

# **Bill** **EXPRESS**

## **PROSPECTUS**

### **BILL EXPRESS LIMITED** ACN 090 059 564 **PROSPECTUS**

**For the Issue of 142,500,000 ordinary shares at 20 cents each payable in full on application.**

This document is important and should be read in its entirety. If you do not understand its contents or you are in doubt as to the course of action you should take, you should consult your stockbroker, accountant or other professional adviser without delay.

This issue is not underwritten.

**Lead Manager:**  
Patersons Securities Limited

**Chairman**

Peter McDougall - Executive Chairman

**Directors**

Peter McDougall - Joint Managing Director

Paul Johnsen - Joint Managing Director

Jan Christensen - Executive Director

Julian Little - Executive Director

Tuscan Fischer - Non-Executive Director

Douglas McDougall - Non-Executive Director

**Company Secretary**

Jan Christensen

**Registered Office**

677 The Boulevard, EAGLEMONT VIC 3084

**Business Office**

677 The Boulevard, EAGLEMONT VIC 3084

Tel: (03) 8458 1000

Fax: (03) 8458 2048

Web: [www.express.com.au](http://www.express.com.au)

**Auditors**

PricewaterhouseCoopers

Level 6, 101 Collins Street, MELBOURNE VIC 3000

Tel: (03) 9289 9999

Fax: (03) 9289 9977

**Share Registry**

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street, ABBOTSFORD VIC 3067

Tel: (03) 9415 5000

Fax: (03) 9473 2500

**Solicitors to the Issue**

Trass Cox Lawyers

Level 9, 469 La Trobe Street, MELBOURNE VIC 3000

Tel: (03) 9602 9444

Fax: (03) 9642 0382

Web: [www.trasscox.com.au](http://www.trasscox.com.au)

**Independent Accountant**

EMV's Corporate Pty Ltd

Level 3, 470 Collins Street, MELBOURNE VIC 3000

Tel: (03) 9629 4201

Fax: (03) 9629 4598

**Lead Manager to the Issue**

Petersons Securities Limited (ABN 89 008 806 311)

Level 33, 2 The Esplanade, PERTH WA 6000

Tel: (08) 9243 1111

Fax: (08) 9225 5123

AFS: No. 239 092

Web: [www.petersonssecurities.com.au](http://www.petersonssecurities.com.au)

|   |    |
|---|----|
| IMPORTANT NOTICES   | 2  |
| SUMMARY OF THE OFFER  | 3  |
| LETTER FROM THE CHAIRMAN  | 4  |
| 1. CORPORATE OVERVIEW AND HIGHLIGHTS  | 5  |
| 2. DETAILS OF THE OFFER   | 9  |
| 3. COMPANY DETAILS AND STRUCTURE  | 13 |
| 4. DIRECTORS AND MANAGEMENT   | 19 |
| 5. FINANCIAL INFORMATION AND FORECASTS  | 23 |
| 6. INDEPENDENT ACCOUNTANT'S REPORT ON HISTORICAL AND PROFORMA FINANCIAL INFORMATION | 29 |
| 7. INDEPENDENT REVIEW OF FORECASTS  | 31 |
| 8. RISK FACTORS   | 33 |
| 9. ADDITIONAL INFORMATION   | 35 |
| 10. GLOSSARY OF TERMS   | 51 |
| 11. DIRECTORS' AUTHORISATION  | 52 |

# IMPORTANT NOTICES

This Prospectus is dated 6 September 2004.

This Prospectus was lodged with the ASIC on 6 September 2004 with the consent of all the Directors. Neither the ASIC, nor the ASX and their respective officers, take any responsibility for the contents of this Prospectus.

No Securities will be allotted or issued, on the basis of this Prospectus, later than 13 months after the date of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer. No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information which is not contained in this Prospectus may not be relied upon as having been authorised by the Company in connection with the offer pursuant to this Prospectus. Refer to Section 8 for details relating to risk factors.

Additional copies of this Prospectus are available from the registered office of the Company.

This Prospectus may be viewed on-line at the Company's website [www.billexpress.com.au](http://www.billexpress.com.au). Persons who access the electronic version should ensure that they download and read the entire Prospectus.

Applications may only be made on a printed copy of the Application Form attached to, or accompanying, this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus.

Certain terms used in this Prospectus have defined meanings which are explained in the Glossary of this Prospectus in Section 10.

This Prospectus provides information to help investors decide if they wish to invest in the Company, and should be read in its entirety. If you are in doubt as to the course of action that you should take, you should consult your stockbroker, solicitor, accountant or other professional adviser without delay, before making any investment decision.

## Exposure Period

Applications for Shares under this Prospectus will not be processed until after the expiry of the exposure period for this Prospectus under the Corporations Act. The purpose of the exposure period is to enable examination of this Prospectus by market participants prior to the acceptance of the Applications for Shares. If the exposure period is extended by ASIC, Applications will not be processed until after the expiry of the extended exposure period. No preference will be conferred on Applications received during the exposure period.

There are risks associated with an investment in Bill Express Limited and the Shares offered by this Prospectus must be regarded as a speculative investment. The securities offered under this Prospectus carry no guarantee in respect to the return on capital invested, payment of dividends, or future value of the securities.

# S U M M A R Y O F T H E O F F E R

## Key Dates

|  |                   |
|--|-------------------|
| Date of Prospectus   | 6 September 2004  |
| Record Date for First Priority Offer                       | 16 September 2004 |
| Offer Opens  | 17 September 2004 |
| Closing Date for First Priority and Second Priority Offers | 27 September 2004 |
| Closing Date for General Public Offer                      | 30 September 2004 |
| Allotment of Shares  | 7 October 2004    |
| Holding Statements Despatched (Expected)                   | 13 October 2004   |
| Expected ASX Quotation of Shares                           | 21 October 2004   |

\* This is an indicative timetable only. The Company, in consultation with the Lead Manager, reserves the right to extend the Offer or close the Offer early without notice.

## Capital Structure

|                                      |              |
|--------------------------------------|--------------|
| Offer Price per Share                | 20 cents     |
| Shares on issue prior to Offer       | 182,500,000  |
| Shares offered under this Prospectus | 142,500,000  |
| Shares on issue after Offer          | 325,000,000  |
| Options on issue prior to Offer      | 75,000,000   |
| Options on issue after Offer         | 75,000,000   |
| Market Capitalisation at Offer Price | \$65,000,000 |

# LETTER FROM THE CHAIRMAN



Dear Investor,

On behalf of the Directors of Bill Express Limited, I have great pleasure in offering you the opportunity to become a Shareholder in one of Australia's fastest growing technology companies.

Bill Express Limited is currently a subsidiary of ASX-listed Australian Pure Fruits Limited. The Directors of Australian Pure Fruits Limited have resolved to pursue a separate listing of Bill Express Limited by way of an initial public offering to raise \$28.5 million. Australian Pure Fruits Limited will retain ownership of 46.15% of the Shares on issue in Bill Express Limited post-listing.

Australian Pure Fruits Limited has traditionally operated a food and beverage business. In February 2001, Australian Pure Fruits Limited acquired a technology business which has developed an Electronic Business Management System (EBMS) that is capable of being modified to many different business applications. Australian Pure Fruits Limited has granted a perpetual licence to Bill Express Limited to use the EBMS in its business operations. After its listing, Bill Express Limited will pay a royalty to Australian Pure Fruits Limited in consideration of the grant of this licence.

Bill Express Limited has used the EBMS to develop an electronic sales, distribution, and payment systems network. Bill Express Limited provides a bill-payment service, competitive to that of Australia Post, in a variety of outlets across Australia, under the banner Bill EXPRESS, currently second only to Australia Post in number of outlets. Bill Express Limited also operates one of Australia's widest pre-paid electronic sales networks, under the banner DialTime, with approximately 8,000 locations across Australia. Bill EXPRESS and DialTime outlets are located in various supermarkets, newsagents, department stores and other retail outlets that offer extended trading hours. This allows Bill Express Limited to offer a more flexible in-person pre-paid product and bill-payment service to consumers.

Bill Express Limited (formerly named DialTime Pty Ltd) has enjoyed extraordinary growth, culminating in the winning of the prestigious Deloitte Technology Fast 50 Award as Australia's fastest growing technology company. The Directors of Australian Pure Fruits Limited and Bill Express Limited are of the view that Bill Express Limited's forecast growth will be better achieved and sustained in a separately listed company structure.

The Directors of Australian Pure Fruits Limited believe that the costs associated with the separate listing of Bill Express Limited are outweighed by the benefits of Bill Express Limited having a simplified structure, a broader investor base, direct access to capital markets and greater flexibility to take advantage of growth opportunities. The Directors of Australian Pure Fruits Limited are also of the view that the retention, by Australian Pure Fruits Limited, of a 46.15% shareholding in Bill Express Limited and the receipt of ongoing royalty payments, will be more advantageous to Australian Pure Fruits Limited than its current ownership structure.

We are also delighted that the decision to separately list Bill Express Limited has resulted in a cornerstone investor, G Harvey Nominees Pty Ltd, investing \$6.5 million into Bill Express Limited prior to lodgement of this Prospectus.

Shareholders on the Australian Pure Fruits Limited register of members at 7:00pm AEST on 16 September 2004, who are resident in Australia or New Zealand, will receive a priority entitlement to subscribe for Bill Express Limited Shares, limited to \$5,000.

Owners of Bill EXPRESS/DialTime retail outlets will also be invited to participate in a priority entitlement of Shares in Bill Express Limited, up to a \$5,000 limit, subject only to the priority entitlement of existing Australian Pure Fruits Limited shareholders.

Details of the priority entitlements are set out in Section 2 of this Prospectus.

I invite you to read this Prospectus and consider an investment in this exciting opportunity.

Yours sincerely,

Peter McDougall  
Executive Chairman

**Bill Express Limited**  
**ABN 74 090 059 564**

Head Office: 677 The Boulevard, Eaglemont VIC 3084  
Phone (03) 8458 1000 Web: [www.billexpress.com.au](http://www.billexpress.com.au)

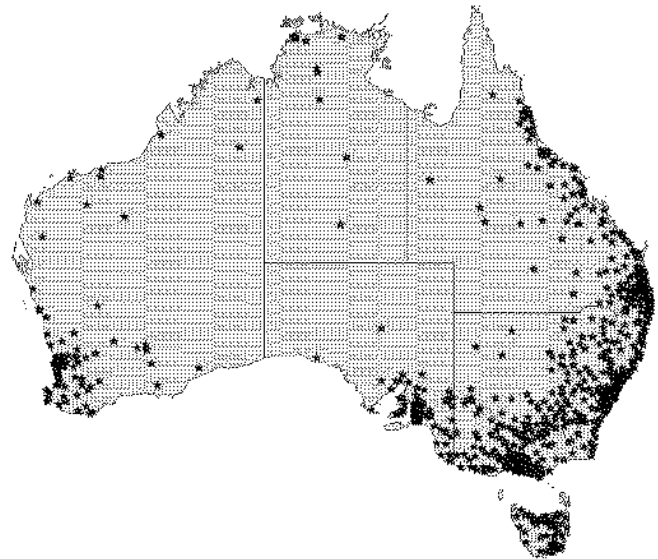


# 1 CORPORATE OVERVIEW AND HIGHLIGHTS



- Retail applications include vending of vouchers for pre-paid products and services, provision of bill-payment and EFTPOS facilities, and placement of advertising screens.
- There are over 8,000 DialTime terminals installed in retail outlets across Australia - with 2,000 of these also including the *Bill EXPRESS* bill-payment system. Every *Bill EXPRESS* outlet is also a DialTime outlet.

- Bill Express Limited is a *product distribution, sales and payments network*.
- Bill Express Limited has the second largest national bill-payment network (*Bill EXPRESS*) after Australia Post.
- Bill Express Limited's pre-paid network (*DialTime*) has the largest number of store locations in Australia - its sales volume is second highest and growing.

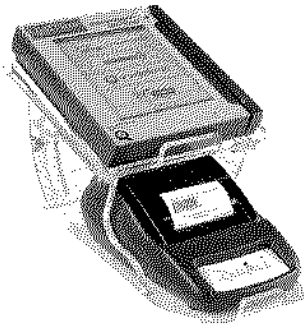


- Bill Express Limited's trademarks and logos are prominently displayed at retail locations.
- The *Bill EXPRESS* logo and narrative is displayed on over 80 million bills annually.
- New billers are being contracted to the network. More than 120 new billers are targeted for year 2005.

## The elements of the business of Bill Express Limited include:

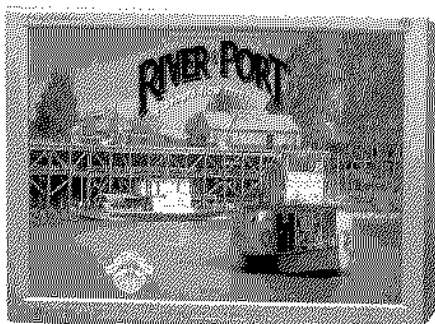
### DialTime

- DialTime terminals feature an easy-to-use intuitive touch screen.
- DialTime sells over \$1 million per day of vouchers for pre-paid mobile phone recharge, long-distance calling cards, Internet access and mobile phone ringtones and images.
- DialTime pre-paid generates sales revenues and profit and every transaction earns a fee.



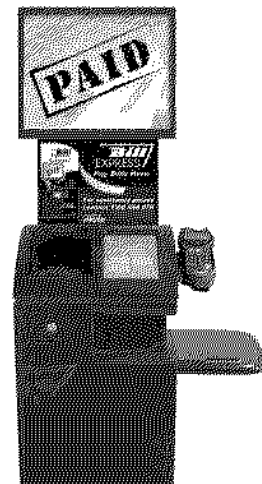
### POPS

- Advertising screens at the point of purchase promote Bill Express Limited's electronic products, as well as running paid advertisements for other products.
- Revenues are earned from both product sales and direct advertising.



### Bill EXPRESS

- *Bill EXPRESS* is an over-the-counter electronic bill-payment service available at newsagencies and other prominent stores. It also provides the stores with an EFTPOS facility.
- *Bill EXPRESS* self-service bill-payment ATMS are in over 450 Coles Supermarkets.
- Every transaction earns a fee.

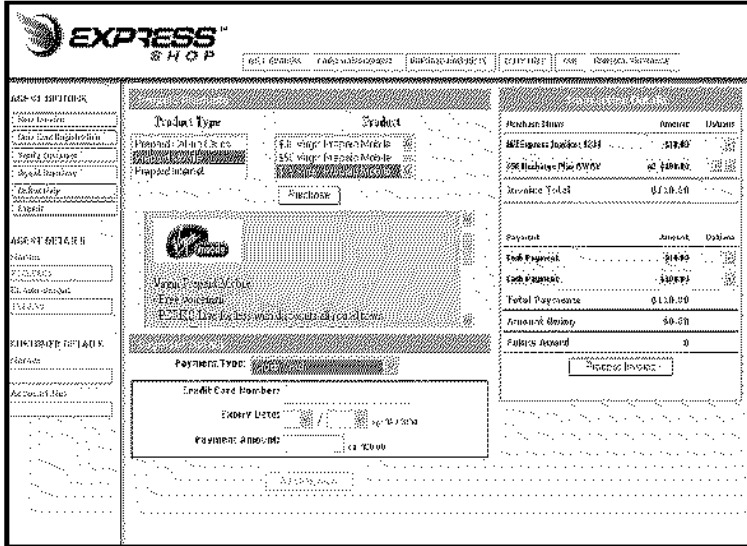


### MobileEFT

- MobileEFT is a facility that enables a business to collect credit card payments for goods or services rendered without any special equipment. All that is required is a mobile phone.
- Every transaction earns a fee.



# CORPORATE OVERVIEW AND HIGHLIGHTS CONTINUED . . . . .



## Express Shop

- The services of Bill Express Limited are also available in a computer-based format called Express Shop, which includes:
  - pre-paid ATM travel cards
  - foreign exchange capabilities
  - a Duty Free sales system
  - loyalty and rewards cards
  - bill and credit card payment

**Bill Express Limited's business is well diversified across multiple high-growth products and services and a wide range of strong retailers.**

### Growth comes from:

- Existing products maturing
- New sites being added
 

(There are over 400,000 EFTPOS devices in Australia, which are a target for upgrade to Bill Express Limited's multi-function terminals.)
- New pre-paid products being invented

- Bill Express Limited (formerly named DialTime Pty Ltd) won the number one ranking in the prestigious 2004 Deloitte Technology Fast 50 awards as Australia's fastest growing technology company. The award was a recognition of revenue growth over three years of 56,303%.
- The management team have developed various businesses from startup to maturity. They have 14 years experience running high growth businesses.



DELOITTE TOUCHE TOHMATSU  
TECHNOLOGY  
**FAST 50**

- The Company has a track record of high revenue growth.
- Year 2004 / 2005 includes expansion of the new **Bill EXPRESS** bill-payment service.
- 2,000+ new sites planned.

## Revenue

|                  |                    |                  |
|------------------|--------------------|------------------|
| Year 2001 / 2002 | (audited)          | \$3.47 million   |
| Year 2002 / 2003 | (audited)          | \$118.48 million |
| Year 2003 / 2004 | (actual unaudited) | \$313.43 million |
| Year 2004 / 2005 | (forecast)         | \$619.53 million |

## EBITDA

|                  |                    |                 |
|------------------|--------------------|-----------------|
| Year 2002 / 2003 | (audited)          | \$ 3.20 million |
| Year 2003 / 2004 | (actual unaudited) | \$8.42 million  |
| Year 2004 / 2005 | (forecast)         | \$12.84 million |

## Net Profit after Tax

|                  |                    |                |
|------------------|--------------------|----------------|
| Year 2002 / 2003 | (audited)          | \$2.14 million |
| Year 2003 / 2004 | (actual unaudited) | \$4.38 million |
| Year 2004 / 2005 | (forecast)         | \$5.45 million |

# 2

## DETAILS OF THE OFFER

---

### 2.1 The Issue

---

The Company offers for subscription 142,500,000 Shares at an issue price of 20 cents per Share to raise \$28,500,000.

This Prospectus is for a minimum subscription of \$28,500,000.00.

No oversubscriptions will be accepted.

---

### 2.2 Key Dates

---

|   |                   |
|---|-------------------|
| Prospectus Date                                   | 6 September 2004  |
| Record Date for First Priority Offer              | 16 September 2004 |
| Offer Opens                                       | 17 September 2004 |
| Closing Date for First and Second Priority Offers | 27 September 2004 |
| Offer Closes                                      | 30 September 2004 |
| Allotment of Shares                               | 7 October 2004    |
| Expected ASX Quotation                            | 21 October 2004   |

These dates are indicative only. The Directors of the Company, in consultation with the Lead Manager, reserve the right to extend the Offer, or close the Offer early, without notice.

---

### 2.3 Capital Structure

---

|                                      |              |
|--------------------------------------|--------------|
| Offer Price per Share                | 20 cents     |
| Shares on issue prior to Offer       | 182,500,000  |
| Shares offered under this Prospectus | 142,500,000  |
| Shares on issue after Offer          | 325,000,000  |
| Options on issue prior to Offer      | 75,000,000   |
| Options on issue after Offer         | 75,000,000   |
| Market Capitalisation at Offer Price | \$65,000,000 |

---

### 2.4 First Priority Offer - Existing Australian Pure Fruits Ltd (APFL) Shareholders

---

The First Priority Offer is open to Qualifying APFL Shareholders (APFL Shareholders appearing on the APFL Register of Members at 7:00pm Australian EST 16 September 2004 whose addresses are in Australia or New Zealand).

If you are a Qualifying APFL Shareholder, you should have received a yellow Personalised Application Form with this Prospectus. By applying correctly on the appropriate form, Qualifying APFL Shareholders, resident in Australia or New Zealand, will receive a general preference in allocation over applications in the General Public Offer up to a maximum limit of \$12,250,000 (43% of the Shares offered pursuant to this Prospectus). The Directors reserve the right, at their absolute discretion, to scale back Applications received from Qualifying APFL Shareholders in the event Applications under the First Priority Offer in excess of the

maximum limit of \$12,250,000 are received. In addition, the Directors reserve the right, and may either not accept any Application or Applications that would result in a Qualifying APFL Shareholder receiving a relevant interest in excess of 25,000 Shares (\$5,000) in the Company under the First Priority Offer or process amounts over \$5,000 under the General Public Offer. Qualifying APFL Shareholders who do not apply for Shares on their yellow Personalised Application Form will not be entitled to receive any preference in allocations.

A Personalised Application Form must be accompanied by a cheque in Australian dollars for the value of Shares applied for, made payable to 'Bill Express Limited Share Offer', and crossed 'Not Negotiable'. Completed Personalised Application Forms, together with the cheque or cheques, should be received by the Share Registry by no later than 5:00pm Australian EST on the Closing Date for the First Priority Offer, at either of the following street or postal addresses:

Bill Express Limited Share Offer

C/- Computershare Investor Services Pty Limited

Postal: GPO Box 52, Melbourne VIC 8060

Office: Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067

Applications received from Qualifying APFL Shareholders after the Closing Date for the First Priority Offer shall be processed under the General Public Offer.

Lodgement of a Personalised Application Form constitutes an irrevocable offer made in accordance with the conditions on that form.

---

### 2.5 Second Priority Offer - Existing Bill Express Limited Merchants

---

Existing Bill Express Limited Merchants will receive a priority allocation of up to \$5,000 each, subject to the First Priority Offer set out in Section 2.4. The maximum allocation under the First and Second Priority Offers will not exceed \$12,250,000.

If you are an existing Bill Express Limited Merchant you should have received a blue Personalised Application Form with this Prospectus.

By applying correctly on the appropriate form, existing Bill Express Limited Merchants will, subject to the First Priority Offer and the maximum allocations under the First and Second Priority Offers of \$12,250,000, receive a general preference in allocation over Share applications in the General Public Offer up to a maximum limit of 25,000 Shares (\$5,000) per Bill Express Limited Merchant. Existing Bill Express Limited Merchants who wish to apply for in excess of 25,000 Shares (\$5,000) will be processed under the General Public Offer for such portion that exceeds 25,000 Shares (\$5,000).

The Directors reserve the right, at their absolute discretion, to scale back Applications received from Bill Express Limited Merchants in the event that Applications under the First Priority Offer and Second Priority Offer

exceed \$12,250,000.

Existing Bill Express Limited Merchants who do not apply for Shares on their blue Personalised Application Forms will not be entitled to receive any preference in allocation.

Personalised Application Forms must be accompanied by a cheque in Australian Dollars for the value of Shares applied for, made payable to "Bill Express Limited Share Offer," and crossed "Not Negotiable".

Completed Personalised Application Forms together with the cheque or cheques should be received by the Share Registry by no later than 5:00pm Australian EST on the Closing Date for the Second Priority Offer, at either of the following street or postal addresses:

Bill Express Limited Share Offer  
C/- Computershare Investor Services Pty Limited  
Postal: GPO Box 52, Melbourne VIC 8060  
Office: Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067

Applications received from Bill Express Merchants after the Closing Date for the Second Priority Offer shall be processed under the General Public Offer.

Lodgement of a Personalised Application Form constitutes an irrevocable offer made in accordance with the conditions on that form.

---

## 2.6 General Public Offer

---

Any person resident in Australia, who is not a Qualifying APFL Shareholder or subject to the Second Priority Offer referred to in Section 2.5 above, may apply for Shares under the General Public Offer. Applicants under the General Public Offer should complete and lodge the Application Form attached to the back of this Prospectus. An Application Form must be accompanied by a cheque in Australian dollars for the value of Shares applied for, made payable to 'Bill Express Limited Share Offer', and crossed 'Not Negotiable'. Completed Application Forms, together with the cheque or cheques, should be received by the Share Registry by no later than 5:00pm Australian EST on the Closing Date, at either of the following street or postal addresses:

Bill Express Limited Share Offer  
C/- Computershare Investor Services Pty Limited  
Postal: GPO Box 52, Melbourne VIC 8060  
Office: Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067

Lodgement of an Application Form constitutes an irrevocable offer made in accordance with the conditions on that form.

---

## 2.7 Use of Funds

---

The funds raised by the issue are expected to be utilised as follows:

|  |              |
|--|--------------|
| Funding of Payment of Dividend to Australian Pure Fruits Ltd | \$ 4,778,000 |
| Repayment of Australian Pure Fruits Ltd Current Account      | \$ 5,222,000 |
| Working capital, Pre-payments to                             |              |
| Telecommunications Providers                                 | \$ 9,500,000 |
| Capital Raising / IPO Costs                                  | \$ 2,500,000 |
| Acquisition of Servers and Infrastructure                    | \$ 3,000,000 |
| Funds on Deposit - Cash Reserves                             | \$ 3,500,000 |

On completion of the Offer, the Directors believe that the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus. The total funds on deposit, including seed capital funds will be \$10 million.

---

## 2.8 Electronic Prospectus

---

This Prospectus may be viewed on-line at the Company's website [www.billexpress.com.au](http://www.billexpress.com.au). Persons who access the electronic version should ensure that they download and read the entire Prospectus.

Applications may only be made on a printed copy of the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus, or the complete and unaltered electronic version of the Prospectus.

---

## 2.9 Application Instructions

---

Application for Shares must be made, and will only be accepted, on the Application Form attached to this Prospectus (or, in the case of Qualifying APFL Shareholders or Existing Bill Express Merchants, on a Personalised Application Form). The form must be completed in accordance with the instructions on the reverse of the form. Application must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 500 Shares (\$100). Payment in Australian currency of 20 cents per Share must accompany the Application. Cheques must be marked payable to "Bill Express Limited Share Offer" and crossed "Not Negotiable". Brokerage and stamp duty are not payable by Applicants. Applications together with payment for Shares should be sent to:

Bill Express Limited Share Offer  
C/- Computershare Investor Services Pty Limited  
Postal: GPO Box 52, Melbourne VIC 8060  
Office: Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted by the Company. The Company's decision as to whether to accept the Application, or how

# DETAILS OF THE OFFER CONTINUED . . .

to construe, amend or complete it, shall be final, but no Applicant will be treated as having offered to purchase more Shares than indicated by the amount of the cheque for Application monies.

Applicants are urged to lodge their Application as soon as possible. Application Forms must not be circulated to prospective investors unless attached to a copy of this Prospectus.

---

## 2.10 Purpose of the Issue

---

The proceeds from the Shares, to be issued pursuant to this Prospectus, will be applied to meet the costs associated with this Prospectus, to continue to expand the *Bill EXPRESS* and *DialTime* businesses, to invest in new technological developments using the Company's existing know-how, and to provide sufficient working capital to carry out the Company's stated objectives and planned activities. Of the funds raised, \$4.778 million will be used to fund the payment of dividends to Australian Pure Fruits Limited, \$5.222 million will be used to retire debt owed by Bill Express Limited to Australian Pure Fruits Limited, and at the conclusion of the capital raising approximately an additional \$10 million will be held on deposit to enable the Company to fund future business opportunities.

---

## 2.11 Australian Stock Exchange Listing

---

Application will be made to the ASX, within seven days after the date of this Prospectus, for the Company to be admitted to the official list of the ASX and for official quotation of the Shares on issue in the Company and the Shares to be issued pursuant to this Prospectus.

If approval is not granted by the ASX for admission of the Company to the Official List before the end of six weeks after the date of lodgement of this Prospectus (or such longer period not exceeding 12 weeks as is notified by, or on behalf of, the ASX, or such period as is varied by the ASIC), the Company will not allot or issue any Shares, and will repay all Application monies within the time prescribed by the Corporations Act, without interest.

The fact that the ASX may admit the Company to its official list is not to be taken in any way as an indication by the ASX of the merits of the Company or the Shares offered by this Prospectus.

---

## 2.12 Restricted Securities

---

The ASX may, as a condition of granting the Company's application for admission to the Official List, classify certain Shares and Options as restricted securities.

If so, prior to the official quotation of the Company's Shares, the holders of the restricted securities will be required to enter into agreements with the Company not to do, or omit to do, any act which would have the effect of transferring effective ownership and control of any restricted security, for a period determined by the ASX, without first obtaining the prior written consent of the ASX. The Company's Share Registry will be requested to provide a holding lock on the securities classified as restricted securities and to not remove the holding lock without ASX's written consent.

Australian Pure Fruits Limited has agreed to a voluntary escrow of its Shares and Options in the Company for a period of 6 months from the date of quotation of the Company's Shares.

---

## 2.13 Lead Manager

---

This Offer is not underwritten. Patersons Securities Limited is the Lead Manager to the issue. Details of the Lead Manager agreement are set out in Section 9.9.16.

---

## 2.14 Allotments

---

Shares will be allotted as soon as possible after the Closing Date. The Directors and the Lead Manager reserve the right, in their absolute discretion, to issue the full amount of Shares applied for by Applicants, or to issue any lesser number, or to decline any Application.

Within 5 business days after the Closing Date, the Directors will either:

- accept an Application and issue the number of Shares applied for;
- accept an Application in part and issue the Shares that have been accepted in part and return all excess Application monies to the Applicant; or
- decline an Application and return all Application monies to the Applicant.

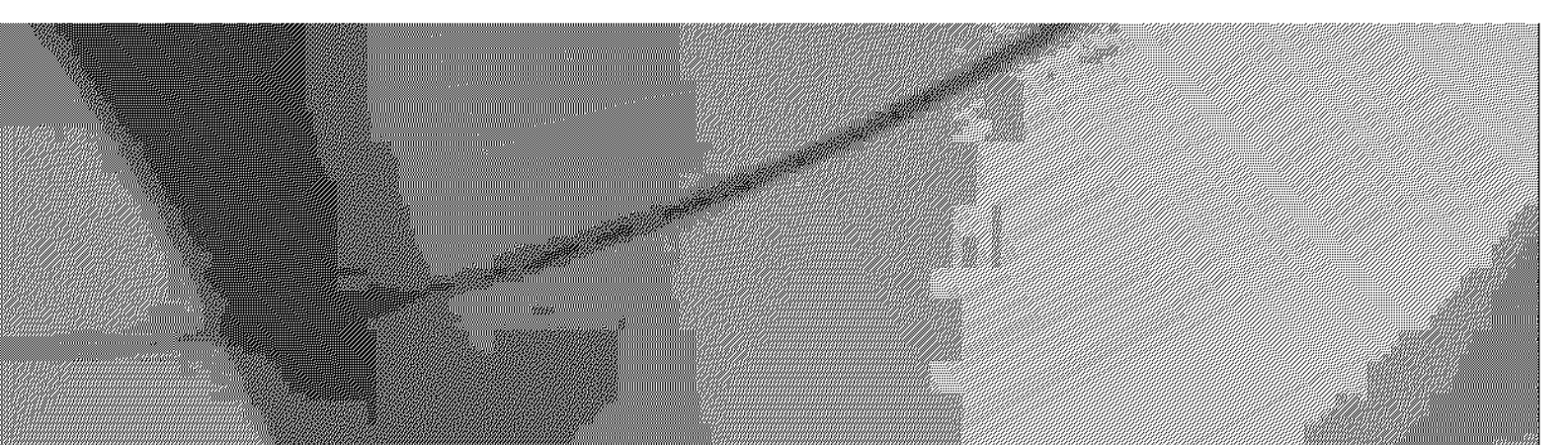
No Shares offered pursuant to this Prospectus will be issued until the ASX has confirmed that it will admit the Shares offered pursuant to this Prospectus to quotation. Application monies will be held in a bank account on behalf of the Applicant until the issue of Shares offered pursuant to this Prospectus. No interest will be paid to Applicants on Application monies returned.

---

## 2.15 Clearing House Electronic Sub-Registry System (CHESS)

---

The Company will apply to the ASX to participate in the securities



Clearing House Electronic Sub-Register System, known as CHESS. CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC) in accordance with the ASX Listing Rules and the ASTC Settlement Rules. Under CHESS, the Company will not be issuing certificates to investors who elect to hold their Shares on the CHESS sub-register. After allotment of Shares, Shareholders will receive a CHESS statement. The CHESS statements, which are similar in style to bank account statements, will set out the number of Shares allotted to each Shareholder pursuant to this Prospectus. The statement will also advise Shareholders of their holder identification number and explain, for future reference, the sale and purchase procedures under CHESS. Further statements will be provided to Shareholders which reflect any changes in their shareholding in the Company during a particular month.

---

## 2.16 Stamp Duty

---

No stamp duty is payable by Applicants for Shares under this Prospectus.

---

## 2.17 Restrictions on the Distribution of the Prospectus

---

Laws may restrict the distribution of this Prospectus outside the Commonwealth of Australia. This Prospectus is not intended to and does not constitute an offer of securities in any place which, or to any person to whom, the making of such offer would not be lawful under the laws of Australia or of any jurisdiction outside Australia.

---

## 2.18 Residents outside Australia

---

Applicants resident in countries other than Australia should consult their own professional advisors as to whether any governmental or other consents are required, or whether formalities need to be observed, to enable them to subscribe for Shares pursuant to this Prospectus. The return of a duly completed Application will be taken to constitute a representation and warranty that there has been no breach of such laws, and that all necessary approvals and consents have been obtained.

---

## 2.19 Dividend Policy

---

The Directors do not propose to declare a dividend in respect of the financial year ending 30 June 2005. It is the Directors' current intention to distribute no less than 25% of after tax profits as dividends, in respect

of the financial years ending 30 June 2006 and beyond. It is expected that interim and final dividends will be paid.

No assurance or guarantee can be given about future dividend policy, the extent of future dividends or the franking of any dividends, as these matters depend on the future profits and the financial and taxation position of the Company.

The Company has established, but not yet activated, a Dividend Reinvestment Plan (DRP) to provide Shareholders with the opportunity of reinvesting dividends in new Shares rather than receiving dividends in cash. The Directors may alter, suspend or terminate the terms of the DRP at any time. It will not commence operation until the Directors so resolve and Shareholders will be notified accordingly. A summary of the terms of the DRP is set out in Section 9.5.

---

## 2.20 Risks of Investing

---

The securities offered pursuant to this Prospectus are considered to be speculative in nature. Risks of investing are further discussed in Section 8 of this Prospectus.

---

## 2.21 Taxation Implications

---

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of being issued Shares under this Prospectus, as it is not possible to provide a summary of the possible taxation positions of all Shareholders. The Company and its advisers and officers do not accept any responsibility or liability for any taxation consequences to Shareholders in respect of the issue of Shares pursuant to this Prospectus. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the issue of Shares pursuant this Prospectus.

---

## 2.22 Enquiries

---

Any questions concerning the issue of Shares pursuant this Prospectus should be directed to your professional adviser or broker, or to the Chairman, Mr Peter McDougall, on (03) 9887 3210.

# 3 COMPANY DETAILS AND STRUCTURE

## 3.1 Overview

Bill Express Limited operates five (5) businesses using the Electronic Business Management System (EBMS) software, which is licensed to it by On Q Technologies Pty Ltd (a wholly owned subsidiary of Australian Pure Fruits Limited). The Licence Agreement is summarised in Section 9.9.1 of this Prospectus.

### DialTime pre-paid distribution ("DialTime")

This business distributes pre-paid vouchers to merchants and customers by electronic means. At present, over 90% of its sales comprise distribution of recharge vouchers for pre-paid mobile telephones. Other products are described below. The major suppliers of pre-paid products to DialTime are:

- (a) Telstra;
- (b) Optus;
- (c) Vodafone; and
- (d) Virgin.

Pre-paid products are distributed using the EBMS.

DialTime has a network of 8,000 retail locations with terminals currently processing in excess of 1 million transactions per month, and generating revenue of \$30 million plus per month. Merchants are located across Australia in retail outlets including Coles Myer, Caltex, Harvey Norman, IGA, and many other independent stores.

Products and services distributed through the terminals cover several market segments and include recharge vouchers for pre-paid mobile phone recharge, long-distance calling cards, internet access and mobile phone ring-tones and images. Work in progress projects include distribution of value for toll-roads, mass transit, travel, duty free, pre-paid electricity, banking cards, and vouchers for payment for on-line products and services. The DialTime business incorporates a pre-paid product inventory distribution, sales and billing/collections system that manages both the distribution and collection of payment for invoiced products.

### Bill EXPRESS bill payment ("Bill EXPRESS")

This business processes payments for bills that are presented for payment at Bill EXPRESS outlets across Australia. Bill EXPRESS outlets enable people to pay a range of bills including utility, telephone, council and water rates bills. This system includes over-the-counter bill-payment locations, over-the-phone Interactive Voice Response (IVR) payment services and internet processing payment services. The Bill EXPRESS system, developed in 2003/04, currently has 2000

operational retail locations trading, currently processing \$12 million of bill-payment transactions per month and growing. It is the second biggest national network to Australia Post.

Most of the Bill EXPRESS terminals are situated in newsagents and travel agencies. The network also includes in excess of 450 bill-processing self-service ATMs situated in Coles Supermarkets which were purchased from Coles Myer Limited in April 2003 (known as ServiceATMs). These ServiceATMs have been operating since June 2000 and, at the time of acquisition by the Company, had over 30 billers under contract. ServiceATMs process debit and credit card payments. Bill EXPRESS currently processes bills for approximately 40 billers. The billers accounting for the majority of Bill EXPRESS transactions are:

- (a) Alinta Gas;
- (b) Country Energy;
- (c) Energex;
- (d) GE (at Coles Supermarkets);
- (e) Optus;
- (f) Telstra (at Coles Supermarkets); and
- (g) Western Power.

### POPS Pty Ltd ("POPS")

This business operates in conjunction with Bill EXPRESS. POPS Pty Ltd is a wholly owned subsidiary of Bill Express Limited. It supplies advertising space on display screens situated at Bill EXPRESS outlets, promoting the Bill EXPRESS business, particular billers and pre-paid products and services available on the terminal, and other businesses. POPS owns 46.5% of the issued shares in POD TV Pty Ltd which utilises the technology used by POPS (which is licensed from On Q Technologies Pty Ltd) to supply advertising to display screens in retail outlets and other locations where such screens are not used to advertise the DialTime or Bill EXPRESS businesses.

The POPS network currently comprises 1500 screens in retail locations throughout Australia and, based on current projections, the Directors anticipate installing a further 500 screens over the next 6 months.

### MobileEFT Pty Ltd ("MobileEFT")

MobileEFT is a business which enables merchants, particularly tradespeople, to collect credit card payment for goods or services rendered without any special equipment.

A standard telephone, mobile phone or internet connection is all that is needed to perform a MobileEFT transaction. The merchant

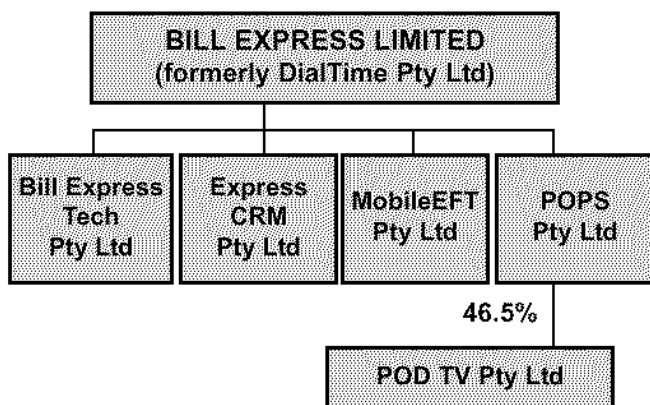
dials MobileEFT and enters the merchant number, PIN, customer credit card number, and amount. This is then processed by an on-line credit authorisation, with an approval number issued.

### Express CRM Pty Ltd ("Express CRM")

Express CRM is licensed to use loyalty software applications by On Q Technologies Pty Ltd (a wholly owned subsidiary of Australian Pure Fruits Limited). As a customer reward, identification, and database management solution, Express CRM provides loyalty offerings with information-capture, loyalty cards and analysis of customer data. Options exist to reward customers with points to spend like cash with participating merchants. It delivers merchants a suite of new business opportunities, to drive sales and increase customer retention.

## 3.2 Group Structure

The corporate structure of Bill Express Limited is as follows:



Through the *Bill EXPRESS* and *DialTime* businesses, Bill Express Limited owns and operates one of Australia's largest electronic retail distribution networks, supplying electronic distribution of products and services (in the case of *DialTime*) and electronic payment services (in the case of *Bill EXPRESS*).

The total network currently comprises in excess of 8,000 electronic transaction points in retail locations throughout Australia. Approximately 2,000 of these outlets are *Bill EXPRESS* outlets, which are also capable of distributing pre-paid products using the EBMS. Over time, Bill Express Limited aims to integrate the functionality of *Bill EXPRESS* into more retail outlets, that are currently using the *DialTime* network to provide a comprehensive service for retailers.

Terminals, located with retailers, and used to vend pre-paid products (in the case of *DialTime*) and process bill payments (in the case of *Bill EXPRESS*) are, in the majority of cases, funded by third-party financiers and rented to retailers.

*Bill Express Limited* is licensed in perpetuity by *On Q Technologies Pty Ltd* (a wholly owned subsidiary of *Australian Pure Fruits Limited*) to use the EBMS software. *On Q Technologies Pty Ltd* receives a royalty based on revenue earned by *Bill Express Limited* from use of this software in all of its businesses. This software is critical to the operation of *Bill Express Limited's* businesses. Refer to Section 9.9.1 of this Prospectus for further details regarding this licence agreement and the royalty payment.

## 3.3 Background

*Bill Express Limited* was previously known as *DialTime Pty Ltd*, when it was a wholly owned subsidiary of *Australian Pure Fruits Limited* (APFL). At the same time as changing its name, a special resolution was passed to adopt a new Constitution and convert *DialTime Pty Ltd* into a public company.

APFL acquired a 67% interest in *On Q Holdings Pty Ltd* ("On Q") in February 2001. Within 18 months, APFL moved to 100% control of the following subsidiaries: *DialTime Pty Ltd* (which conducts the *DialTime* and *Bill EXPRESS* businesses), *On Q Technologies Pty Ltd* (which owns the intellectual property rights in the EBMS), *Cash4Biz Pty Ltd* (which operates a loyalty rewards business) and *MotorLink Systems Pty Ltd*. APFL subsequently sold its shareholding in *On Q*, but retained ownership of *DialTime Pty Ltd* (now *Bill Express Limited*), *On Q Technologies Pty Ltd*, *Cash4Biz Pty Ltd*, and *Motorlink Systems Pty Ltd*. Following the issue of Shares pursuant to this Prospectus, APFL will retain ownership of *On Q Technologies Pty Ltd*, *Cash4Biz Pty Ltd*, *Motorlink Systems Pty Ltd* and 46.15% of the Shares in *Bill Express Limited*.

*Bill Express Limited's* head office is based in Melbourne, with offices and/or company representatives maintained in Brisbane, Sydney, Adelaide and Perth.

## 3.4 High Growth

During 2002/2003, the *Bill EXPRESS* and *DialTime* businesses generated revenues of in excess of \$118 million, which represented a growth in revenue of 3,311% over the previous 12 month period.

# COMPANY DETAILS AND STRUCTURE CONTINUED

During 2003/2004, the *Bill EXPRESS* and *DialTime* businesses generated an actual unaudited gross revenue of \$311 million, which represents a growth in revenue of 162% over the 2002/2003 year.

During 2004/2005, the *Bill EXPRESS* and *DialTime* businesses are forecast to generate gross revenue of \$620 million, which represents a growth in revenue of a further 100% over the 2003/2004 year. The Directors' financial information and forecasts are set out in Section 5 of this Prospectus, the Independent Accountant's Report on historical financial information is set out in Section 6 of this Prospectus, and the Independent Review of these forecasts is set out in Section 7 of this Prospectus.

---

## 3.5 Sustainable Growth

---

*DialTime's* growth opportunity is modelled on the growth of the pre-paid industry, which is, according to information obtained by the Company, a \$1.5 billion industry which grew considerably in 2003. Given the growth that *DialTime* has experienced over the past 12 months, the Directors believe that the industry has continued to grow in 2004. A significant number of people do not have available credit, or a credit card, at any given point in time. Consumers and businesses are increasingly finding that the simplicity of pre-paid transactions, in which all parties can avoid complex credit application processes, meets the requirements of business growth strategies. Furthermore, a key pre-paid driver for businesses is for employee expense control, controllable e-commerce payments and mobile telephony.

The *Bill EXPRESS* target is 2 million transactions per month by financial year 2006 (approximately 2% of the market). New sites, and new products and services, provide the Company with ongoing growth opportunity. There are in excess of 400,000 EFTPOS devices in Australia and many of these are target sites for upgrading to *Bill EXPRESS* multi-function terminals.

---

## 3.6 Growth Strategies

---

*Bill Express Limited's* revenue, primarily through the *DialTime* business, has increased significantly every year of its existence, highlighted with winning the Number 1 ranking in the prestigious 2004 Deloitte Technology Fast 50 awards as a result of a three year growth rate of 56,303%. This success can be attributed to several key factors including a selling proposition centred around helping retailers

to make money. The size and strength of the network, and the ability of the network to offer an increasing number of products and services, is also a key driver. Customers can make a wide variety of payments at *Bill EXPRESS* outlets. As well as paying their utility bills, customers are able to recharge pre-paid mobile phones for all leading networks.

The growth strategy is primarily:

- (a) increasing the number of retail locations with terminals for product distribution and bill-payment services;
- (b) increasing the range of products available and bills payable on the network; and
- (c) driving increased sales of products/services using a variety of promotional methods including in-store advertising.

---

## 3.7 Growth Opportunities

---

The telecommunications companies are promoting greater mobile telephony use through their increasing number of retail shop outlets and ever increasing variety of fashionable handsets, targeted to a wide range of users, ranging from the serious business-minded computer phones, to novelty phones. Furthermore, they are promoting a wider range of mobile phone applications (e.g., photography, payment for parking, short messages and picture messages). With the reach of the *DialTime* network, growth of the industry should mean growth in revenue for the *DialTime* business. *Bill Express Limited's* business model facilitates the introduction of new products at low cost. *Bill Express Limited's* sales team are signing up new *DialTime* and *Bill EXPRESS* merchants to join the network each month.

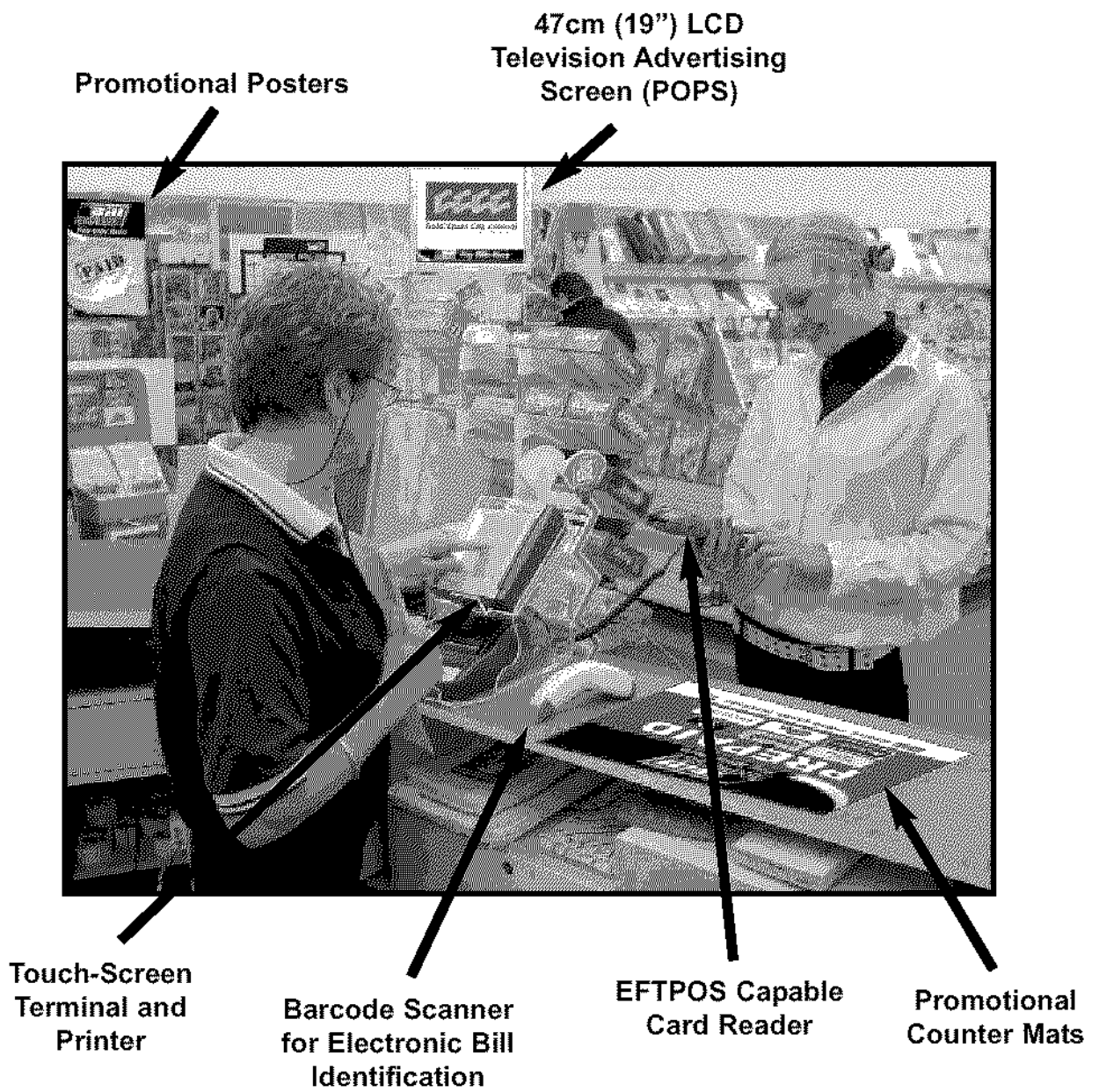
The multiplier effect resulting from these factors will continue to assist revenue growth. Furthermore, *Bill Express Limited* is continually adding both national and state-based billers to the *Bill EXPRESS* bill-payment system.

---

### 3.8 Bill Express Retail Outlet

---

This equipment is supplied to the retailers for *Bill EXPRESS* electronic bill payment.



# COMPANY DETAILS AND STRUCTURE CONTINUED . . .

## 3.9 Bill Express Equipment

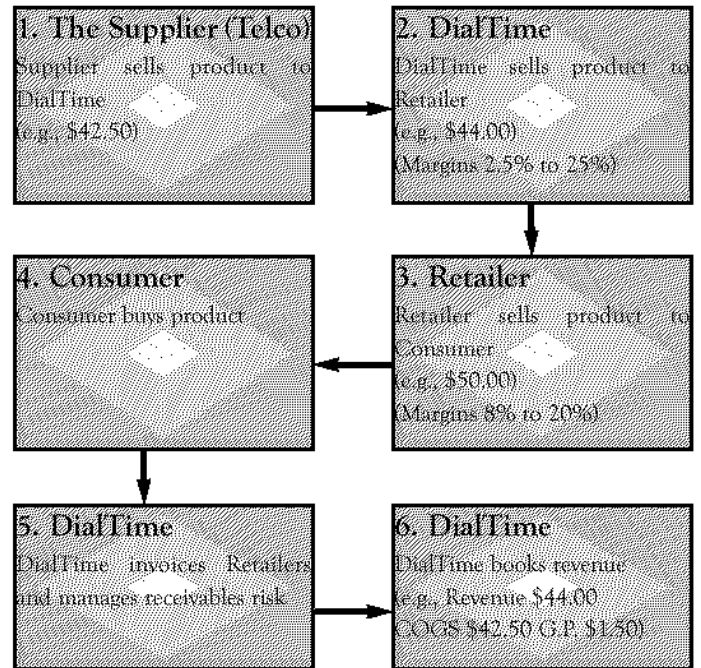


### 3.10 Clients

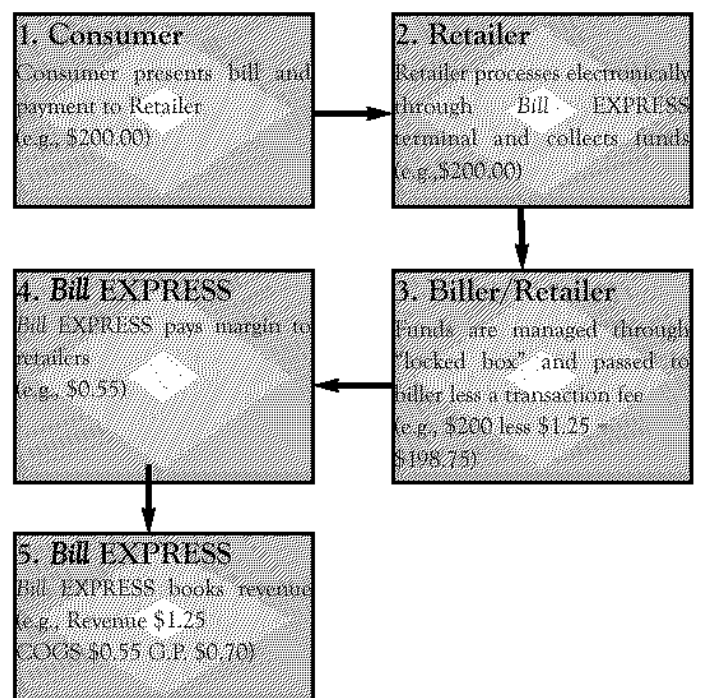
Bill Express Limited's clients include a number of large corporations and franchises including:

| SECTOR                | ENTITY  |
|-----------------------|---|
| Customers/Merchants   | Coles Supermarkets<br>Harvey Norman<br>Caltex<br>Bi Lo<br>K Mart<br>Myer/Grace Bros.<br>Dimmeys<br>Newsagents (Australian Newsagents' Federation group)<br>+ 4000 Independent Retailers |
| Billers and Suppliers | Telstra<br>Optus<br>AAPT<br>Virgin<br>Vodafone<br>Energex<br>Alinta<br>Ergon<br>Country Energy<br>Gold Coast City Council<br>Sydney Water<br>Telecorp<br>Primus<br>Norlink              |

### 3.11 DialTime Business Process



### 3.12 Bill EXPRESS Business Process



# 4 DIRECTORS AND MANAGEMENT

## 4.1 Board of Directors



**Peter McDougall**  
Executive Chairman  
Joint Managing Director

Peter's family company is the principal shareholder of Australian Pure Fruits Limited, which he listed on the ASX and of which he is the Chairman and Managing Director. Peter has had 30 years of management and entrepreneurial experience. This has included: managing Mary Kay Cosmetics; forming and listing Sonic Technology Australia Limited (now Sonic Healthcare Limited), of which he was Chairman and Managing Director until 1993; and founding the now ASX-listed Silex Systems Limited.



**Hal Christiansen**  
B.Bus Acc  
Joint Managing Director

Hal has been the Managing Director of On Q since its formation. He has been the driving force behind the creation and development of most of the technology based products. He began business as a service station operator in the petroleum industry in 1984, co-founded On Q in 1989, and is a foundation member of Software Engineering Australia. He is the Joint Managing Director of Bill Express Limited.



**Ian Christiansen**  
Executive Director and Company Secretary  
General Manager

Ian has been the General Manager of On Q since its formation. He began business as a retailer in 1984 and co-founded On Q in 1989. Ian has developed the internal management team and systems to support the rapid growth of DialTime/Bill EXPRESS. Ian is also a foundation member of Software Engineering Australia. He is the General Manager of Bill Express Limited.



**Julian Little**  
B.Comm Economics & Politics  
Executive Director - Strategic Development

Julian has been a Director of Australian Pure Fruits Ltd since 2001, and has been instrumental in the strategies and development of the products within the electronic divisions. He ran his own company as the NSW agent for On Q before merging with On Q in 1998. He is now responsible for Strategic Development. He is an Executive Director of Bill Express Limited.



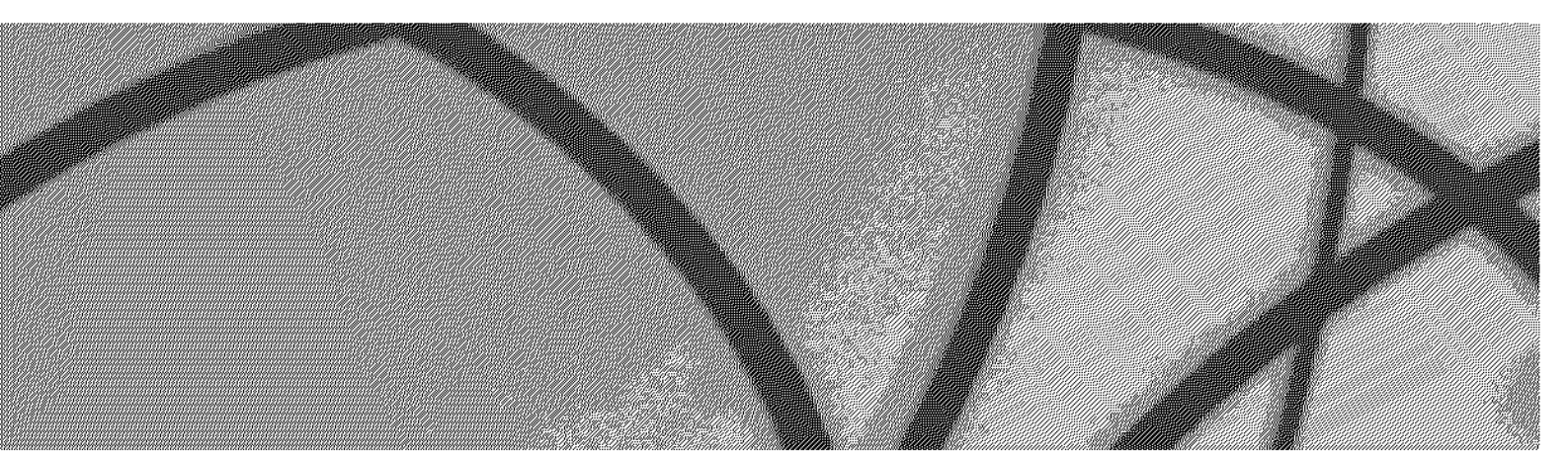
**Dugal McDougall**  
Non Executive Director

Dugal has retailing and marketing experience spanning 15 years. In 1996, he was co-founder of Australian Pure Fruits (SA) Pty Ltd, of which he remains a Director. He has also been a Director of Australian Pure Fruits Limited since 1999, and has been involved in the growth of the business and its diversification through the acquisition of On Q in 2001.



**Tristan Fischer**  
Non Executive Director

Tristan has marketing experience in beverage sales and distribution. He has several years experience in management of an engineering business. He is the Manager of MON Beverages Pty Ltd, and the Director directly involved in the food and beverage division of Australian Pure Fruits Ltd. Tristan was appointed to the Board of Australian Pure Fruits Limited in June 2003.



---

## 4.2 Composition of the Board

---

The Board of Directors of Bill Express Limited is responsible for the corporate governance of the Company and its subsidiaries. The Board guides and monitors the business and affairs of Bill Express Limited on behalf of the Shareholders by whom they are elected and to whom they are accountable.

To ensure the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of Directors and for the operation of the Board. The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least six Directors;
- The Board should comprise Directors with an appropriate range of qualifications and expertise;
- The Board shall meet at least monthly, and follow meeting guidelines set down to ensure all Directors are made aware of, and have available, all necessary information, to participate in an informed discussion of all agenda items;
- With the exception of Peter McDougall (Executive Chairman and Joint Managing Director), all Directors shall retire by rotation in accordance with ASX Listing Rules. A Director retiring by rotation may nominate for re-election; and
- Bill Express Limited has Joint Managing Directors. Peter McDougall has primary responsibility for the corporate strategy and development of the Company. Hal Christiansen is primarily responsible for operations and business development.

---

## 4.3 Board Committees

---

The Company currently has an Audit Committee, a Human Resources Committee and an Operations Committee. Members acting on these committees are:

### Audit

Peter McDougall  
Tristan Fischer  
Dugal McDougall  
Hal Christiansen  
Julian Little

### Human Resources

Tristan Fischer  
Dugal McDougall  
Peter McDougall

### Operations

Peter McDougall  
Hal Christiansen  
Ian Christiansen  
Julian Little  
Dugal McDougall

---

## 4.4 Audit Committee

---

The Board has established an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls, to deal with both the effectiveness and efficiency of significant business processes, and also the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information, as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Audit Committee.

The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit Committee are Peter McDougall, Tristan Fischer, Julian Little, Dugal McDougall, and Hal Christiansen.

The Audit Committee is also responsible for:

- directing and monitoring the internal audit function; and
- nominating the external auditor, and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory audit or review.

---

## 4.5 Board Responsibilities

---

As the Board acts on behalf of, and is accountable to, the Shareholders, the Board seeks to identify the expectations of the Shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways. The responsibility for the operation and administration of the Company is delegated by the Board to the Joint Managing Directors and the executive team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities.

# DIRECTORS AND MANAGEMENT CONTINUED ...

---

## 4.6 Risk Management

---

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis, and that the Company's objectives and activities are aligned with these risks and opportunities.

The Company believes that it is crucial for all Board members to be a part of this process and, as such, the Board has not established a separate risk management committee. Instead, sub-committees are convened as appropriate in response to issues and risks identified by the Board as a whole, and the sub-committees further examine the issues and report back to the Board.

The Board has a number of approaches to management to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- The Board approves strategic plans, which encompass the Company's vision, mission, and strategy statements, designed to meet stakeholders' needs and manage business risk.
- The Board approves operating plans and budgets, and the Board monitors progress against these budgets.
- The establishment of an Operations Committee to report on specific business risks, including, for example, such matters as electronic transaction security, disaster recovery, environmental issues, and occupational health and safety.

---

## 4.7 Monitoring of the Board's Performance and Communication to Shareholders

---

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Executive Chairman, in conjunction with an independent advisor. Directors whose performance is unsatisfactory are asked to retire.

The Board of Directors aims to ensure that the Shareholders, on behalf of whom it acts, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the Shareholders through:

- the annual report which is distributed to all Shareholders;
- the half-yearly report distributed to all Shareholders; and
- the annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

---

## 4.8 Environmental Regulation and Performance

---

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The Company has, however, instigated an environmental code of practice as part of the Company's corporate governance practices.

---

## 4.9 Remuneration Policy

---

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Details of the service agreements between the Company and its key executives are set out in Section 9.9.15 of this Prospectus.

---

## 4.10 Corporate Governance

---

Bill Express Limited has experienced rapid growth whilst in the ownership of Australian Pure Fruit Limited. It has utilised new technology and is in the midst of a significant expansion phase. To provide excellent service to its customers, and an adequate reward to its Shareholders, the Board considers it necessary to retain the same management and Board in order to ensure continuity and growth. The Company intends to appoint additional Directors following its listing on the ASX.

The Company is aware that it does not comply with all of the ASX Best Practice Recommendations, but intends to implement those recommendations that it considers appropriate.

# 5 FINANCIAL INFORMATION AND FORECASTS

## 5.1 Historical and Forecast Financial Results

The table below summarises the historical results of Bill Express Limited (previously DialTime Pty Ltd) for the two years to 30 June 2003, the six months to 31 December 2003 (reviewed but unaudited) and the 12 months to 30 June 2004 (actual unaudited), as well as the Directors' forecasts for the 2005 financial year. The principle assumptions upon which the forecasts are based are presented in Sections 5.2 and 5.4 of this Prospectus.

|   | (1)<br>Audited<br>YEAR<br>30 JUNE<br>2002<br>\$'000 | (1)<br>Audited<br>YEAR<br>30 JUNE<br>2003<br>\$'000 | (1) (2)<br>Reviewed<br>Actual<br>6 MONTHS<br>31 DEC<br>2003<br>\$'000 | (1) (3)<br>Unaudited<br>YEAR<br>30 JUNE<br>2004<br>\$'000 | (3) (5)<br>Forecast<br>YEAR<br>30 JUNE<br>2005<br>\$'000 |
|---|---|---|---|---|--|
| REVENUE FROM ORDINARY ACTIVITIES  | 3,474   | 118,484   | 135,865   | 313,432   | 619,531  |
| Gross Margin  | 153   | 4,308   | 4,835   | 13,901  | 22,483   |
| Gross Margin Percentage   | 4.4%  | 3.6%  | 3.6%  | 4.4%  | 3.6%   |
| Other expenses from ordinary activities   | 60  | 1,107   | 2,858   | 5,483   | 9,641  |
| EBITDA  | 93  | 3,201   | 1,977   | 8,418   | 12,842   |
| Depreciation and amortisation expenses  | 50  | 1,064   | 794   | 3,608   | 5,223  |
| EBIT  | 43  | 2,137   | 1,183   | 4,810   | 7,619  |
| Net Interest Expense (Income)   | 0   | 0   | (44)  | 303   | 937  |
| Net Profit from ordinary activities before income tax expense                             | 43  | 2,137   | 1,227   | 4,507   | 6,682  |
| Income tax expense  | 0   | 0   | 64  | 125   | 1,232  |
| Net Profit from ordinary activities after related income tax expense (income tax benefit) | 43  | 2,137   | 1,163   | 4,382   | 5,450  |
| Less Provision for Dividend (Note 4)  | 0   | 0   | 0   | 4,778   | 0  |
| Total Changes in Equity attributable to members of Bill Express                           | 43  | 2,137   | 1,163   | (396)   | 5,450  |
| Sales Growth per year   |   | 3,311%  |   | 165%  | 98%  |
| Number of Terminals   |   | 4,600   | 6,800   | 8,000   | 10,000   |
| NPAT Growth rate  |   | N/A   |   | 105%  | 24%  |
| Operating Cashflow  | 93  | 3,201   | 2,021   | 8,315   | 11,973   |
| Cash Flow Growth per Year   |   | 3340%   |   | 160%  | 44%  |

### Notes

- (1) The historical results reflect those of Bill Express Limited (formerly DialTime Pty Ltd).
- (2) The Statement of Financial Performance for the period ended 31 December 2003 was reviewed by the Company's auditor, but not audited.
- (3) The unaudited 30 June 2004 accounts and the forecasts for the financial year ending 30 June 2005 have been independently reviewed. Section 6 of this Prospectus contains an Independent Review of the results of the Company for the financial year ended 30 June 2004, and Section 7 contains an Independent Review of the Directors' Forecasts.
- (4) Provision for dividend to be paid in the financial year ending 30 June 2005 relates to retained earnings for the year 2003 and 2004 to be paid to Australian Pure Fruits Limited.
- (5) Forecast results reflect those of Bill Express Limited and controlled entities as presented in Section 3.2 of this Prospectus.

---

## 5.2 Forecast Financial Performance

---

Forecast increased revenue and profitability in the 2005 year is primarily attributed to:

- natural growth of existing products. Recent industry reports indicate that the market for pre-paid telephony expanded by approximately 40% in 2003.
- increasing the number of retail outlets in the network (horizontal growth). Financial year 2004 has had 74% growth of the number of retail outlets, with 31% growth forecast for financial year 2005. Bill Express Limited is serviced by a national team to account manage the 8,000-plus retail network, ensuring that Bill Express Limited maximises the opportunity at retail level.
- adding new products to the network (vertical growth). The number of suppliers and products participating in the Bill Express Limited network is increasing. Current work in progress includes road tolls, event ticketing, mass transit, electricity, gas, fuel, and wagering.
- the key Bill Express Limited growth strategy of using 10,000 retailers and their staff as DialTime and Bill EXPRESS sales people.
- a national team that is recruiting more billers for consumers and businesses to pay their bills at Bill EXPRESS locations.

---

## 5.3 Basis of Preparation of Forecasts

---

The Directors' financial forecasts reflect the Directors' judgement, based on present circumstances, of the most likely economic and operating conditions and the Company's most likely course of action. Financial forecasts are subject to unexpected events and uncertainty, many of which may be outside the control of the Company. In addition, actual events may be different from those forecast. Accordingly, the Directors cannot, and do not, guarantee the achievement of the financial forecasts.

The key assumptions underlying the financial forecasts follow. They should be read in conjunction with this Prospectus in its entirety, and, in particular, in conjunction with the key investment risks outlined in Section 8 and the sensitivity analysis in Section 5.6.

The financial forecasts have been the subject of an independent review by DMR Corporate Pty Ltd, who have indicated that nothing has come to its attention in its review which causes it to believe that the Directors' assumptions do not provide a reasonable basis for the forecast. DMR Corporate Pty Ltd's Independent Review of the Forecasts is set out in Section 7 of this Prospectus.

---

## 5.4 General Assumptions

---

### Revenue from Ordinary Activities

The actual unaudited revenue from ordinary activities for the financial year ending 30 June 2004 was \$322 million.

The Directors are forecasting revenue from ordinary activities of \$620 million for the financial year ending 30 June 2005. The sales forecast is based upon analysing each of the Company's actual monthly sales by product category, taking into account sales and sales growth for the 12 months ended 30 June 2004 and taking into account the current market conditions.

### Salaries

Salaries have been forecast to increase by 4% for the financial year 2005. Turnover of professional and administrative employees and contractors is assumed to be consistent with historical figures.

### Other Costs

Operating expenses, marketing costs, overheads and corporate costs have been based upon the Directors' assessment and are on the same basis with past years' actual cost.

### Dividend

Refer to Note 4 in Section 5.1. No dividend provisions have been allowed for in the 2004 / 2005 year. A minimum dividend of 25% of NPAT is expected in the financial year ending 30 June 2006.

# FINANCIAL INFORMATION AND FORECASTS CONTINUED ...

## **Directors' Fees**

Directors' fees of \$360,000 have been provided for in the 2005 financial year. This does not include salaries to Executive Directors.

The Company has fixed the maximum aggregate remuneration to non-executive directors at \$250,000 per annum.

## **Investment in POD TV Pty Ltd**

The Company has projected a cash investment of \$480,000 in POD TV Pty Ltd in the 2004 / 2005 year.

## **Royalty to Australian Pure Fruits Limited**

The Electronic Business Management System (EBMS), which is the core technology upon which the DialTime and Bill EXPRESS businesses are based, is owned by Australian Pure Fruit Limited's (APFL) wholly owned subsidiary, OnQ Technologies Pty Ltd. On Q Technologies Pty Ltd shall continue to be owned by APFL subsequent to the IPO. Bill Express Limited will be licensed to use that technology and shall pay a royalty to On Q Technologies Pty Ltd in consideration for obtaining that licence. The royalty consideration is projected to commence at \$1,000,000 for the 2004/2005 year and projected royalty calculations are based on a fixed 0.16% of revenue.

A summary of the key terms of the Licence Agreement is set out in Section 9.9.1 of this Prospectus.

---

## **5.5 Accounting Policies**

---

The following specific accounting policies have been adopted in the preparation of the historical and forecast financial information set out in Sections 5.1 and 5.7 of this Prospectus.

### **Income Tax**

On 1 July 2003, Bill Express Limited became a member of the Australian Pure Fruits Limited consolidated tax group. In the absence of a tax funding agreement, all current and deferred tax amounts in respect of Australian Pure Fruits Limited wholly-owned subsidiaries, including Bill Express Limited, are recognised in the accounts of Australian Pure Fruits Limited. Accordingly, Bill Express Limited does not recognise any income tax expense amounts relating to its current or deferred tax amounts in respect of the year ending 30 June 2004.

The forecast results for the year ending 30 June 2005 are based upon Bill Express Limited exiting the consolidated tax group, at which time Bill Express Limited must recognise its associated deferred tax amounts measured on the same basis as applied prior to it ceasing to be a wholly owned subsidiary of Australian Pure Fruits Limited. The deferred tax balance applicable to Bill Express Limited at 30 June 2004 is estimated to be a net tax asset of \$523,126, and this amount has been recognised as an income tax revenue in the forecast results for the year ending 30 June 2005. Excluding this item, the forecast income tax expense would be \$1.755 million.

### **Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value is determined on the basis of each inventory line's normal selling pattern.

### **Plant and Equipment**

Each class of plant and equipment is carried at cost, or fair value. All assets are depreciated over their useful lives or at depreciation rates set by the Commissioner of Taxation.

Each class of plant and equipment is carried at cost less any accumulated depreciation.

#### *Plant and Equipment*

Plant and equipment is measured on the cost basis.

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

#### *Depreciation*

The depreciable amount of all fixed assets are depreciated over their estimated useful lives to the Company commencing from the time the asset is held ready for use. Depreciation and amortisation rates are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of assets are:

| Class of Fixed Asset             | Depreciation Rates | Depreciation Basis |
|----------------------------------|--------------------|--------------------|
| Furniture, Fixtures and Fittings | 10%                | Straight Line      |
| Computer Equipment               | 20%                | Straight Line      |

### Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

### Research and Development Expenditure

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond reasonable doubt, in which case it is deferred and amortised over a period of 5 years.

Deferred research and development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production is commenced.

### Revenue

Revenue is recognised on sale of telecommunications products at the value invoiced to retail resellers based upon the substance of the transaction entailing full credit risk to the entity. Such revenue is recognised at the time the products are sold by the retail reseller.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

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

### Borrowing Costs

Borrowing costs can include interest, amortisation of discounts or

premiums related to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges.

Borrowing costs are expensed as incurred.

### Acquisition of Assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Acquired research and development is only recognised as a separate asset when future benefits are expected beyond any reasonable doubt to be recoverable.

### Recoverable Amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. The write-down is expensed in the reporting period in which it occurs. In determining the recoverable amount, the expected net cash flows have not been discounted to their present value using a market determined risk adjusted discount rate.

## 5.6 Sensitivity Analysis

The forecast for the financial year ending 30 June 2005 is based upon certain economic and business assumptions about future events. The net profit from ordinary activities before income tax expense is sensitive in varying degrees to movement in a number of key business drivers. A summary of the effect that variations in key assumptions may have on the forecast is shown in Table 5.6a below. Care should be taken in interpreting these sensitivities. The sensitivities are shown in isolation, whereas, in most cases, the variations are inter-dependent. The effects of movements in a variable may be offset or compounded by movements in other variables. The effect on the net profit from ordinary activities before income tax expense presented for each sensitivity is not intended to be indicative or predictive of the likely

# FINANCIAL INFORMATION AND FORECASTS CONTINUED ...

range of outcomes to be experienced with respect to each sensitivity.

The following sensitivities summarise the financial effect of changes in the specified variables for the forecast period to 30 June 2005. The forecast net profit from ordinary activities before income tax expense for this period is \$6.682 million.

Table 5.6a

---

Impact on net profit from ordinary activities before income tax expense for the year ending 30 June 2005

---

|                        | % Change | (\$'000s) |
|------------------------|----------|-----------|
| Revenue / Gross Profit | +/- 5%   | +/- 1,149 |
| Costs                  | +/-5%    | +/- 590   |

---

## 5.7 Statement of Financial Position

The Proforma Statement of Financial Position reflecting the net asset position of Bill Express Limited immediately after completion of the issue is presented in the table below.

|                                      | (1)<br>Audited<br>YEAR<br>30 JUN 2003<br>\$'000 | (2)<br>Reviewed<br>6 MONTHS<br>31 DEC 2003<br>\$'000 | (3)<br>Actual<br>Unaudited<br>30 JUN 2004<br>\$'000 | (4)<br>Seed<br>Investment<br>\$'000 | (5)<br>Capital<br>Prospectus<br>\$'000 | (6)<br>Proforma<br>30 JUN 2004<br>\$'000 |
|--------------------------------------|---|--|---|-------------------------------------|--|--|
| <b>CURRENT ASSETS</b>                |   |  |   |                                     |  |  |
| Cash Assets                          | 12,745  | 1,301  | 9,881   | 6,500                               | 3,500                                  | 19,881                                   |
| Receivables                          | 4,258   | 11,478   | 19,284  |                                     |  | 19,284                                   |
| Inventories                          | 2,759   | 10,055   | 7,719   |                                     |  | 7,719                                    |
| Other                                | 5   |  | 368   |                                     |  | 368                                      |
| <b>TOTAL CURRENT ASSETS</b>          | <b>19,767</b>                                   | <b>22,834</b>  | <b>37,252</b>                                       | <b>6,500</b>                        | <b>3,500</b>                           | <b>47,252</b>                            |
| <b>NON CURRENT ASSETS</b>            |   |  |   |                                     |  |  |
| Property, plant and equipment        | 149   | 16,044   | 24,573  |                                     | 3,000                                  | 27,573                                   |
| Other                                | 6,741   | 8,354  | 8,015   |                                     |  | 8,015                                    |
| <b>TOTAL NON CURRENT ASSETS</b>      | <b>6,890</b>                                    | <b>24,398</b>  | <b>32,588</b>                                       |                                     | <b>3,000</b>                           | <b>35,588</b>                            |
| <b>TOTAL ASSETS</b>                  | <b>26,657</b>                                   | <b>47,232</b>  | <b>69,840</b>                                       | <b>6,500</b>                        | <b>6,500</b>                           | <b>82,840</b>                            |
| <b>CURRENT LIABILITIES</b>           |   |  |   |                                     |  |  |
| Payables                             | 18,253  | 31,244   | 48,048  |                                     | (14,722)                               | 33,326                                   |
| Provision for Dividend               | 0   | 0  | 4,778   |                                     | (4,778)                                |  |
| Interest bearing liabilities         | 210   | 5,414  | 119   |                                     |  | 119                                      |
| Current Tax Liabilities              |   | 64   | 125   |                                     |  | 125                                      |
| Other                                | 305   | 1,961  | 7   |                                     |  | 7  |
| <b>TOTAL CURRENT LIABILITIES</b>     | <b>18,768</b>                                   | <b>38,683</b>  | <b>53,077</b>                                       |                                     | <b>(19,500)</b>                        | <b>33,577</b>                            |
| <b>NON CURRENT LIABILITIES</b>       |   |  |   |                                     |  |  |
| Payables                             | 5,709   | 5,206  | 14,980  |                                     |  | 14,980                                   |
| <b>TOTAL NON CURRENT LIABILITIES</b> | <b>5,709</b>                                    | <b>5,206</b>   | <b>14,980</b>                                       |                                     |  | <b>14,980</b>                            |
| <b>TOTAL LIABILITIES</b>             | <b>24,477</b>                                   | <b>43,889</b>  | <b>68,057</b>                                       |                                     | <b>(19,500)</b>                        | <b>48,557</b>                            |
| <b>NET ASSETS</b>                    | <b>2,180</b>                                    | <b>3,343</b>   | <b>1,783</b>  | <b>6,500</b>                        | <b>26,000</b>                          | <b>34,283</b>                            |
| <b>EQUITY</b>                        |   |  |   |                                     |  |  |
| Contributed Equity                   |   |  |   | 6,500                               | 26,000                                 | 32,500                                   |
| Reserves                             |   |  |   |                                     |  |  |
| Retained Profits                     | 2,180   | 3,343  | 1,783   |                                     |  | 1,783                                    |
| <b>TOTAL EQUITY</b>                  | <b>2,180</b>                                    | <b>3,343</b>   | <b>1,783</b>  | <b>6,500</b>                        | <b>26,000</b>                          | <b>34,283</b>                            |

### Notes

- (1) The Statement of Financial Position as at 30 June 2003 was audited.
- (2) The Statement of Financial Position as at 31 December 2003 was reviewed, by the Company's auditor, but not audited.
- (3) The Statement of Financial Position as at 30 June 2004 and Proforma Statement of Financial Position have been independently reviewed. Section 6 of this Prospectus contains a report on the Independent Review of the Statement of Financial Position as at 30 June 2004.
- (4) The seed investment of \$6,500,000 is the pre-IPO investment made in the Company by G Harvey Nominees Pty Ltd. See Section 9.9.14 of this Prospectus for a summary of the Share Subscription Agreement between the Company and G Harvey Nominees Pty Ltd.
- (5) The balance of funds raised, being \$2,500,000, are allocated as IPO/raising costs and are offset against contributed equity.
- (6) The Proforma Statement of Financial Position reflects the payment of dividends from retained profits to APFL.

# DMR CORPORATE

DMR

|  |   |                    |
|--|---|--------------------|
| DMR Corporate Pty Ltd<br>470 Collins Street<br>Melbourne<br>Victoria 3000<br>Australia | Telephone (03) 9629 4277<br>Facsimile (03) 9629 4598<br>Email admin@dmrcorporate.com.au | A.C.N. 063 564 045 |
|--|---|--------------------|

6 September 2004

The Directors  
Bill Express Limited  
677 The Boulevard  
Eaglemont  
VIC 3084

Dear Sirs,

**RE: Independent Accountant's Report on Historical and Pro Forma Financial Information**

**1. Introduction**

This report has been prepared at the request of the Directors of Bill Express Limited ("the Company") for inclusion in a Prospectus to be dated on or about 6 September 2004. The Prospectus seeks to raise \$28,500,000 by the issue of 142,500,000 shares at \$0.20 per share.

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

**2. Scope of Review**

In accordance with Australian Auditing Standards appropriate to review engagements (AUS 902), you have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare a report covering the following information:

- o the actual unaudited results of the Company for the year ended 30 June 2004 set out in Section 5.1 of the Prospectus;
- o the actual unaudited statement of financial position of the Company as at 30 June 2004 set out in Section 5.7 of the Prospectus; and
- o the pro forma statement of financial position as at 30 June 2004 set out in Section 5.7 of the Prospectus, which assumes the completion of the capital raising as contemplated by the Prospectus and incorporating a capital raising completed since 30 June 2004.

The purpose of our review was to determine whether, in all material respects:

- o the actual unaudited historical financial information has been properly compiled from the underlying accounting records and is presented on a basis consistent with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia; and
- o the pro forma statement of financial position is properly prepared and is presented on a basis consistent with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review was substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit and accordingly we do not express an audit opinion on the historical and pro-forma financial information included in the Prospectus.

The opinion expressed in this report has been formed on the above basis.

### **3. Opinion**

Based on our review, which is not an audit, nothing has come to our attention, which causes us to believe that the following statements are incorrect:

- o the actual unaudited results of the Company in respect of the year ended 30 June 2004 set out in Section 5.1 of the Prospectus have been properly compiled from the underlying accounting records and they are presented on a basis consistent with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia;
- o the actual unaudited statement of financial position of the Company as at 30 June 2004 set out in Section 5.7 of the Prospectus has been properly compiled from the underlying accounting records and is presented on a basis consistent with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia; and
- o the pro forma statement of financial position as at 30 June 2004 set out in Section 5.7 of the Prospectus correctly reflects the proposed capital raising and application of funds raised in accordance with the Prospectus, and is prepared on a basis consistent with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia.

### **4. Subsequent Events**

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

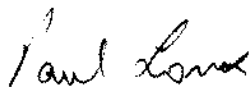
### **5. Declarations**

DMR Corporate is the holder of an Australian Financial Services Licence pursuant to Section 913B of the Act.

DMR Corporate does not have any pecuniary interests that would reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in this matter.

The Company has agreed to indemnify DMR Corporate and its staff from any claims arising out of any misstatement or omission in any material supplied by the Company.

Yours faithfully



Paul Lom  
Director

# 7 INDEPENDENT REVIEW OF FORECASTS

## DMR CORPORATE

DMR

D M R Corporate Pty Ltd  
470 Collins Street  
Melbourne  
Victoria 3000  
Australia

Telephone (03) 9629 4277  
Facsimile (03) 9629 4598  
Email admin@dmrcorporate.com.au

A.C.N. 063 564 045

6 September 2004

The Directors  
Bill Express Limited  
677 The Boulevard  
Eaglemont  
VIC 3084

Dear Sirs,

### **RE: Independent Review of Directors' Financial Forecasts**

#### **1. Introduction**

This report has been prepared at the request of the Directors of Bill Express Limited ("the Company") for inclusion in a Prospectus to be dated on or about 6 September 2004. The Prospectus seeks to raise \$28,500,000 by the issue of 142,500,000 shares at \$0.20 per share.

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

#### **2. Scope of Review**

In accordance with Australian Auditing Standards appropriate to review engagements (AUS 902), you have requested DMR Corporate Pty Ltd ("DMR Corporate") to review the forecast financial results for the financial year ending 30 June 2005, as set out in Section 5.1 of the Prospectus. The purpose of our review was to determine whether, in all material respects:

- o the methodology by which the profit forecasts were prepared was reasonable;
- o the forecasts have been properly prepared on the basis of the stated assumptions;
- o the assumptions are reasonable and provide reasonable grounds for the preparation of the profit forecasts;
- o the forecast financial information itself is reasonable; and
- o the forecasts are prepared on a basis consistent with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia.

The forecasts have been prepared by the Directors to provide investors with a guide to the potential future profitability of the Company, based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of forecasts and the actual results may vary materially from the forecasts.

Our review was substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit and accordingly we do not express an audit opinion on the forecasts included in the Prospectus.

The opinion expressed in this report has been formed on the above basis.

### **3. Review Statement on the Directors' Forecasts**

The Directors are responsible for the establishment of adequate procedures to identify, appraise and manage the risks set out in Section 8 of the Prospectus. Investors should also have regard to these risk factors.

We have conducted an independent review of the forecasts in order to express an opinion on them to the Directors. Our procedures included examination, on a test basis, of evidence supporting the assumptions upon which the forecasts have been prepared. These procedures have been undertaken to form an opinion as to whether anything has come to our attention which causes us to believe that the Directors' assumptions do not provide a reasonable basis for the preparation of the forecasts, and whether, in all material respects, the forecasts are properly prepared and are presented on a basis consistent with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of the Directors and the Company. If events and actions do not occur as assumed, actual results and distributions achieved by the Company may vary significantly from the forecasts.

Accordingly, we do not express an audit opinion on the forecasts, nor can we confirm or guarantee the achievement of the forecasts, as future events, by their very nature, are not capable of independent substantiation.

### **4. Opinion**

Based on our examination of the evidence supporting the financial forecasts, nothing has come to our attention, which causes us to believe that the following statements are incorrect:

- o the methodology by which the profit forecasts were prepared was reasonable;
- o the forecasts have been properly prepared on the basis of the stated assumptions;
- o the assumptions are reasonable and provide reasonable grounds for the preparation of the profit forecasts;
- o the forecast financial information itself is reasonable; and
- o the forecasts are prepared on a basis consistent with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia.

### **5. Subsequent Events**

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

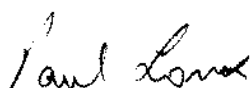
### **6. Declarations**

DMR Corporate is the holder of an Australian Financial Services Licence pursuant to Section 913B of the Act.

DMR Corporate does not have any pecuniary interests that would reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in this matter.

The Company has agreed to indemnify DMR Corporate and its staff from any claims arising out of any misstatement or omission in any material supplied by the Company.

Yours faithfully



Paul Lom  
Director

# 8

# RISK FACTORS

---

## 8.1 General Risks

---

The following matters, as well as others described elsewhere in the Prospectus, should be considered by each potential investor. While the Directors will use prudent management to minimise risks to security holders, security holders should consider that actual operating performance may be affected by a number of business risks and may vary significantly from any forecasts or other estimates and expectations. Security holders should be aware that there are risks associated with any investment in the stock market. The value of the Company's Shares can be expected to fluctuate depending upon various factors, including general worldwide economic conditions and general stock market conditions, as well as the performance of the Company.

There are a number of risk factors, both specific to the Company and relating to the general business environment, which may impact upon the operating performance and financial position of the Company. Some of these risks can be mitigated by the use of contingency plans and safeguards. However, many are outside the control of the Company and cannot be mitigated.

Risk factors include, but are not limited to:

---

## 8.2 Dependence on General Economic Conditions

---

The Company, like all businesses, is affected by general economic conditions including the level of interest rates, inflation and consumer spending. Any prolonged downturn in economic activity could be expected to have a negative impact on the Company. As a company having a smaller market capitalisation, the market in the Company's securities may suffer periods of illiquidity.

---

## 8.3 Loss of Key Clients

---

The Company has a number of important client relationships. The loss of one or more key clients would be likely to adversely affect the operating results of the Company. A number of the Company's agreements with clients are for fixed terms and are terminable on notice.

---

## 8.4 Reliance on Key Management

---

The responsibility of overseeing the day-to-day operations and the strategic management of the Company is substantially dependent upon its senior

management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one, or a number of, these employees cease their employment.

The Company's future success also depends upon its continuing ability to attract and retain highly qualified personnel. The ability to attract and retain the necessary personnel could have a material effect upon the Company's business, results of operations and financial condition.

---

## 8.5 New Products

---

The long term growth of the Company is dependent upon its ability to develop and successfully commercialise new products.

---

## 8.6 Technological Developments

---

A failure by the Company to adapt to technological developments could lead to a loss of opportunities, and adversely impact the Company's operating results and financial position.

---

## 8.7 Competition

---

There can be no assurance given in respect of the Company's ability to continue to compete profitably in the competitive markets in which the Company operates. The potential exists for change in the competitive environment in which the Company operates. As with many markets, competitors may attempt to use existing contracts and claim intellectual property rights as barriers to entry for new competitors in the pre-paid and bill-payment markets.

---

## 8.8 Management of Growth

---

The expansion of the Company will depend upon the ability of management to implement and successfully manage the Company's growth strategy. Further, the Company may, in the future, make acquisitions. The capacity of the Company to manage and properly integrate those acquisitions may also play an important role in its financial performance.

---

## 8.9 Funding

---

While the Company believes it currently has sufficient funds to meet its

operational requirements, there can be no assurance that the Company will not seek to exploit opportunities of a kind which will require it to raise additional capital from equity or debt sources. There can be no assurance that the Company will be able to raise such capital on favourable terms or at all. If the Company is unable to obtain such additional capital, it may not be able to exploit such opportunities.

---

## 8.10 Protection of Proprietary Technology

---

While the Company has taken measures to protect its proprietary technology, there can be no assurance that these measures have been, or will be, sufficient.

---

## 8.11 Product Liability

---

The Company's contracts with its clients generally contain provisions drafted to limit the Company's exposure to product liability claims. However, it is possible that the limitation of liability provisions may not be effective in certain jurisdictions. Hence, there can be no assurance that the Company will not be subject to such claims. The Company carries what the Directors believe to be adequate insurance. However, there can be no assurance that a significant claim, if successful, would not adversely impact the Company's operating results and financial position.

---

## 8.12 Environmental Considerations

---

Any material change in the environmental conditions may affect the profitability of the Company. However, if there was to be a change, the Directors believe that any such change would also apply to competitors, thus negating any competitor gain.

---

## 8.13 Change of Control

---

The issue of Shares pursuant to this Prospectus, will result in Australian Pure Fruits Limited's shareholding in Bill Express Limited falling below 50%. A number of agreements, that Bill Express Limited is a party to, require the consent of third parties to a change in control of the Company. There is a possibility that a third party may refuse to grant consent to the proposed change in control and elect to terminate its agreement with Bill Express Limited, or attach conditions to its consent that may be disadvantageous to the Company.

Bill Express Limited has, where relevant or material, sought the consent of a number of its third party contractors to the proposed change of control. At the date of this Prospectus, no third party has withheld its consent to the proposed change in control. The Directors do not believe that any of these third parties will withhold their consent to the proposed change of control.

---

## 8.14 Disaster Recovery and Security of Systems

---

The Company's business relies on the continuous and uninterrupted operation of its electronic bill payment and distribution system. Whilst the Company has taken measures to ensure the integrity and functionality of its electronic infrastructure, and has in place disaster recovery, data back-up and security systems, there can be no assurance that this electronic infrastructure will be entirely free of malfunction or interruption. In the event of malfunction or interruption, the Company has in place arrangements to mitigate loss to the Company and end users.

---

## 8.15 Summary

---

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or its security holders. The above factors and other factors not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of its Shares.

The Shares issued pursuant to this Prospectus, carry no guarantee with respect to the payment of dividends, return of capital or market value.

Investment in the Company's securities should be regarded as speculative and neither the Company, nor any of its Directors, guarantee that any specific objective of the Company will be achieved.

Potential applicants should consult their professional advisors before deciding whether to respond to the Offer pursuant to this Prospectus. Any person who responds to the Offer pursuant to this Prospectus does so in recognition of the above factors.

# 9

# ADDITIONAL INFORMATION

---

## 9.1 Incorporation

---

The Company was incorporated in Victoria on 21 October 1999. On 3 September 2004, the Company was converted from a proprietary limited company to a public company, and changed its name from DialTime Pty Ltd to Bill Express Limited.

---

## 9.2 Share Capital

---

### Current

The current share capital of the Company is as follows:

182,500,000 ordinary fully paid Shares; and  
75,000,000 Options exercisable at 25 cents.

The terms and conditions of the Options are set out in Section 9.4.

### Post Offer

On completion of the offer under this Prospectus, the issued share capital of the Company will be as follows:

|         |             |
|---------|-------------|
| Shares  | 325,000,000 |
| Options | 75,000,000  |

---

## 9.3 Rights Attaching to Shares

---

The following is a summary of the more significant rights attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to the Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. The following is a summary of the major provisions:

### Voting

At a general meeting, every member present in person, or by proxy, attorney or representative, has one vote on a show of hands and on a poll, one vote for each fully paid Share held and in respect of which a member may vote. On a poll, partly paid Shares confer a fraction of a vote pro-rata to the amount paid up on the Share.

A poll may be demanded by the chairperson of the meeting, by any 5 Shareholders present in person, or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of all the Shareholders having the right to vote on the resolution on a poll.

### General Meetings

Each Shareholder is entitled to receive notice of, and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to Shareholders under the Company's Constitution, the Corporations Act, or the Listing Rules.

### Dividends

Subject to any special rights or restrictions attaching to a class of Shares, the profits of the Company, which the Directors from time to time determine to distribute by way of dividend, are divisible amongst the Shareholders in proportion to the amounts paid up on the Shares held by them.

### Issue of Further Shares

The Directors may (subject to the restrictions on the issue of Shares imposed by the Constitution of the Company, the Listing Rules and the Corporations Act) issue, grant Options in respect of, or otherwise dispose of further Shares on such terms and conditions as they see fit.

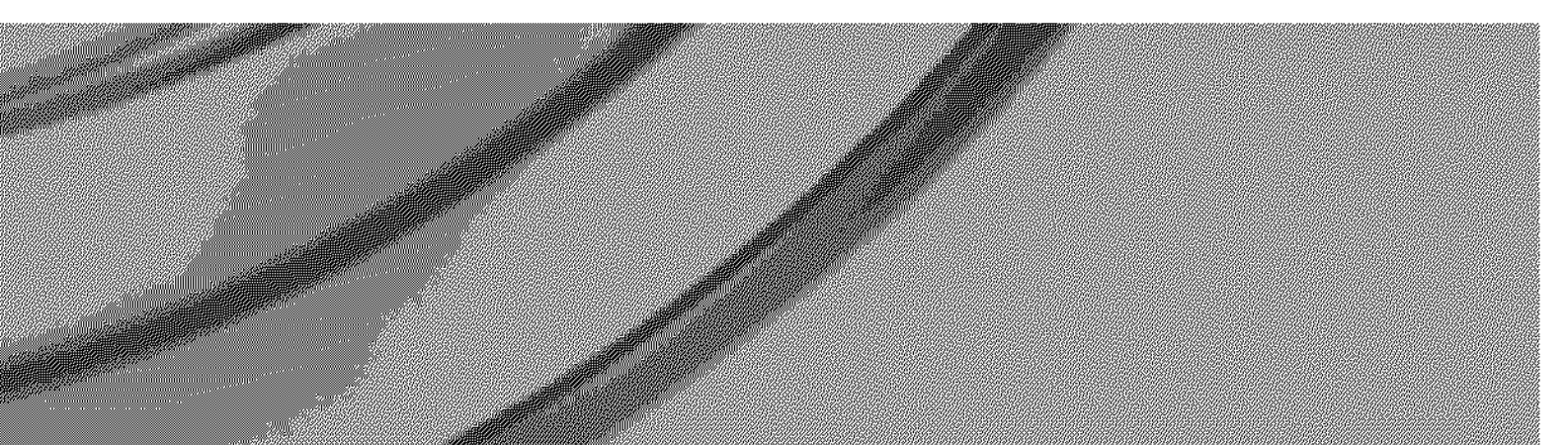
### Transfer of Shares

Holders of Shares may transfer them by a proper transfer effected in accordance with the Securities Clearing House business rules, and the Listing Rules, and as otherwise permitted by the Corporations Act.

The Directors may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the Listing Rules.

### Winding Up

Subject to any special or preferential rights attaching to any class or classes of Shares, on a winding up of the Company, any surplus assets of the Company will be distributed to Shareholders in proportion to the capital paid up on the Shares held by them respectively. On a winding up of the Company, the liquidator may, with the approval of a special resolution, distribute among the Shareholders the whole or any part of the property



of the Company and may determine how such division is to be carried out. The liquidator may also, with the approval of a special resolution, vest the whole or any part of the property in trustees on trust for Shareholders as the liquidator thinks fit.

### **Small Holdings**

Provided the Company complies with certain requirements, the Company may sell the Shares of a holder who has less than a marketable parcel of Shares.

### **Directors**

The details of the powers and duties of Directors are contained in the Constitution.

### **Directors' Indemnity**

The Company, to the extent permitted by law, indemnifies each Director, alternate Director, or executive officer (and any person who has previously served in any such capacity) against any liability or cost incurred by the person as an officer of the Company, or a related body corporate of the Company, including but not limited to liability for costs incurred in defending proceedings in which judgment is given in favour of the person or in which the person is acquitted. The indemnity may be extended to other employees at the discretion of the Directors.

### **Share Buy Backs**

The Company may buy back Shares in itself in accordance with the provisions of the Corporations Act.

### **Alteration of Constitution**

The Constitution of the Company can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company.

---

## **9.4 Rights Attaching to the Options**

---

The following are the rights attaching to the Options on issue in the Company:

### **Entitlement**

Each Option entitles the holder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.

Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

### **Exercise of Option**

The final date for exercise of an Option will be 7:00pm (AEST) 30 June 2009.

The exercise price of each Option is 25 cents.

An Option is exercisable by the holder signing and delivering a notice of exercise of Option, together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's share registry.

Remittances must be made payable to "Bill Express Limited" and cheques should be crossed "Not Negotiable".

All Options not exercised on or before the expiry of the exercise term will lapse.

In the event of liquidation of the Company, all unexercised Options will lapse.

### **Quotation**

The Company is not applying to the ASX for official quotation of the Options.

If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 Business Days (as defined in the Listing Rules of the ASX) of issue. The Company gives no assurance that such quotation will be granted.

### **Participation in Securities Issues**

The holder is not entitled to participate in new issues of securities without exercising the Options, subject to the statements set out in Participation in a Reorganisation of Capital below.

### **Participation in a Reorganisation of Capital**

In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of capital of the Company), the rights of an Optionholder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or

# ADDITIONAL INFORMATION CONTINUED . . .

reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on Optionholders which is not conferred on Shareholders of the Company.

In any reorganisation, Options will be treated in the following manner.

- (a) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company, and the exercise price will be amended in inverse proportion to that ratio;
- (b) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company, and the exercise price will be amended in inverse proportion to that ratio;
- (c) in the event of a return of the share capital of the Company, the number of Options will remain the same, and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary Share;
- (d) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled, the number of Options and the exercise price of each Option, will remain unaltered;
- (e) in the event of a pro-rata cancellation of Shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company, and the exercise price of each Option will be amended in inverse proportion to that ratio; and
- (f) in the event of any other reorganisation of the issued capital of the Company, the number of Options, or the exercise price, or both, will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on an Optionholder which are not conferred on Shareholders.

## Adjustments to Options and Exercise Price

Adjustments to the number of Shares over which Options exist and/ or the exercise price may be made to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

The method of adjustment shall be to the number of Shares over which the Options exist and/or the exercise price shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

### (a) Pro-Rata Cash Issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

where:

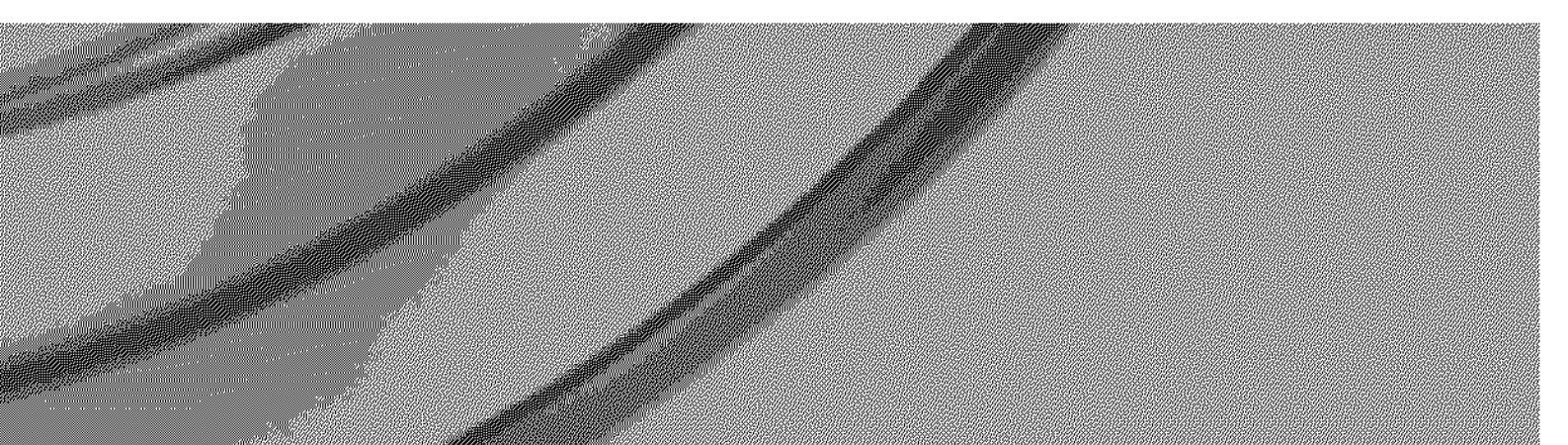
- O' = the new exercise price of the Option
- O = the old exercise price of the Option
- E = the number of underlying securities into which one Option is Exercisable
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date
- S = the subscription price for a security under the pro-rata issue
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue)
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security

### (b) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

## Takeovers and Schemes of Arrangement

If, during the currency of any Options, and prior to their exercise, a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of Shares, then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying the Optionholder of the offer, and from the date of such notification, the Optionholder has 60 days within which to exercise the Options, notwithstanding any other terms and conditions applicable to the Options or arrangement. If the Options are not exercised within 60 days after notification of the offer, the Options may be exercised at any other time according to their terms of issue.



If an offer for the Shares is made to Shareholders of the Company pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the Optionholder will be entitled to exercise Options held by it within the period notified by the Company.

### **Transfer Not Permitted**

The Options are not transferable unless they are otherwise in a class of Options that are admitted to official quotation

### **Notices**

Notices may be given by the Company to the Optionholder in the manner prescribed by the Constitution of the Company for the giving of notices to the Shareholders of the Company and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Optionholder.

### **Rights to Accounts**

Optionholders will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, in the event the Optionholder is not a Shareholder, it will not have any right to attend or vote at these meetings.

---

## **9.5 Dividend Reinvestment Plan**

---

The Company has established a Dividend Reinvestment Plan (DRP) under which Shareholders of the Company may reinvest all or part of their dividends in further Shares. The DRP has not yet been made operative. The following are the key features of the DRP:

### **Participation**

Participation in the DRP is optional.

A Shareholder may participate in the DRP in respect of all of its Shares or in respect of some only.

Participating Shareholders may terminate their participation or increase or decrease the number of Shares participating under the DRP.

The Directors may decline to accept an application to participate in the DRP if, in their opinion, the laws of Australia or another country makes the Shareholder's participation in the DRP illegal, impractical, or undesirable.

### **Operation of the DRP**

Under the DRP, each cash dividend, which would otherwise be payable to a participating Shareholder on participating Shares, will be applied to a subscription for additional Shares. Fractional entitlements will be rounded up.

Shares issued to participating Shareholders under the DRP will rank equally with existing Shares and the Company will apply for Shares allotted under the DRP to be quoted on the ASX.

### **Share Price**

Shares issued under the DRP will be issued at a price which is 100% (or such lower percentage as the Directors may resolve, but which may not be less than 95%) of the average sale price (rounded to the nearest cent) of all Shares sold on the ASX on the date the Company's share register is closed to determine the entitlement to a dividend and the four trading days immediately preceding that date.

No brokerage, commission or other transaction costs will be payable by participating Shareholders on Shares issued under the DRP.

### **Alteration, Suspension or Termination**

The Directors may alter, suspend or terminate the DRP at any time by giving notice to Shareholders.

---

## **9.6 Employee Share Plan**

---

The Company has established an Employee Share Plan (ESP) with the following key features:

### **Operation of the ESP**

The ESP commences on a date determined by the Board, and is to be managed by the Board in accordance with the rules of the ESP (Rules), which bind the Company, each subsidiary (as defined in the Corporations Act) of the Company, the custodian selected by the Board to administer the ESP and each participant who accepts an offer to participate under the ESP (Participating Employee).

The ESP may be suspended or terminated at any time at the discretion of the Board.

# ADDITIONAL INFORMATION CONTINUED . . .

## Eligibility

The Board may, subject to the Rules, offer Shares for subscription or acquisition under the ESP to any full-time and part-time employee of the Company or any subsidiary of the Company (Qualifying Employee) selected by the Board.

## Limits on Number of Shares Offered

The number of Shares offered under the ESP when aggregated with:

- (i) Shares which would have been issued under each outstanding offer or Option (if it was accepted or exercised) pursuant to an employee incentive scheme; and
- (ii) Shares issued during the previous 5 years pursuant to an employee incentive scheme,

must not exceed 5% of the total number of issued Shares in the Company as at the time of the offer.

No Qualifying Employee may accept an offer of Shares under the ESP if, immediately after the acquisition of the Shares the subject of the offer, the Qualifying Employee would:

- (a) hold a legal or beneficial interest in more than 5% of the Shares in the Company; or
- (b) be in a position to cast, or control the casting of, more than 5% of the maximum number of votes that might be cast at the general meeting of the Company.

## Ranking of Shares

Subject to the rules of the ESP, Shares issued under the ESP will rank equally in all respects with all existing Shares from the date of allotment including in relation to:

- (a) voting rights; and
- (b) entitlements to participate in distributions and dividends and future rights and bonus issues.

## Restrictions on Disposal

Participating Employees must not sell, transfer or otherwise dispose of any Shares issued or transferred to the Participating Employee under the ESP until the earlier of 3 years after issue of those Shares or cessation of employment with the Company.

---

## 9.7 Employee Option Plan

---

The Company has established an Employee Option Plan (EOP) with the following key features:

### Eligibility

The Board may issue Options under the EOP to any employee of the Company and its subsidiaries, including executive directors and non-executive directors.

### General Terms of the Options

Options will be issued free of charge, unless the Board determines otherwise. Each Option is to subscribe for one Share and, when issued, the Share will rank equally with other Shares.

The Options are not transferable.

Quotation of the Options on the ASX will not be sought, but the Company will apply to the ASX for official quotation of Shares issued on the exercise of Options. Options may be granted subject to conditions specified by the Board which must be satisfied before the Option can be exercised.

### Exercise of Options

Unless the terms on which an Option was offered specify otherwise, an Option may be exercised at any time after two years from the date it is granted, provided the employee is still employed by the Company.

An Option may also be exercised in special circumstances, that is, at any time within 6 months after the employee's death, total and permanent disablement, retirement, or retrenchment. An Option lapses upon termination of the employee's employment by the Company and, unless the terms of the offer of the Option specify otherwise, lapses five years after the date upon which it was granted.

### Exercise Price

The exercise price per Share for an Option will be the amount determined by the Board at the time of the grant of the Option.

### **New Issues of Securities**

Optionholders will not be entitled to participate in any new issue of securities in the Company unless they exercise their Options prior to the record date for the determination of entitlements to the new issue.

### **Bonus Issues**

If the Company makes a bonus issue of securities to the Shareholders, each unexercised Option will, on exercise, entitle its holder to receive the bonus securities as if the Option had been exercised before the record date for the bonus issue.

### **Rights Issues**

If the Company makes a pro-rata rights issue of Shares for cash to its ordinary Shareholders, the exercise price of unexercised Options is adjusted to reflect the diluting effect of the issue.

### **Capital Reorganisations**

If there is any reorganisation of the capital of the Company, the number of Options and their exercise price will be adjusted in accordance with the Listing Rules.

### **Limit on Number of Options**

The maximum number of Options on issue under the EOP must not at any time exceed 7.5% of the total number of Shares on issue at that time.

---

## **9.8 Company Tax Status**

---

The Directors expect the Company will be taxed in Australia as a public company.

---

## **9.9 Material Agreements Summary**

---

The Directors consider that certain agreements are significant to the Company, or are of such importance that an investor might wish to have particulars of them when assessing the offer. Set out in this section is a brief summary of the more important provisions of these material agreements.

### **9.9.1 Licence Agreement**

Under this Agreement On Q Technologies Pty Ltd (OnQT), a wholly owned subsidiary of Australian Pure Fruits Limited, grants an exclusive, perpetual and irrevocable licence to Bill Express Limited (the Company) to use, reproduce, publish, communicate and adapt the EBMS software and other software used by the Company in conducting the following businesses:

- (a) DialTime prepaid product distribution business;
- (b) Bill EXPRESS bill payment business;
- (c) POPS advertising content display business;
- (d) MobileEFT mobile electronic funds transfer point of sale terminal business; and
- (e) Express CRM loyalty reward business.

Ownership of any modifications to the software made by the Company vests in the Company.

This licence strictly relates only to use in Australia and only permits the Company to use the software for the purposes of conducting the abovementioned businesses.

In consideration for the grant of the licence, Bill Express Limited agrees to pay a royalty of 0.16% of audited gross revenue earned by each of the abovementioned businesses. The royalty is payable monthly. On the projections set out in this Prospectus, it is estimated that this royalty for the first 12 months of the licence agreement will amount to approximately \$1 million.

The software which is licensed to the Company also includes software which is not owned by OnQT but which OnQT has the right to sub-licence to the Company. This software is known as 'Clear Objectives' and is licensed to OnQT by Mark Trans Pty Ltd (formerly Clear Objectives Pty Ltd).

The licence agreement provides that if the royalty is not paid, then OnQT shall not be entitled to terminate the agreement but shall be entitled to sue for the royalties as a debt due and owing.

### **9.9.2. Sale of pre-paid mobile phone and internet products**

The Company has a number of agreements with providers of pre-paid mobile telephone and internet products, namely telecommunications and internet companies, and the distributors of these products.

# ADDITIONAL INFORMATION CONTINUED . . .

The Company's key agreements are with major telecommunications companies such as Telstra, Optus, Vodafone, Virgin, AAPT, Apple, Boost-Tel, Escape, Telecorp, World Telecommunications, OzEmail and Big Blue Internet.

The vast majority of sales of pre-paid products are made on behalf of Telstra, Optus, Vodafone and Virgin. Each of these agreements provides for termination by the supplier by giving notice.

The Company's agreements with telecommunications companies generally provide as follows:

The telecommunications company appoints the Company as a non-exclusive distributor of Personal Identification Numbers (PINs) to credit pre-paid mobile telephones through DialTime terminals. The Company distributes those PINs to participating merchants.

The Company's obligations generally include the following:

- Promote and conduct the DialTime program;
- Upon delivery of the PINs from the telecommunications company, the Company must promptly load the PINs onto the DialTime program host;
- Procure participatory merchants to enter into a Merchant Agreement with the Company;
- Maintain the security of the PINs at all times;
- Meet or exceed certain prescribed service levels.

Under the agreements with two major suppliers, consent is required to a change in control of ownership in the Company. Upon the issuing of all Shares pursuant to the Share Subscription Agreement summarised in Section 9.9.14 below and this Prospectus, the percentage ownership of Australian Pure Fruits Limited in the Company shall reduce from 100% to approximately 46%. The Company has been provided with a letter of consent from one supplier consenting to such a change in control. The agreement with that supplier provides that the supplier is entitled to terminate the agreement in the event that its competitor acquires more than 10% of the issued shares in Bill Express Limited. This requirement has not been waived.

The Company's key agreements with distributors are with Caltex, Harvey Norman, Coles Myer, Flight Centre and a range of other smaller merchants including a number of

newsagents. Coles retains the option of terminating the arrangement if it chooses to cease selling the pre-paid product.

### 9.9.3 DialTime - Bill Payment Business

In October 2003, the Company completed the acquisition of a ServiceATM network from Coles Myer Limited. These ServiceATMs enable the in-person payment of various bills at Coles Supermarkets via an automated on-line process.

The Company has a 3 year agreement with Coles Supermarkets (executed in October 2003) pursuant to which the Company operates the ServiceATMs in Coles Supermarkets.

### 9.9.4 Biller Agreements

The Company has entered into agreements with a variety of billers which enables the Company to process bills on their behalf in the Bill EXPRESS business.

Participating Billers currently include:

- Actew AGL (in Coles Supermarkets only)
- AGC (in Coles Supermarkets only)
- AGL (in Coles Supermarkets only)
- Alinta Gas
- Aurora Energy
- Australian Inland Energy
- Australian Unity
- Barwon Regional Water Authority
- Bayside City Council
- BlueComm
- Carlton Football Club
- City of Casey
- Coles Myer Card (in Coles Supermarkets only)
- Coles Myer Mastercard (in Coles Supermarkets only)
- Country Energy
- Energex
- Ergon Energy
- Frankston City Council
- GE Creditline (in Coles Supermarkets only)
- Gold Coast City Council
- Hervey Bay City Council

- Lower Murray Water
- Melton Shire Council
- Moonee Valley City Council
- Norlink Communications
- Optus
- Port Phillip City Council
- Primus Telecom
- Pulse
- Riverina County Council Water
- South East Water
- StrataPay
- Sydney Water
- Telstra (in Coles Supermarkets only)
- The Trading Post
- Thuringowa City Council
- Vodafone (in Coles Supermarkets only)
- Water Corporation
- Western Australian Cricket Association
- Western Power
- Yarra Valley Water

Each Biller Agreement allows for customers to pay bills using the ServiceATMs in Coles Supermarkets or over the counter at terminals in selected newsagents, convenience stores, petrol stations and other *Bill EXPRESS* outlets. Telephone (IVR) and Internet payment options are also utilised by some billers.

The Company acts as the agent for the relevant Biller for the purpose of processing bill payments.

The Biller Agreements typically allow either the Company or the Biller to terminate the Agreement on the giving of 6 months notice.

The Company typically charges the relevant Biller a fixed cost for each transaction and a card processing fee for processing credit card payments (charged by the relevant card transaction acquirer), which is generally calculated as a percentage of the total amount payable on the bill.

Since the Company acquired the ServiceATM bill payment system no Billers have withdrawn from their Biller Agreement with the Company. With the exception of Energy Australia, of the billers listed that had contracted to receive the *Bill EXPRESS* services prior to the acquisition by the Company of the ServiceATMs, each has agreed to a novation of the original agreement with Coles, to the Company. There are new agreements in place between the Company and Billers that began participating in the *Bill EXPRESS* service after the date of acquisition of the ServiceATMs by the Company.

#### 9.9.5 Merchant Agreements

The Company has agreements with various merchants who offer the Company's services. Participating merchants include various newsagents and service stations such as members of the Australian Newsagents Federation and Caltex.

The Company's standard Merchant Agreement offers the DialTime, *Bill EXPRESS* and loyalty points (*Express CRM*) programs. Merchants identify which of these services they wish to receive.

Under the Merchant Agreement, the Merchants:

- (i) purchase products and/or act as the Company's agent to promote and sell products on behalf of selected telecommunications network providers, internet service providers, utility operators and other suppliers;
- (ii) facilitate the payment of bills of the various billers described in Section 9.9.4 above; and
- (iii) participate in a customer loyalty scheme for the purchase of products and services of participating merchants.

The Company charges the merchant a fee for providing the Company's services.

The standard Merchant Agreement is for a term of 36 or 48 months.

The Merchant enters into an Equipment Rental Agreement and is required to pay an Equipment Rental Fee to a third party (either Focus Capital Pty Ltd or Technology Business International Pty Ltd) in return for the supply and servicing of the terminals. The Company agrees to pay the Merchant a rebate monthly in arrears. The amount of the rebate increases

# ADDITIONAL INFORMATION CONTINUED . . .

in proportion to the amount of business the Merchant transacts through the DialTime/*Bill* EXPRESS program.

Pursuant to the Equipment Rental Agreement, the rental fees owed to either Focus Capital or TBI are absolute and unconditional, notwithstanding the performance or fitness for purpose of the terminals.

The Merchant agrees to participate in the service by:

- authorising the payment of invoices by direct debit or direct credit;
- facilitating transactions involving the use of the DialTime/*Bill* EXPRESS program;
- actively promoting the DialTime/*Bill* EXPRESS program; and
- following procedural requirements set by the Company from time to time in relation to the use of the services.

The Company will provide initial training and ongoing support to the Merchant and is required to meet certain service levels. The Company is not liable for the performance of the products and services of network providers, however remains liable for meeting the service levels for the terminals providing the designated service.

## 9.9.6 Technology Business International Agreement

On 1 March 2003, the Company entered into an Agreement with Technology Business International Pty Ltd (TBI) in relation to the provision of point of sale terminal systems to Merchants.

TBI is in the business of renting equipment and providing point of sale terminal systems with functionalities beyond pre-paid and bill payment systems including advertising, web browsing, email and EFTPOS. TBI also arranges the required funding for the purchase of point of sale terminal systems and contracting with the merchants for the rental of such equipment.

The agreement provides for TBI to carry the primary risk associated with contracting with financiers and merchants in terms of providing a physical point of sale terminal.

The Company undertakes to introduce merchants to TBI in return for an upfront fee and the right to the ongoing prepaid and bill payment transaction fees facilitated through

introduced merchants.

## 9.9.7 Agreement for funding of the Acquisition and Supply of Terminals

In order for the DialTime and *Bill* EXPRESS businesses to operate, it is necessary for merchants to install a suitable terminal at the point of sale which houses the necessary software to facilitate the services. These terminals are supplied to merchants under rental agreements. Terminals are supplied either by Bill Express Limited, Focus Capital Pty Ltd (Focus Capital), Technology Business International Pty Ltd (TBI - which is a company owned by two shareholders in Australian Pure Fruits Limited), Esanda, ANZ, CBMFC, or Hewlett Packard.

In the case of terminals and services supplied by Focus Capital, the Company has an agreement in place with Focus Capital whereby Focus Capital acquires terminals and rents them to merchants. The Company indemnifies Focus Capital in respect of any loss arising out of any default made by merchants in paying rental to Focus.

TBI has entered into funding arrangements with financiers, whereby the financier acquires the right, title and interest to receive payments of rent due to TBI from the merchant pursuant to the rental agreement for the terminals between TBI and the merchant. TBI agrees to collect rental payments and remit them to the financier. The Company guarantees limited obligations of TBI under these arrangements.

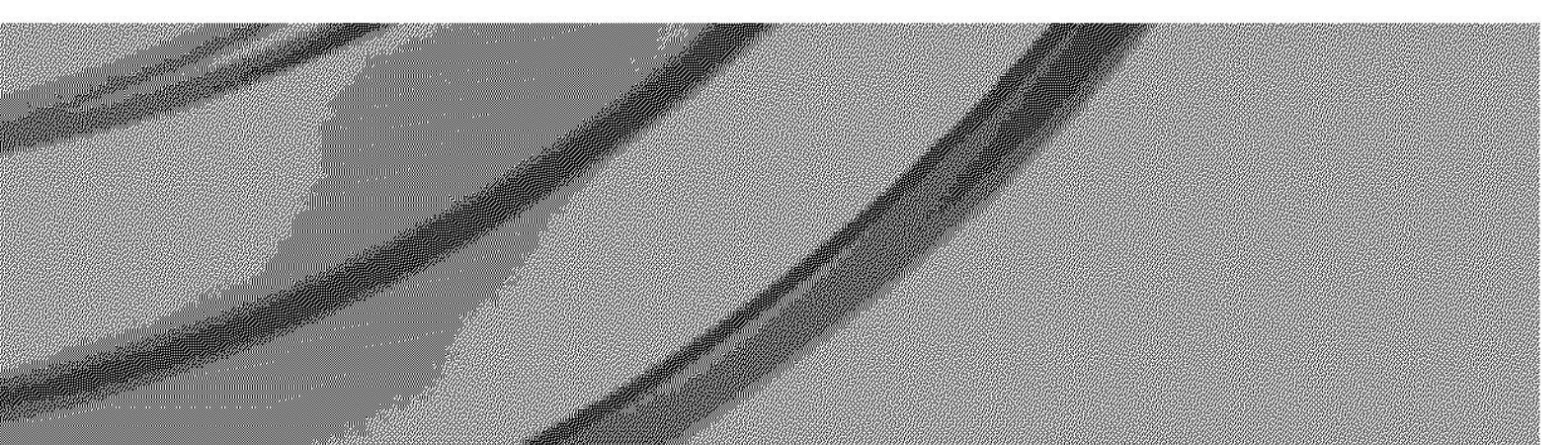
## 9.9.8 General Finance Arrangements

The Company and the APFL Group have general debt facilities with ANZ. The Company has provided a cross guarantee and fixed and floating charge by way of security. The Company and APFL intend to pay out the ANZ facilities upon raising funds pursuant to this Prospectus to release the security obligations of the Company to ANZ.

The Company also has a revolving facility agreement with a financier which is secured by a fixed charge over the debts owed by merchants to the Company for the sale of pre-paid products and a floating charge over other debts owed by merchants to Bill Express Limited.

## 9.9.9 Electronic Payment Settlement Agreement

To facilitate the bill payment program, the Company has an agreement with ANZ. The bank's role is to facilitate the



payment process by providing electronic payment housing to facilitate the settlement of biller transactions from ServiceATMs and other Bill EXPRESS outlets.

#### **9.9.10 Contracted Settlement Manager**

The Company has an agreement with a third party to act as the contracted manager of the clearance of funds in the Bill EXPRESS bill payment process.

#### **9.9.11 Contingency Agreement**

This agreement provides for a leading accounting firm to operate the Bill EXPRESS system in circumstances where an adverse event such as industrial dispute disrupts the Company's provision of the service.

#### **9.9.12 Services Agreement**

Under this Agreement, Technology Business Systems Pty Ltd (TBS) provides staffing resources for the day to day operations of the Company's businesses. TBS charges the Company at a rate defined as the cost to TBS of providing the services plus a profit mark-up of 7.5% of that cost, capped at a prescribed percentage of audited gross profit earned by each business of the Company with reference to the type of service provided. TBS as part of the agreement agrees to make available 3 key staff and, in the event that the key staff are unavailable, to provide suitable replacement staff. The Agreement has a term of 5 years, with an option for the Company to extend it for a further period of 5 years on similar terms.

#### **9.9.13 Trade Mark Licence**

The Company and its subsidiaries own a number of registered and unregistered trade marks.

The unregistered trade mark "Express Shop" is owned by Technology Business Holdings Pty Ltd. An application for registration of this trade mark has been lodged. Pursuant to a Licence Agreement, the Company is licenced to use this trade mark on an irrevocable and royalty-free basis for the life of the trade mark.

#### **9.9.14 Share Subscription Agreement (G Harvey Nominees Pty Limited)**

This agreement sets out the terms and conditions upon which the Company has agreed to allot and issue 32,500,000 Shares at a subscription price of 20 cents and 16,250,000 options (collectively Pre-IPO Securities) to G Harvey Nominees Pty

Limited (Harvey Nominees). The consideration for the issue and allotment of the Pre-IPO Securities is \$6,500,000 (Payment).

In accordance with clause 5 of the agreement, Harvey Nominees has deposited the Payment into the trust account of TressCox Lawyers on 13 July 2004 and the Pre-IPO Securities have been issued.

Payment is to be applied as follows:

- (a) in the event that the Prospectus (as defined in the agreement) is lodged and the Company procures listing on the ASX on or before 4 months after the date of this Agreement (being 13 July 2004), both Harvey Nominees and the Company must provide a written instruction to TressCox Lawyers directing the payment of the Payment plus interest accrued on it to the Company;
- (b) in the event that the Prospectus is not lodged and the Company does not procure its listing on the ASX within 4 months from the date of the agreement, then the Company and Harvey Nominees must provide written instruction to TressCox Lawyers directing Payment plus interest accrued on it to be paid to Harvey Nominees.

If the ASX listing does not take place within 4 months from the date of the agreement and Payment is refunded to Harvey Nominees, Harvey Nominees is required to sign such forms and do all such things as are necessary to enable the Company to cancel, forfeit or otherwise cause the abandonment of all rights of Harvey Nominees in the Pre-IPO Securities.

#### **9.9.15 Service Agreements with Directors**

Hal Christiansen is employed as an Executive Director - Joint Managing Director and Chief Executive Officer on a 3 year fixed term executive contract.

Peter McDougall is employed as an Executive Director - Executive Chairman and Joint Managing Director on a 3 year fixed term executive contract.

Ian Christiansen is employed as an Executive Director - General Manager on a 3 year fixed term executive contract.

Julian Little is employed as an Executive Director - Strategic Development on a 3 year fixed term executive contract.

The contracts of each Executive Director provide as follows:

# ADDITIONAL INFORMATION CONTINUED . . .

- During the term of engagement, and for a period of 6 months after termination if the Executive Director's employment is terminated for breach of agreement, the Executive Director is restrained from offering services in competition with the Company;
- Intellectual property created by the Executive Director relating to the businesses of the Company shall vest in the Company;
- The Executive Director's base salary is as follows:
  - (a) \$175,000 per annum for the year ending 30 June 2005;
  - (b) \$210,000 per annum for the year ending 30 June 2006;
  - (c) \$230,000 per annum for the year ending 30 June 2007.
- The Executive Director is entitled to receive cash bonus for the Company achieving Net Profit After Tax (NPAT) as follows:
  - (a) In year 1, a bonus which triggers at \$6.5m NPAT in the sum of 15% of base salary stepping up at various levels of NPAT up to a maximum of 200% of base salary for NPAT of \$20m;
  - (b) In year 2, a bonus which triggers at \$8m NPAT in the sum of 15% of base salary stepping up at various levels of NPAT up to a maximum of 175% of base salary for NPAT of \$25m; and
  - (c) In year 3, a bonus which triggers at \$8m NPAT in the sum of 15% of base salary stepping up at various levels of NPAT up to a maximum of 200% of base salary for NPAT of \$30m.
- The Company intends to propose an executive option plan, subject to ASX requirements and Shareholder approval, which, if approved, will trigger at NPAT reaching \$7.5m in each year whereby Options will be granted based upon earnings per Share in excess of 7%. The plan allows for 1,500,000 Options to be issued to each executive director for every 30% increase in earnings per Share (or part thereof), over a base level increase of 7%. The total number of Options that it is proposed may be issued under the plan is 10% of the total number of the Company's Shares. The

Options shall have an exercise price of 35 cents for Options issued in year 1, 45 cents for year 2 and 60 cents for year 3. The Options are proposed to have an exercise period of 2 years from the date of issue.

The Options will not be listed.

## 9.9.16 Agreement with Lead Manager

The Company has entered into an agreement with Patersons Securities Limited (Patersons) under which Patersons is appointed as Lead Manager of the issue and to assist the Company to secure a capital raising of \$28,500,000 on a best efforts basis.

Nothing in the agreement constitutes any commitment or obligation whatsoever upon Patersons to subscribe, or procure subscribers for, any shares.

The Company agrees to pay Patersons an issue management fee of 1% of the total amount of all successful applications lodged by the holder of an Australian Financial Securities Licence other than Macquarie Securities, E-Trade and that are directly raised by the Company.

The Company agrees to pay Patersons a lodgement fee of 5% of the total amount raised from all applications bearing the Patersons broker's stamp.

The agreement contains a number of warranties, representations and undertakings by the Company in favour of the Lead Manager in respect of the Company and this Prospectus, including the accuracy and completeness of information contained in this Prospectus, the disclosure of information to the Lead Manager, the accuracy of financial information contained in this Prospectus and the due diligence conducted in relation to this Prospectus.

The Lead Manager's role does not include responsibility for the preparation of any part of this Prospectus.

The Lead Manager may terminate the agreement in its sole and absolute opinion, if one or more of a number of specified events occurs.

### 9.9.17 Tax Sharing Agreement

As a wholly owned subsidiary of Australian Pure Fruits Limited, the Company was a member of a consolidated group ("the Group") for the purposes of the Income Tax Assessment Act 1997 from 1 July 2003 up until the date of its exit from the Group on 27 July 2004.

As a member of the Group, the Company was contingently jointly and severally liable for all tax related liabilities of the Group during the time it was a member of the Group.

In order to ensure that the tax related liabilities of the Group were allocated in an equitable manner between the members of the Group, Australian Pure Fruits Limited, the Company and the other members of the Group entered into a Tax Sharing Agreement.

The Tax Sharing Agreement had the effect of allocating liability for the tax related liabilities of the Group amongst the members of the Group in a reasonable manner as required by the Income Tax Assessment Act 1997.

The Tax Sharing Agreement also allowed the Company to exit the Group clear of any liability to contribute (in the absence of any amended assessment) to any liability of the Group for tax related liabilities.

---

## 9.10 Litigation

---

To the knowledge of the Directors, there is no litigation of a material nature pending or threatened which may significantly affect the Company.

---

## 9.11 Directors' Interests

---

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm, or in any material contract entered into by the Company) has now, or has had, in the 2-year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or

- (b) the issue of Shares pursuant to this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid, or agreed to be paid, to any Director (or to any company or firm with which a Director is associated) to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him (or his company or firm with which the Director is associated) in connection with the formation or promotion of the Company or the issue of Shares pursuant to this Prospectus.

### Interests of Directors

Mr Peter McDougall is the Executive Chairman and Joint Managing Director of the Company. Details of Mr Peter McDougall's employment are set out in Section 9.9.15 of this Prospectus.

Mr Hal Christiansen is a Joint Managing Director of the Company. Details of Mr Hal Christiansen's employment are set out in Section 9.9.15 of this Prospectus.

Mr Julian Little is an Executive Director of the Company. Details of Mr Julian Little's employment are set out in Section 9.9.15 of this Prospectus.

Mr Ian Christiansen is an Executive Director of the Company. Details of Mr Ian Christiansen's employment are set out in Section 9.9.15 of this Prospectus.

Mr Dugal McDougall is a Non-Executive Director of the Company. Mr Dugal McDougall will be paid fees of \$30,000 per annum as a Non-Executive Director.

Mr Tristan Fischer is a Non-Executive Director of the Company. Mr Tristan Fischer will be paid fees of \$30,000 per annum as a Non-Executive Director.

### Shareholding Qualifications

The Directors are not required to hold any Shares in the Company under the Constitution of the Company.

# ADDITIONAL INFORMATION CONTINUED . . .

The Directors' interest in Shares and Options at the date of this Prospectus are shown in Table 9.11a.

Each of the Directors has indicated that he will apply for 500,000 Shares in the Company at a subscription price of \$100,000. Each of the Directors is also a Director of Australian Pure Fruits Limited. Australian Pure Fruits Limited currently holds 82.19% of the Shares on issue in Bill Express Limited, and at completion of the Offer, shall hold 46.15% of the Shares on issue in Bill Express Limited. Therefore, in addition to the Shares that each Director will subscribe for pursuant this Prospectus, each Director has a relevant interest in the Shares held in the Company by Australian Pure Fruits Limited.

## Remuneration of Directors

The Constitution of the Company provides that the Directors are entitled to such remuneration as the Directors determine. However, the remuneration of Non-Executive Directors must not exceed, in aggregate, a maximum amount fixed by the Company in General Meetings for that purpose.

The Company has resolved in general meeting, to fix the maximum aggregate annual remuneration for Non-Executive Directors at \$250,000.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties.

Messrs Peter McDougall, Hal Christiansen, Julian Little, and Ian

Christiansen will receive a salary and benefits as employees of the Company.

## Directors' Options

To promote the rapid growth and profitability of the Company, the Board has resolved that, subject to obtaining Shareholder approval, in addition to the proposed performance-based option plan for executive directors as summarised in section 9.9.15, each Director will receive 2 million 30 cent Options in the Company, to be exercised by 30 June 2007, provided the Company profit in the financial year 2005 exceeds the disclosed budget by 40%. Thus, should the profit for financial year 2005 exceed \$7.63 million after tax, then consequent upon the approval of Shareholders, the Options would be issued, provided, however, that the number of Options issued does not exceed 15 million and their issue are in conformity with statutory and regulatory requirements.

## Directors' Indemnities, Access and Insurance

The Company has entered into Deeds of Indemnity, Access and Insurance with each Director. The following outlines the main provisions of the Deed.

To the extent permitted by the Corporations Act, and subject to certain other qualifications, to the extent that a Director is not otherwise indemnified, the Company indemnifies the Director against all costs, expenses and liabilities incurred in the capacity of an officer of the Company or any wholly-owned subsidiary.

Under the Deed, the Company must use its best endeavours to insure the Director under a Directors' and Officers' liability insurance policy against liability incurred as an officer of the Company, or any of its wholly-owned

Table 9.11a Directors' Interests

| Shareholder       | Pre-Offer   |       |            |       | Post-Offer  |       |            |       |
|-------------------|-------------|-------|------------|-------|-------------|-------|------------|-------|
|                   | Shares      | %     | Options    | %     | Shares      | %     | Options    | %     |
| Peter McDougall*  | 150,000,000 | 82.19 | 58,750,000 | 78.33 | 150,500,000 | 46.31 | 58,750,000 | 78.33 |
| Hal Christiansen* | 150,000,000 | 82.19 | 58,750,000 | 78.33 | 150,500,000 | 46.31 | 58,750,000 | 78.33 |
| Ian Christiansen* | 150,000,000 | 82.19 | 58,750,000 | 78.33 | 150,500,000 | 46.31 | 58,750,000 | 78.33 |
| Julian Little*    | 150,000,000 | 82.19 | 58,750,000 | 78.33 | 150,500,000 | 46.31 | 58,750,000 | 78.33 |
| Tristan Fischer*  | 150,000,000 | 82.19 | 58,750,000 | 78.33 | 150,500,000 | 46.31 | 58,750,000 | 78.33 |
| Dugal McDougall*  | 150,000,000 | 82.19 | 58,750,000 | 78.33 | 150,500,000 | 46.31 | 58,750,000 | 78.33 |

\* The Directors each have a relevant interest in the Shares of the Company held by Australian Pure Fruits Limited by virtue of each of them being a Director of Australian Pure Fruits Limited. Each of the Directors has indicated that he will apply for 500,000 Shares pursuant to this Prospectus.

subsidiaries.

The Company must make Board papers available to the Director for use in exercising powers and discharging duties as an officer of the Company, and in defending any claim brought against the Director in relation to acts or omissions of the Director in that capacity.

## 9.12 Shareholders' Interest

The Shareholders registered as at the date of this Prospectus are shown in Table 9.12a.

Australian Pure Fruits Limited (APFL) has 58,750,000 Options in Bill Express Limited. If APFL was to exercise all of its Options and, other than the Shares to be issued pursuant to this Prospectus, no additional Shares are issued in Bill Express Limited, the relevant interest of the APFL in Bill Express Limited would increase to 54.40%.

## 9.13 Interests of Experts and Advisers

Other than as set out below, or elsewhere in this Prospectus, no expert nor any firm in which such a expert is a partner, has or has had, within 2 years before the lodgement of this Prospectus with the ASIC, an interest in:

- (a) the promotion or formation of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the issue of securities pursuant to this Prospectus; or
- (c) the issue of Shares pursuant to this Prospectus.

Other than as disclosed in this Prospectus, no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert or to any firm in which any such expert is a partner, either to induce him to become, or to qualify him as, an expert or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

TressCox Lawyers have acted as solicitors to the Company in relation to this Prospectus. TressCox Lawyers will be paid approximately \$120,000 (plus GST) for services in relation to this Prospectus. TressCox Lawyers have provided other professional services to the Company during the last two years totalling approximately \$300,000 plus GST.

DMR Corporate Pty Ltd have acted as Independent Accountants to the Company in relation to this Prospectus. DMR Corporate Pty Ltd will be paid approximately \$40,000 (plus GST) for services in relation to this Prospectus. DMR Corporate Pty Ltd have provided other professional services to the Company during the last two years totalling approximately \$40,000 plus GST.

Patersons Securities Limited have acted as Lead Manager to the Offer pursuant to this Prospectus for which it will receive fees pursuant to the Lead Manager Agreement which is summarised in Section 9.9.16 of this Prospectus.

## 9.14 Consent

Written consents to be named in this Prospectus have been given and, at the time of this Prospectus, have not been withdrawn by the following parties:

Table 9.12a Shareholders' Interests

| Shareholder                    | Pre-Offer   |       |            |       | Post-Offer  |       |            |       |
|--------------------------------|-------------|-------|------------|-------|-------------|-------|------------|-------|
|                                | Shares      | %     | Options    | %     | Shares      | %     | Options    | %     |
| Australian Pure Fruits Limited | 150,000,000 | 82.19 | 58,750,000 | 78.33 | 150,000,000 | 46.15 | 58,750,000 | 78.33 |
| © Harvey Nominees Pty Ltd      | 32,500,000  | 17.81 | 16,250,000 | 21.67 | 32,500,000  | 10.00 | 16,250,000 | 21.67 |

# ADDITIONAL INFORMATION CONTINUED . . .

TressCox Lawyers have given, and not withdrawn, their consent to be named as solicitors to the offer pursuant to this Prospectus in the form and context in which it is named, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by TressCox Lawyers.

DMR Corporate Pty Ltd (DMR Corporate) has given, and not withdrawn, its consent to be named in this Prospectus as Independent Accountants, and to the inclusion of the Independent Accountants' Review of Forecasts in the form and context in which it appears. DMR Corporate does not make any other statement in this Prospectus, nor is any other statement in this Prospectus based on any statement by DMR Corporate.

Pitcher Partners has given, and not withdrawn, its consent to be named as the auditors of the Company in the form and context in which they are named. Pitcher Partners have had no involvement in the preparation of any part of this Prospectus.

Computershare Investor Services Pty Limited has given, and not withdrawn, its consent to be named as the Share Registry of the Company in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Prospectus.

Parersons Securities Limited has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as the Lead Manager to the offer of securities under this Prospectus, in the form and context in which it is named.

Parersons Securities Limited was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Parersons Securities Limited makes no express or implied representation or warranty in relation to Bill Express Limited, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Parersons Securities Limited. To the maximum extent permitted by law, Parersons Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

---

## 9.15 Expenses of the Offer

---

The expenses connected with the offer are estimated at approximately \$2.5 million.

---

## 9.16 Documents Available for Inspection

---

Copies of the following documents are available for inspection during normal office hours, free of charge, at the registered office of the Company, for 12 months after the date of this Prospectus:

- the Constitution of the Company;
- the rules of the Dividend Reinvestment Plan set out in Section 9.5 of this Prospectus;
- the rules of the Employee Share Plan set out in Section 9.6 of this Prospectus;
- the rules of the Employee Option Plan set out in Section 9.7 of this Prospectus; and
- the Consents referred to in Section 9.14 of this Prospectus.

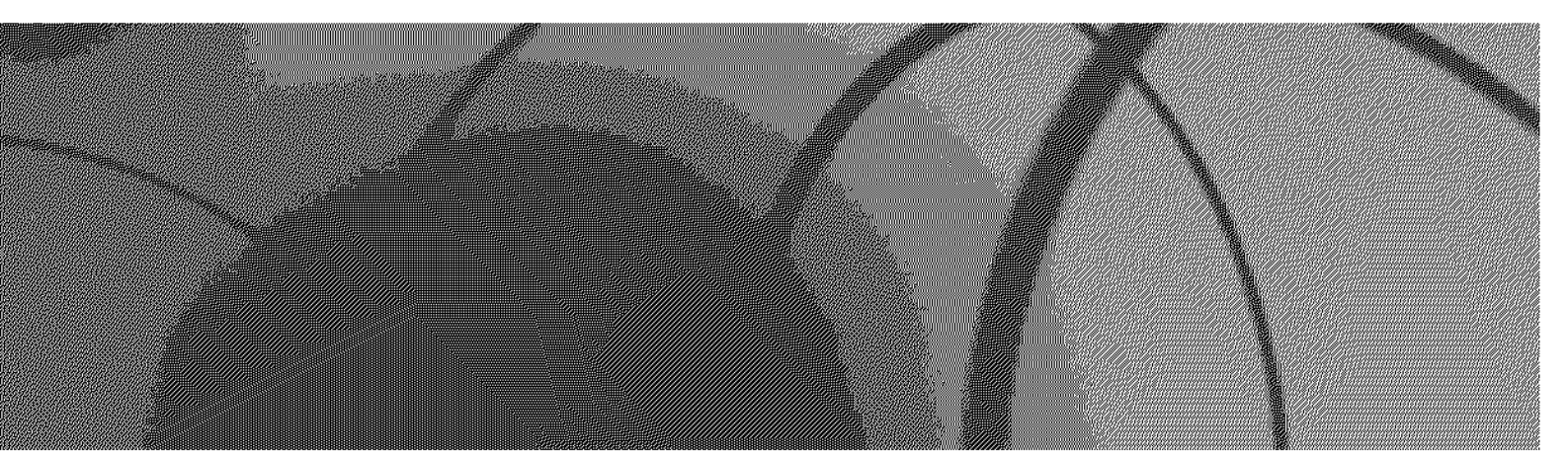
---

## 9.17 Changes in Regulatory Environment

---

Changes to laws and regulations or accounting standards which apply to Bill Express Limited from time to time could also materially adversely impact the operating and financial performance and cashflows of Bill Express Limited.

For reporting periods beginning on or after 1 January 2005, Bill Express Limited must comply with the International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. Pending standards have been released, with further standards to come and, as such, Bill Express Limited is continuing to evaluate the impact these new standards may have. Consequently, reported results beyond the 30 June 2005 financial year could materially vary to those reported under current Australian Accounting Standards. First time application, for Bill Express Limited, of this change, including comparatives, will be recognised during the 30 June 2006 financial year. While various IFRS will likely require modifications in presentations and



disclosures which Bill Express Limited is seeking to determine, at this time it is not expected that there will be any substantial adverse impact on Bill Express Limited's statement of financial performance or financial position.

---

### **9.18 Directors' Statement and Signing**

---

The Directors report that, in their opinion, since the date of the financial statements used in the preparation of the Independent Accountant's Report, dated 6 September 2004, no circumstances have arisen that materially affect, or will materially affect, the profitability of the Company or the value of the Company's assets and liabilities, except as disclosed in this Prospectus.

The Directors have authorised the issue of this Prospectus and each Director has given, and not withdrawn, his consent to its lodgement with the ASIC.

# 10 GLOSSARY OF TERMS

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**AEST** means Australian Eastern Standard Time;

**APFL** means Australian Pure Fruits Limited and **APFL Group** means APFL and its subsidiaries;

**Applicant** means a person who submits an Application;

**Application** means a valid application made to subscribe for a specified number of Shares offered by this Prospectus;

**Application Form** means the relevant application form attached to this Prospectus;

**ASIC** means the Australian Securities and Investments Commission;

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532);

**ASTC Settlement Rules** means the settlement rules issued by the ASTC;

**ASX** means Australian Stock Exchange Limited (ACN 008 624 691);

**Bill EXPRESS** means the over-the-counter in person bill payment system owned and operated by the Company;

**Bill Express Merchants** means entities that have signed a merchant agreement with the Company as at the date of this Prospectus;

**Business Day** means a day on which trading takes place on the stock market of ASX;

**COGS** means cost of goods sold;

**Company** means Bill Express Limited (ABN 74 090 059 564);

**Constitution** means the Company's Constitution as at the date of this Prospectus;

**Corporations Act** means the Corporations Act 2001 (Cth);

**DiafTime** means the business owned and operated by the Company as a specialist distributor of electronic business, including pre-paid telephony, pre-paid tickets, vouchers, internet and EFTPOS;

**Directors** means Directors of the Company at the date of this Prospectus;

**Dollar** or \$ means Australian dollars;

**DRP** means the Company's Dividend Reinvestment Plan as described in Section 8 of this Prospectus;

**EBMS** means Electronic Business Management System;

**EFT** means Electronic Funds Transfer;

**EFTPOS** means Electronic Funds Transfer Point of Sale;

**EOP** means the Employee Option Plan;

**ESP** means the Employee Share Plan;

**First Priority Offer** means the priority offer to Qualifying APFL Shareholders as described in Section 2.4 of this Prospectus;

**General Public Offer** means the offer to subscribe for Shares as described in Section 2.6;

**GP** means gross profit;

**IFRS** means International Financial Reporting Standards;

**IPO** means this initial public offering;

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of the ASX;

**On Q** means the entities and businesses previously trading under the name "On Q";

**On Q Group** includes, as at the date of this Prospectus, On Q Technologies Pty Ltd, Cash4Biz Pty Ltd, and MotorLink Systems Pty Ltd;

**Option** means an option convertible to a Share. The Company currently has on issue 75,000,000 Options, the terms of which are set out in Section 9.4. The Company has also established an Employee Option Plan which is summarised in Section 9.7;

**OTC** means over-the-counter;

**Personalised Application Form** means either (a) the application form to be sent to Qualifying APFL Shareholders, under the First Priority Offer; or (b) the application form to be sent to Bill Express Merchants under the Second Priority Offer;

**Prospectus** means this Prospectus;

**Qualifying APFL Shareholders** means APFL Shareholders appearing on the APFL register of members at 7.00pm AEST 16 September 2004 whose addresses are in Australia or New Zealand;

**Record Date** for Priority Offer means 16 September 2004;

**Revenues** means the gross income from the sale or distribution of products and system;

**Second Priority Offer** means the priority offer to Bill Express Merchants as described in Section 2.5 of this Prospectus;

**Share** means a fully paid ordinary Share in the capital of the Company; and

**Shareholders** means Shareholders of the Company.



Each of the Directors has consented in writing to the lodgement of the Prospectus.

Signed by the Chairman of the Company pursuant to a resolution of the Board of Directors of the Company.

A handwritten signature in black ink, appearing to read "Peter McDougall".

Peter McDougall  
Executive Chairman  
Bill Express Limited  
6 September 2004

**Bill Express Limited**  
**ABN 74 090 059 564**  
Head Office: 677 The Boulevard, Eaglemont VIC 3084  
Phone: (03) 8458 1000 Web: [www.billexpress.com.au](http://www.billexpress.com.au)





# How to complete this form

## A Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares. Applications for greater than 10,000 Shares must be in multiples of 500 Shares.

## B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share.

## C Applicant Name(s)

Enter the full name you wish to appear on the statement of Share holding. This must be either your own name or the name of a company. Up to 3 Joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

## D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

## E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

## F CHES

Bill Express Limited (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

## G Payment

Make your cheque or bank draft payable to Bill Express Limited Share Offer in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box C.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in Bill Express Limited is upon and subject to the terms of the prospectus and the Constitution of Bill Express Limited, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

## Lodgement of Application

Application Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited by no later than 5.00pm AEST on 30 September 2004. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited OR Computershare Investor Services Pty Limited  
GPO Box 52 Yarra Falls  
MELBOURNE VIC 3060 452 Johnston Street  
ABBOTSFORD VIC 3067

## Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 363 207 or 03 9415 4303.

## Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

| Type of Investor   | Correct Form of Registration                                      | Incorrect Form of Registration         |
|--|---|--|
| Individual<br>- Use given name(s) in full, not initials  | Mr John Alfred Smith  | J.A. Smith                             |
| Joint<br>- Use given name(s) in full, not initials   | Mr John Alfred Smith & Mrs Janet Marie Smith                      | John Alfred & Janet Marie Smith        |
| Company<br>- Use company title, not abbreviations  | ABC Pty Ltd   | ABC/PL<br>ABC Co                       |
| Trusts<br>- Use trustee(s) personal name(s)<br>- Do not use the name of the trust  | Ms Penny Smith<br><Penny Smith Family A/C>                        | Penny Smith Family Trust               |
| Decceased Estates<br>- Use executor(s) personal name(s)<br>- Do not use the name of the deceased                               | Mr Michael Smith<br><Est John Smith A/C>                          | Estate of Late John Smith              |
| Minor (a person under the age of 18)<br>- Use the name of a responsible adult with an appropriate designation                  | Mr John Alfred Smith<br><Peter Smith A/C>                         | Peter Smith                            |
| Partnerships<br>- Use partners personal name(s)<br>- Do not use the name of the partnership                                    | Mr John Alfred Smith & Mr Michael Smith<br><John Smith & Son A/C> | John Smith & Son                       |
| Clubs/Unincorporated Bodies/Business Names<br>- Use office bearer(s) personal name(s)<br>- Do not use the name of the club etc | Mrs Janet Smith<br><ABC Tennis Association A/C>                   | ABC Tennis Association                 |
| Superannuation Funds<br>- Use the name of trustee of the fund<br>- Do not use the name of the fund                             | John Smith Pty Ltd<br><Super Fund A/C>                            | John Smith Pty Ltd Superannuation Fund |

