment where an impairment trigger exists. The carrying value of the intangible asset is assessed against its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The recoverable amount of intangible assets with finite lives is estimated on the basis of a value in use, taking into account the estimated future cash inflows and outflows associated with the use of the asset.

Taxation

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

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

Development costs

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

(ii) Significant accounting judgements

Impairment of non-financial assets

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

(d) Basis of consolidation

The consolidated Financial Information comprises the Financial Information of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

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

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

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

(e) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

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

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

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

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Interest revenue

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

(f) Leases

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

Group as a lessee

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

Group as a lessor

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

(g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cashflow Statement, cash and cash equivalents are as defined above.

(h) Trade and other receivables

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

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

(i) Foreign currency translation

Both the functional and presentation currency of Touchcorp Limited and its Australian subsidiaries is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All exchange differences are taken to the statement of comprehensive income.

(j) Income tax

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

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

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

- When the deferred income tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary differences, can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Tax consolidation legislation

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

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

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

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

(k) Other taxes

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

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

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

Cashflows are included in the Cashflow Statement on a gross basis. The GST component of cashflows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cashflows.

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

(l) Property, plant and equipment

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

Depreciation is calculated on the straight-line basis over the estimated useful life of the specific assets as follows: plant and equipment – 3 to 5 years.

Impairment

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

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

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

For plant and equipment, impairment losses are recognised in the profit or loss in the cost of sales line item.

Derecognition

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

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

(m) Intangible assets

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

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

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

Research and development costs

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

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

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

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

	Patents	Core Technology
Useful lives	Finite	Finite
Amortisation method used	20 years – straight-line	5 years – straight-line
Internally generated / acquired	Acquired	Acquired and internally generated
Impairment testing	Amortisation method reviewed at every reporting period. Reviewed annually for indicators of impairment.	Amortisation method reviewed at every reporting period. Reviewed annually for indicators of impairment.

(n) Impairment of assets

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

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

An assessment is also made at each reporting date as to whether there is any indication that previously recognised losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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

(o) Trade and other payables

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

(p) Provisions and employee benefits

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

(i) Employee leave benefits

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

(ii) Long service leave

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

(q) Share-based payment transactions

Equity-settled transactions

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

The Employee Share Option Plan (ESOP) and the Equity Incentive Plan (EIP) provide benefits to executive directors and senior executives, and other staff as agreed by the Board of Directors.

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

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

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

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

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

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

(r) Government grants

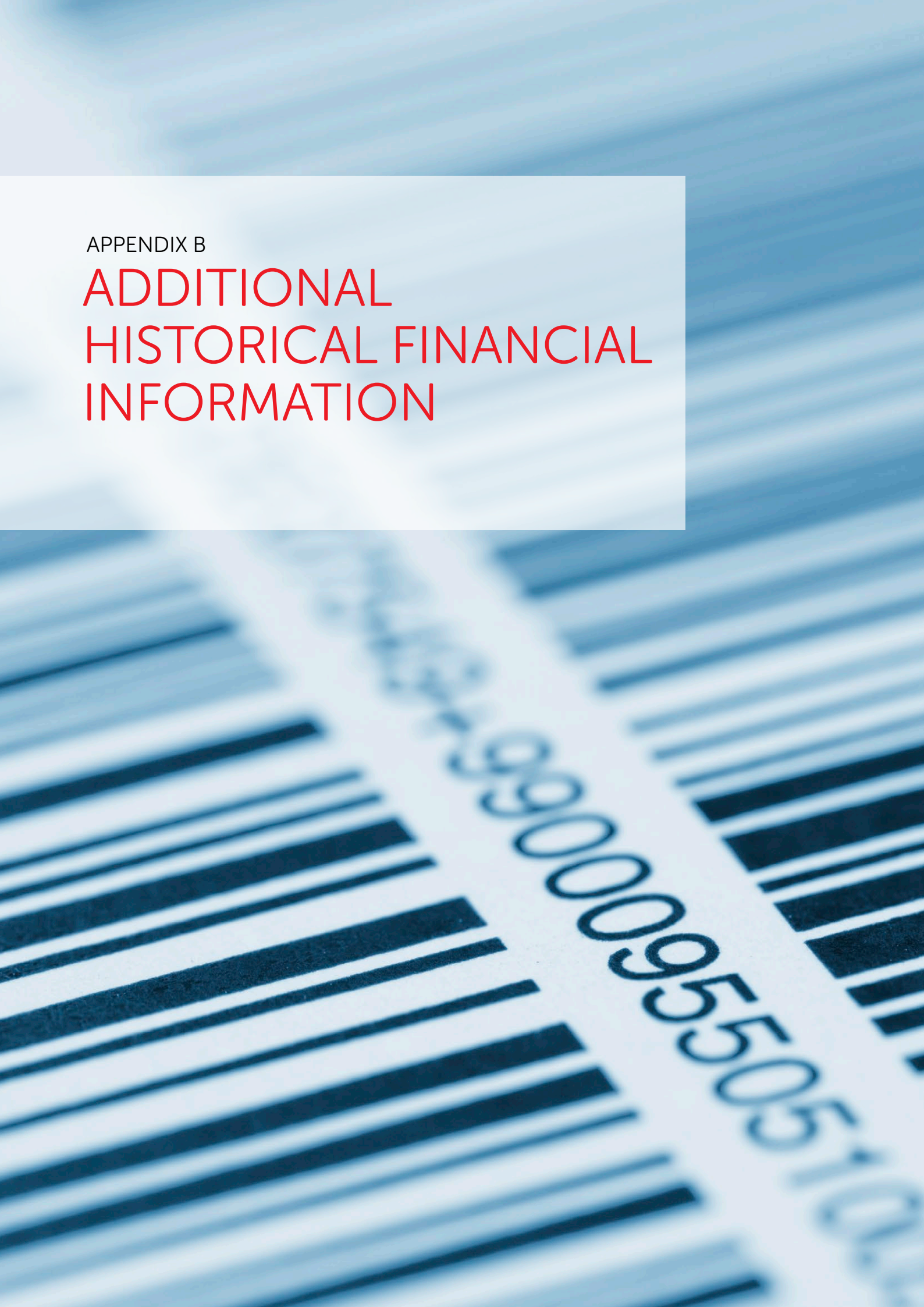
Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

(s) Contributed equity

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

APPENDIX B

ADDITIONAL HISTORICAL FINANCIAL INFORMATION



The following statutory historical consolidated cashflows for FY2012, FY2013 and FY2014 have been derived from the audited general purpose financial reports of THL and Touch as set out in Section 4.2.2.

Statutory historical consolidated cashflows

Table 35 sets out the summary statutory historical consolidated cashflows for FY2012, FY2013 and FY2014.

TABLE 35: SUMMARY STATUTORY HISTORICAL CONSOLIDATED CASHFLOWS

\$ million	Year ended 31 December	Note	Statutory historical		
			FY2012	FY2013	FY2014
	Profit before tax		1.7	4.1	6.7
	Depreciation and amortisation expense		0.5	0.6	0.8
	Net finance costs/(revenue)		0.4	0.1	(0.1)
	EBITDA		2.6	4.8	7.4
	Finance costs paid		(0.5)	(0.1)	(0.0)
	Non-cash items		–	–	0.0
	Changes in working capital		(0.5)	3.1	(4.3)
	Net operating cashflow before tax		1.6	7.8	3.1
	Tax paid		–	–	–
	Net operating cashflow		1.6	7.8	3.1
	Finance income		0.1	0.0	0.1
	Fixed assets expenditure		(0.2)	(0.9)	(1.2)
	Capitalised development costs		–	–	(4.8)
	Net cashflow before financing activities		1.5	6.9	(2.8)
	Net financing repayment		–	(5.6)	–
	Proceeds from the issue of Shares and exercise of options		–	–	–
	Transaction costs		–	–	–
	Net cashflows	1	1.5	1.4	(2.8)

Note:

1. The statutory historical net cashflow for FY2013 in Table 35 above differs to the amount presented in Table 16 due to rounding.

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