oncard
next generation cards

Oncard International Limited
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Company Announcements Division
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COMPANY ANNOUNCEMENT

HALF YEARLY REPORT & HALF YEAR FINANCIAL REPORT

OnCard International Limited Appendix 4D and half year half year financial reports follows.

Ends.

Ian Riley
Company Secretary

ONCARD INTERNATIONAL LIMITED

ACN 084 800 902

APPENDIX 4D

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2006

Appendix 4D

ONCARD INTERNATIONAL LIMITED
ACN 084 800 902

Half Year Report
Period Ended 31 December 2006
(Previous Corresponding Period: Half year ended 31 December 2005)

Results for announcement to the market

				$'000
Revenues from ordinary activities	Up	352.0%	to	2,789
Profit (loss) from ordinary activities after tax attributable to members	Down	36.8%	to	(187)
Net profit (loss) for the period attributable to members	Down	36.8%	to	(187)

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	0 ¢	0 ¢
Previous corresponding period	0 ¢	0 ¢
Record date for determining entitlements to the dividend	N/A	

Brief explanation necessary to enable the figures above to be understood:

Please refer to the Review of Operations within the Directors report for an explanation of results.

Net Tangible Assets Per Security

Net tangible assets per security (with the comparative figure for the previous corresponding period):

	Current period	Previous corresponding period
Net tangible assets security	5.12 Cents	4.61 Cents

ONCARD INTERNATIONAL LIMITED
ACN 084 800 902

FINANCIAL REPORT

HALF YEAR ENDED 31 DECEMBER 2006

ONCARD INTERNATIONAL LIMITED
ACN 084 800 902

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Your Directors have pleasure in submitting the consolidated financial statements for the half year ended 31 December 2006 and the independent review report thereon and report as follows:

DIRECTORS

The names and particulars of the Directors of OnCard International Limited in office at any time during or since the end of the period:

Peter Abotomey BSc, MBA	**Chairman & Chief Executive Officer** Director since 2002
John J Geddes	**Non-Executive Director** Director since 2005
Mark C Fowler	**Non-Executive Director** Director since 2005

REVIEW OF OPERATIONS

OnCard International Limited experienced strong growth across its operations during the first half of the financial year as it remained on track to become the leading player in the card marketing, issuing and management sector in Asia Pacific.

The company continued to invest for growth in new and existing businesses as it further bolstered its regional capabilities, increased revenues and cash flows and recorded a dramatic increase in the number of cards under issued.

As of 31 December 2006, OnCard had issued 4 million cards – up from approximately 1 million cards the same time a year earlier. Cash flows remained very strong and cash reserves across the group totalled in excess of $60 million at the end of the half-year.

Much of OnCard's growth during the period came in the fast-growing China market through the company's 50 per cent joint venture interest in Shanghai Smart Service Co Ltd.

With the successful SmartPass concept – a prepaid card which offers tax benefits to both corporations and employees – OnCard became the number one legal provider of pre-paid and gift cards in the country.

A range of multinational organisations such as Philips, Nokia, General Motors, Honeywell and DHL signed up to SmartPass, with the number of merchants involved in the scheme passing the 3000 mark.

The joint venture interest in Shanghai Smart Service Co. Ltd which was established in the second half of the 2004/05 financial year, contributed a $307,000 after tax profit to OnCard's half-year result.

OnCard's back-end technology and data processing division – MarketSMART International (NZ) Limited – also recorded profitable trading for the half year, as did OnCard Limited in Hong Kong – which was 75 per cent acquired in the second half of the 2005/06 financial year.

Other highlights during the half-year included the completion of a restructure of OnCard's operations with an expanded senior management team, featuring the appointment of Matthew Arnold as Group General Manager and Ian Riley as Company Secretary and Chief Financial Officer. The company also concluded a re-branding, formally changing its name from DCS Technologies Limited to OnCard International Limited (ASX ticker ONC).

OnCard's aggressive expansion plans necessitated the commitment of significant resources and funds to new and developing parts of the businesses. An example was a 75 per cent stake OnCard made in Hong Kong-based OneRewards Limited, a card rewards and redemption program.

It was accounting for growth investments such as this that contributed to a net loss after tax for the group for the half-year ended 31 December 2006 of $187,000. This is compared with a net loss after tax of $296,000 for the corresponding period to 31 December 2005.

Total revenues for the group for the period ended 31 December 2006 was $2,789,000, compared with $617,000 for the half-year ended 31 December 2005.

The result for the half-year was in line with expectations and assuming that the current economic conditions continue favourably in the markets in which OnCard operates the directors now expect the company will post a profit for the full financial year.

Moving forward, the company is actively pursuing a number of complementary business opportunities – and indeed subsequent to 31 December 2006, acquired a 27% equity interest in and management contract to operate Coverdrive Limited one of the fastest-growing hotel loyalty and marketing firms in Asia with a customer base featuring InterContinental, Le Meridien, Langham, Holiday Inn and Radisson.

Based on the half-year, the directors remain very positive about the future for OnCard International. The company has well established operations in six markets – Australia, China, Hong Kong, Malaysia, New Zealand and Singapore – and has recently opened an office in Taiwan. It also plans to expand into India, Korea, and the Philipines.

OnCard is well positioned to take advantage of the emerging market opportunities across Asia Pacific and to capitalise on the extraordinary growth being experienced globally in the gift and stored card sectors.

The company is already well advanced with plans to launch new lifestyle and gift card related products in the second half of the year – with a particular focus on China and key markets in Asia.

In addition, the directors plan to undertake a $5 million-$10 million capital raising in the second half of the financial year to fund additional growth in new card programs and possibly support a number of exciting joint venture initiatives.

With solid foundations in place – and a strong pipeline of acquisitions and card related opportunities under development – OnCard is well on track to meet its target of 10 million cards under issue or management in 10 countries by 2010.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration in relation to the review for the half-year is provided with this report.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors.

Peter Abotomey
Chairman

Melbourne, 28 February 2007

ONCA01/AUD

PKF

Chartered Accountants
& Business Advisers

28 February 2007

The Board of Directors
OnCard International Limited
Level 20
114 William Street
MELBOURNE VIC 3000

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

As lead engagement partner for the review of OnCard International Limited for the half-year ended 31 December 2006 I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the independence requirements of the Corporations Act in relation to the review; and

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

PKF
Chartered Accountants

J Pasias
Partner

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ONCARD INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	31 December 2006 $'000	31 December 2005 $'000
Revenue from ordinary activities	2,515	569
Interest received	230	28
Other revenue	44	20
Total Revenue	**2,789**	**617**
Selling and promotional costs	(1,196)	-
Employment costs	(961)	(449)
Occupancy costs	(116)	(50)
Amortisation and depreciation	(98)	(51)
Borrowing costs	(1)	-
Other expenses	(874)	(363)
	(457)	(296)
Share of profits of joint venture accounted for using the equity method	307	-
Loss before income tax	(150)	(296)
Income tax expense	(47)	-
Net loss for the half year	(197)	(296)
Loss attributable to minority interest	10	-
Loss attributable to members of the parent	(187)	(296)
Basic earnings per share (cents per share)	(0.14 cents)	(0.57 cents)
Diluted earnings per share (cents per share)	n/a	n/a

The above condensed consolidated income statement is to be read in conjunction with the attached notes.

ONCARD INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	31 December 2006 $'000	30 June 2006 $'000
Current assets		
Cash assets	5,009	5,679
Trade and other receivables	381	395
Other	221	124
Total current assets	5,611	6,198
Non – current assets		
Property, plant and equipment	367	396
Interest in joint venture entity	1,456	1,170
Intangible assets	8,520	8,514
Deferred tax asset	13	13
Other	143	127
Total non – current assets	10,499	10,221
Total assets	16,110	16,419
Current liabilities		
Trade and other payables	526	640
Current tax payable	13	8
Provisions	20	7
Total current liabilities	559	655
Non - current liabilities		
Other	-	26
Total non - current liabilities	-	26
Total liabilities	559	681
Net assets	15,551	15,738
Equity		
Parent entity interest		
Contributed equity	29,514	29,514
Reserves	(42)	(62)
Accumulated losses	(13,759)	(13,562)
Total parent entity interest	15,713	15,890
Minority interests	(162)	(152)
Total equity	15,551	15,738

The above condensed consolidated balance sheet is to be read in conjunction with the attached notes.

ONCARD INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Consolidated	Attributable to equity holders of the parent			
	Issued Capital $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000
At 1 July 2006	**29,514**	**(13,562)**	**(62)**	**15,890**
Currency translation differences	-	-	20	20
Total income and expense recognised directly in equity	29,514	(13,562)	(42)	15,910
Loss for the period	-	(197)	-	(197)
Total income/expense for the period	29,514	(13,759)	(42)	15,713
Issue of shares	-	-	-	-
Costs of capital raising	-	-	-	-
At 31 December 2006	**29,514**	**(13,759)**	**(42)**	**15,713**

Consolidated	Attributable to equity holders of the parent			
	Issued Capital $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000
At 1 July 2005	**16,542**	**(12,899)**	-	**3,643**
Net gains on available for sale assets	-	-	-	-
Currency translation differences	-	-	-	-
Total income and expense recognised directly in equity	16,542	(12,899)	-	3,643
Loss for the period	-	(296)	-	(296)
Total income/expense for the period	16,542	(13,195)	-	3,347
Issue of shares	-	-	-	-
Costs of capital raising	-	-	-	-
At 31 December 2005	**16,542**	**(13,195)**	-	**3,347**

The above condensed consolidated statement of changes in equity is to be read in conjunction with the attached notes.

ONCARD INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	31 December 2006 $'000	31 December 2005 $'000
Cash flows from operating activities		
Receipts from customers	2,529	621
Payments to suppliers and employees	(3,392)	(751)
Interest received	230	28
Other revenue	44	50
Borrowing costs	(1)	-
Net cash flows used in operating activities	(590)	(52)
Cash flows from investing activities		
Payment for property, plant and equipment	(69)	(141)
Payment for other non-current assets	(21)	-
Net cash flows used in investing activities	(90)	(141)
Cash flows from financing activities		
Repayment of borrowings	-	(196)
Net cash flows from financing activities	-	(196)
Net increase / (decrease) in cash held	(680)	(389)
Cash at beginning of period	5,679	1,363
Effects of exchange changes on cash	10	-
Cash at the end of period	**5,009**	**974**

The above condensed consolidated statement of cash flows is to be read in conjunction with the attached notes.

ONCARD INTERNATIONAL LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2006

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.
The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.
The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report ended 30 June 2006, other than as detailed below.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which OnCard International Ltd controlled from time to time during the year and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of profits or losses of associates is recognised as operating income or expense in the consolidated income statement, and its share of movement in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

ONCARD INTERNATIONAL LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2006

NOTE 2 SUBSEQUENT EVENTS

Material events subsequent to the end of the half-year that have not been recognised in the half-year financial statements:

Subsequent to 31 December 2006, OnCard International Limited acquired a 27% equity interest in Coverdrive Limited, a company incorporated in Hong Kong, for $766,000.

NOTE 3 INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity holding 2006 %	Equity holding 2005 %
OnCard Australia Pty Ltd	Australia	Ordinary	100	100
MarketSMART International Limited	Australia	Ordinary	100	100
MarketSMART International (NZ) Ltd	New Zealand	Ordinary	100	100
Mainstreet Marketing Group Limited	New Zealand	Ordinary	100	100
OnCard (NZ) Limited	New Zealand	Ordinary	100	100
OnCard Limited	Hong Kong	Ordinary	75	-
OnCard Pte Ltd	Singapore	Ordinary	75	-
OnCard (China) HK Ltd	Hong Kong	Ordinary	100	-
OnCard China Co Ltd	Hong Kong	Ordinary	100	-
OneRewards Ltd	Hong Kong	Ordinary	75	-

NOTE 4 CONTINGENT LIABILITIES

There are no contingent liabilities at period end and no change since 30 June 2006.

NOTE 5 SEGMENT INFORMATION

The principal business of the group is the provision of loyalty card, reward card and payment solutions in Australia, New Zealand, China, Hong Kong, Singapore and Malaysia.

The segment information of the primary segments as per the segments disclosed in the 30 June 2006 annual financial report are as follows:

	Revenue - external	Revenue - other	Result – Before tax	Tax	Result – After tax before minority interest	Consolidated after minority interest
	$'000	$'000	$'000	$'000	$'000	$'000
Australia & NZ						
-2006	836	-	(11)	(10)	(299)	(299)
-2005	617	-	(296)	-	(296)	(296)
Hong Kong						
-2006	1,656	-	(5)	(37)	(64)	(54)
Singapore						
-2006	297	-	(16)	-	(16)	(16)
China						
-2006	-	-	(104)	-	(104)	(104)
China – joint venture profit/(loss) share						
-2006	-	-	307	-	307	307
-2005						
Malaysia – joint venture profit/(loss) share						
-2006	-	-	(21)	-	(21)	(21)
Consolidated						
-2006	**2,789**	**-**	**(150)**	**(47)**	**(197)**	**(187)**
-2005	**617**	**-**	**(296)**	**-**	**(296)**	**(296)**

Revenues and activities in the 2005 year were primarily in New Zealand.

	Assets	Liabilities	Assets acquired	Depreciation – segment assets
	$'000	$'000	$'000	$'000
Australia & NZ				
-2006	14,016	202	93	86
-2005	15,273	681	-	51
Hong Kong				
-2006	549	258	-	8
Singapore				
-2006	89	99	-	4
China				
-2006	-	-	-	-
China – joint venture				
-2006	1,456	-	-	-
-2005	1,146	-	-	-
Malaysia – joint venture				
-2006	-	-	-	-
Consolidated				
-2006	**16,110**	**559**	**93**	**98**
-2005	**16,419**	**681**	**-**	**51**

Compliance Statement

1. A financial report for the six months ended 31 December 2006 is provided with the Appendix 4D information.
2. The financial report has been prepared in accordance with Australian Accounting Standards.
3. The financial report and information provided in Appendix 4D uses the same accounting policies as those applied at 30 June 2006.
4. The Appendix 4D information gives a true and fair view of the matters disclosed in the half-year financial report.
5. The Appendix 4D information is based on the half-year financial report, which has been subject to independent review.

Sign here: .... Date: 28 February 2007
(Director)

Print name: Peter Abotomey

ONCARD INTERNATIONAL LIMITED
A.C.N. 094 963 238

DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

The directors declare that the financial statements which comprises the balance sheet, the income statement, statement of changes in equity and statement of cash flows and notes to the half year financial statements are in accordance with the *Corporations Act 2001*:

(a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*, and

(b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that OnCard International Limited will be able to pay its debts as and when they become due and payable.

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

Peter Abotomey
Chairman

Melbourne
28 February 2007

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Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ONCARD INTERNATIONAL LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of OnCard International Ltd, which comprises the balance sheet as at 31 December 2006, the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, a summary of significant accounting polices, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of OnCard International Ltd are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a statement on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of OnCard International Ltd's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001.

As the auditor of OnCard International Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of OnCard International Ltd is not in accordance with;

(a) the Corporations Act 2001, including;

  (i) giving a true and fair view of the consolidated entities financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

(b) other mandatory professional reporting requirements in Australia.

PKF
Chartered Accountants

J Pasias
Partner

28 February 2007
Melbourne

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