Annual Report 2014

iCash Payment Systems Limited, Unit 7/15-17 Chaplin Drive Lane Cove NSW 2066

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The report covers the consolidated group consisting of iCash Payment Systems Limited and the entities it controlled during the year ended 30 June 2014. The report is presented in Australian currency.

The report was authorised for issue by the directors on 30 September 2014. The Company has the power to amend and reissue the report.

CHAIRMAN'S REPORT

iCash Payment Systems Limited (ABN 87 061 041 281)
Unit 7, 15-17 Chaplin Drive
LANE COVE NSW 2066

30 September 2014

Dear Shareholders

I am pleased to present this report to the shareholders of iCash Payment Systems Limited ('iCash').

As part of the reconstituted iCash board appointed on the 21 August 2013, our commitment made to the shareholders was to provide a return of capital to the shareholders by offering an equal access share buy-back and to mitigate the company's reliance on future dividend from our former subsidiary, NeoICP Korea Inc. ('NeoICP'), as the only source of potential income. The main focus of the board this year has been to follow through and execute on these commitments.

The equal access share buyback at 13 cents per share was approved by the shareholders at the AGM in December 2013 and was completed in February 2014, with a total amount of $3,428,351 being distributed to accepting shareholders. In parallel, a selective reduction of capital to mop up minority shareholdings was completed in order to reduce the company's administrative costs by minimising the number of shareholders.

With NeoICP's operation, the decline in revenue performance of previous years has been stabilised with focus on reducing operational expense and increasing revenue from the service operation. NeoICP continues to make investment in product development for the casino gaming market and the joint development of notes analysis and sorting product with HOTS (Hitachi Omron Terminal Solutions). However the board continues to experience delay in the product launch of these products due to additional and more rigorous requirements for testing and verification. We are hopeful NeoICP will start to generate revenue from these products during the second half of 2015 financial year.

For the Australian operation, the board has been focusing to establish a sales and service operation in Australia that can generate an additional income stream. The board believes the launch of Recycling ATM (RATM) product that can provide a cash deposit capability for the retail maket is strategic and offers an unique opportunity for growth in the Australian market.

In order to establish and expand the business operation in Australia and to reduce iCash's existing debt levels, the board undertook a capital raising of approximately $2.35m by a partial sell-down of shareholding in NeoICP. This has reduced iCash's shareholding in NeoICP from 59.62% to 36.2%, resulting in the loss of control and subsequent de-consolidation of NeoICP financial results. However NeoICP continues to remain as a significant investment for the company.

Although it has been a challenging year for the company and there is still much work to be done, the board wishes to thank the shareholders for the continual support as we focus further to rebuild and grow the company.

Yours faithfully,

Jong Ho (Jay) Kim

Chairman

KOREAN OPERATIONS REPORT

NeoICP Outlook

The main focus of NeoICP operation in Korea during the 2014 financial year has been to stabilise the decline in revenue performance of previous years and to continue with the investment in new product and market development.

An increase in revenue from securing a service contract with Lotte in September 2013, and a concerted effort to reduce operational costs have been the main contributing factors in curtailing the loss of 2013 financial year of $4,877,559 to a loss of $676,185 during the 2014 financial year.

NeoICP's product development has been focused away from the matured traditional ATM markets, but on the emerging and value added cash handling market sectors mainly in the Casino Settlement Solution and the Intelligent Cash Handling Solution for high end notes analysis and sorting systems.

In particular, NeoICP has been working closely on product development and marketing during last financial year for the following specific market opportunities:

- Casino Settlement Solution - these products provide cash handling automation solutions with cash redemption product for deployment in casino lobbies and gaming automatic settlement product for deployment on each gaming tables. The development of the cash redemption solution has been completed and 30 machines have been deployed in casino lobbies in Macau. The gaming table automatic settlement product which has a potential of large volume opportunity has undergone several iterations of product development and testing cycles. The approval process through the Macau authority has taken much longer than initially estimated, and the revised estimate of product release for customer trial is the first half of the 2015 calendar year. In addition, NeoICP has embarked on a new development for an e-Baccarat product which has a target date for completion by June 2015.

- Intelligent Cash Handling Solution; designed to sort, count, and authenticate banknotes with an unprecedented level of accuracy and security; has been in development with HOTS (Hitachi Omron Terminal Solutions). This product is expected to undergo Hitachi QA certification over the next 6 months before final production can commence around March 2015. This high end product has recently been launched at the China International Exhibition on Financial Banking Technology and Equipment in Beijing during August 2014 and the marketing program in China is expected to ramp up around October 2014 when the initial 20 demonstration units are available from production.

It can be summarised that NeoICP's product development of the key products have taken longer than anticipated and the revenue contribution from these products is not expected to occur until towards the end of 2015 financial year.

DIRECTORS' REPORT

The Directors present their report on the consolidated group consisting of iCash Payment Systems Limited ('the Company') and its controlled entities ('the Group') during the year ended 30 June 2014.

1 Directors

The Directors of the Company at any time during or since the end of the financial year are:

Mr Jong Ho (Jay) Kim – Non-Executive Chairman

Expertise and Experience
Mr Kim is CEO and President of Design Studio Inc. and an Adjunct Professor at Hanyang University in Korea. He has been educated in the US in Urban Design and held a prior non-executive role with LG.

Mr Kim is also a respected executive with extensive network in the casino gaming industry across Macau, HK, and Japan. In addition to extensive corporate management and administration experience, Mr Kim brings valued business and advisory experience to assist in securing casino cash handling business in Asia.

Appointed a Director: 21 August 2013

Appointed Chairman: 28 December 2013

Mr Kyung Shik (Steave) Ham – Executive Director

Expertise and Experience
Mr Ham holds a degree in electronic engineering. He has 20 years of experience involving the development of banking automation products, network and systems integration in the ATM manufacturing industry. In the last 10 years he was in senior and technical roles with emphasis on global ATM business development. Mr Ham is the longest serving Director of the Company and also a director of NeoICP Korea, Inc.

Appointed a Director: 8 September 2009

Mr Gji Jin Kim – Executive Director

Expertise and Experience
Mr Kim is a veteran of over 25 years in the ATM and cash handling industry with a degree in Computer Engineering and joined NeoICP Korea, in 2001 where he serves as President and Executive Director. In those roles, Mr Kim is responsible for overseeing domestic sales and service operations in Korea. Under his care, NeoICP has achieved a 52% market share in the Korean retail ATM market, and an over 80% market share in the Korean market for back office cash handling machines.

Appointed a Director: 3 April 2014

Mr Sungki Lee – Non-Executive Director

Expertise and Experience
Mr Lee holds a Bachelor of Engineering in Electrical Engineering from University of New South Wales and Post Graduate Diploma of Business (Marketing) from University of Technology, Sydney. He has over 20 years of experience in the networking and ATM industries in Australia and in the Asia Pacific, including in senior marketing and business development roles.

In addition to the technology and marketing expertise relevant to the Company, Mr Lee also brings corporate governance skills that will provide a transparent oversight, checks and balances and reporting capabilities to the Company.

Appointed a Director: 21 August 2013

Mr Christopher Charlton – Non-Executive Chairman

Expertise and Experience
Mr Charlton is a Chartered Accountant, Chartered Company Secretary and a Registered Company Auditor. Mr Charlton is also a Fellow of the Taxation Institute of Australia and an Associate of the Institute of Chartered Secretaries of Australia. Mr Charlton has practised as an accountant since 1980.

Mr Charlton brings extensive business and advisory experience to the Company. In addition to his taxation and audit skills, the Company will benefit from Mr Charlton's extensive experience and deep expertise in financial analysis and business accounting.

Appointed a Director: 26 June 2012

Appointed Chairman: 21 August 2013

Resigned: 18 December 2013

Ms Julia King

Expertise and Experience
Ms King has a strong track record of building profitable enterprises with outstanding brand recognition and brings with her an in-depth knowledge of business strategy, marketing and advertising. Ms King was a director of ServCorp Ltd from 24 August 1999 until 11 November 2011.

Appointed a Director and Chairman: 26 June 2012

Resigned: 21 August 2013

Mr Barry George Sechos

Expertise and Experience
Mr Sechos has over 20 years of experience in corporate law, banking and finance. Barry has held various senior positions across a range of industries including funds management companies. Barry holds a BComm. (Accounting Major) and LLB from the University of New South Wales. Barry was formerly a Director of Pulse International Pty Ltd whose assets were purchased by the Company in March 2010. Barry was a formerly a director of the Company from 10 August 2010 until 26 June 2012.

Appointed a Director: 22 May 2013

Resigned: 21 August 2013

Mr Daniel Altiok-Brown

Expertise and Experience
Mr Altiok-Brown has over 10 years of experience in International Trade and Marketing. Daniel has been the Managing Director of Octavium Group since 2004 with companies/investments in Property, Capital & Hospitality. Daniel has established Octavium Capital in 2009 as a deep value, turnaround and activist investing fund, specialising in the micro company space. Daniel holds a B Business from University of Technology, Sydney - GAICD.

Appointed a Director: 22 May 2013

Resigned: 21 August 2013

2 Company Secretary

The company secretary of the Company at any time during or since the end of the financial year was:

Mr Sungki Lee – Company Secretary

Expertise and Experience

Mr Lee holds dual non-executive director and company secretary role at the Company. Mr Lee is also a Certificated Member of Chartered Secretaries Australia.

Appointed as Secretary: 22 August 2013

Mr Alistair McKeough, BA, LLM – Company Secretary

Expertise and Experience

Mr McKeough is an experienced corporate lawyer and company secretary who brings extensive legal and corporate experience to his role as Company Secretary. Mr McKeough is also Managing Director of Whittens & McKeough, a Sydney law firm that specialises in corporate and commercial law with expertise in mining and resources.

Appointed as Secretary: 10 July 2012

Resigned: 30 August 2013

3 Directors Meetings

Director	Board Meetings	
	No of meetings attended	No of meetings eligible to attend
Julia King [a]	4	4
Christopher Charlton [b]	11	11
Kyung Shik (Steave) Ham	13	14
Barry Sechos [c]	1	4
Daniel Altiok-Brown [d]	4	4
Jong Ho (Jay) Kim [e]	11	11
Sungki Lee [f]	11	11
Ghi Jin Kim [g]	2	2

Director	Audit Committee Meetings	
	No of meetings attended	No of meetings eligible to attend
Julia King [a]	1	1
Christopher Charlton [b]	2	2
Kyung Shik (Steave) Ham	4	4
Jong Ho (Jay) Kim [e]	3	3
Sungki Lee [f]	3	3

Director	Remuneration Committee Meetings	
	No of meetings attended	No of meetings eligible to attend
Christopher Charlton [b]	1	1
Kyung Shik (Steave) Ham	3	3
Jong Ho (Jay) Kim [e]	3	3
Sungki Lee [f]	3	3

[a] Julia King resigned on 21 August 2013
[b] Chris Charlton resigned on 18 December 2013
[c] Barry Sechos resigned on 21 August 2013

[d] Daniel Altiok-Brown resigned on 21 August 2013
[e] Jong Ho (Jay) Kim was appointed 21 August 2013
[f] Sungki Lee was appointed 21 August 2013
[g] Ghi Jin Kim was appointed 3 April 2014

4 Principal Activities

The Group is a vertically integrated banking technology business and the principal activities for the Group during the course of the financial year were specialising in the design, manufacture, sale, deployment and operation of Automatic Teller Machines (ATMs), cash handling and other banking equipment.

5 Operating and Financial Review

The following two main market segments are significant in understanding the Company's business during the 2014 financial year.

Australian operations – iCash and CashPod

The Board has been working to restructure its business in Australia to give the Group its own income stream and to foster self-sufficiency. The following business activities have been established during the current reporting period, and have begun to generate an initial revenue stream of $365,697 from the Group's Australian operation (2013: Nil):

- Direct sales of NeoICP ATM product and services – this activity has commenced in February 2014 after the Group successfully completed testing its ATM products with a nationwide ATM switching provider, Indue Limited ('Indue'). The Group has also signed an ATM Supply Agreement with Indue in June 2014 which allows Indue to resell NeoICP ATMs to their deployer customers in Australia.
- ATM deployment commenced in April 2014 – the Board believes that the ATM deployment business is strategic for the introduction of Group's Recycling ATM ('RATM') product in Australia. The RATM is a low cost and small foot print ATM that can take cash deposits and is suitable to be deployed in shopping centres and with large retail customers. The deployment business will provide an infrastructure under iCash's control to demonstrate and fast track the introduction of RATM products in Australia. The RATM has been successfully tested with Indue for deposit taking transactions in August 2014.

The Group has made a loss after tax of $2,065,820 (2013: $6,393,998). The loss is attributable to the following major expenses:

- Significant legal costs in excess of $840,000 arising from the previous Board's litigation for wrongful cancellation of minority shareholder's holding in iCash shares.
- Preparation and management of the equal access share buyback and selective reduction of capital for minority holdings.
- Establishing a service and maintenance operation in major metropolitan centres of Sydney and Brisbane to support the Group's ATM hardware product sales and deployment business.

Korean Operations - NeoICP

Revenue attributed to NeoICP this year has increased to $18,996,307 (2013: $15,175,563). This increase in revenue is mainly from securing a service contract with Lotte for approximately 3,500 ATMs on 1 September 2013.

NeoICP has made a loss after tax of $676,185 (2013: $4,854,033). The loss can be attributed mainly to the increase in general development costs.

6 Dividends

The directors have not recommended the payment of a final dividend and no dividends were previously declared or paid.

7 Share Options

As at the date of this report, there were no unissued ordinary shares under option.

No other options have been granted in the period since the end of the financial year and to the date of this report.

8 State of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

i) Restored business relationship between Lotte and NeoICP, with Lotte awarding NeoICP a Maintenance Service Agreement for all of the Recycling ATMs currently deployed, amounting to approximately 3,500 ATMs.
ii) A new board has been appointed to iCash Payment Systems Ltd in August 2013.
iii) Equal access share buyback of 26,371,931 shares was completed with a total amount of $3,428,351 being distributed to accepting shareholders.
iv) Selective reduction of capital of 1,601,280 shares was completed to mop up minority shareholdings, which was to reduce administrative costs incurred by the Company by reducing the number of shareholders.
v) iCash Payment Systems Limited sold down 16.29% of its 59.62% of issued share capital in NeoICP for KRW 1,600,000,000 (AUD: $1,686,905).

9 Events Subsequent to Reporting Date

The sale completion of an additional 7.1% of iCash holdings in NeoICP shares (70,000,000 Japanese Yen) to Nako & Castom Interactive Co. Ltd have occurred on 15 September 2014. Following completion of the sale, iCash's shareholding in NeoICP has been reduced from 43.33% at 30 June 2014 to 36.2%.

The litigation with Mr. Wayne Robinson has reached a settlement out of court on 26 August 2014 with an agreed settlement amount of $68,500 to Mr. Robinson, which was paid on 24 September 2014. Apart from this matter there are no other contingent liabilities at 30 June 2014.

10 Likely Developments and expected results

Likely developments in the operations of the Group include:

Australia

- Introduction of Recycling ATM ('RATM') product in Australia. The RATM is a low cost and small foot print ATM that can take cash deposits as well as make withdrawals, suitable to be deployed in shopping centres and with large retail customers. The deposit capable ATMs are currently being deployed only by the Big 4 banks in their branches, however theses ATMs are too big and expensive for retail merchants. There are two unique customer base opportunities for iCash to pursue with the RATM product:

  a) Second tier banks such as credit union and regional banks – provides the second tier banks an ability to deploy the low cost deposit taking capable ATMs at many retail centres, allowing the second tier banks to better compete with the Big 4 banks by capturing increased business customer base and increasing daily deposit takings.

  b) Retailers and Clubs with large daily cash takings – rather than to use expensive Cash-In-Transit (CIT) services, the merchants will be able to deposit their daily taking cash notes directly into the RATM, resulting in the amount being deposited into the merchant's bank account in the following day. The same RATM will also be used for normal cash withdrawals, and reducing the amount of cash notes stored in the RATM and significantly reducing the CIT expenses.

- Develop opportunities to generate new revenue streams through potential joint ventures and other partnership opportunities.

Korea

- Continue to support Research & Development to maintain leading position in cash handling market with an ability to provide highly customised and value added solutions as key strength and differentiation.

Other Markets

- Further product development and growth with casino gaming related products such as cash redemption terminal and gaming table automatic settlement product for Macau and other Asian casino gaming markets.

- Launch of high-end notes analysis and sorting solution with HOTS (Hitachi Omron Terminal Solutions) for global market.

11 Environmental Regulations

The Group's operations are not subject to significant environmental regulation under Australian and Korean legislation in relation to the conduct of its operations.

12 Remuneration Report (Audited)

The directors of iCash Payment Systems Limited present the remuneration report prepared in accordance with section 300A of the Corporations Act 2001 for iCash Payment Systems Limited and the Group for the financial year ended 30 June 2014.

The remuneration report forms part of the Director's Report.

This report outlines the remuneration arrangements in place for directors and executives of iCash Payment Systems Limited and the Group.

The remuneration report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based compensation
e. Additional information and disclosures relating to key management personnel

a. Principles used to determine the nature and amount of remuneration

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise the Directors of the Company and its subsidiaries and senior executives of the Group.

Compensation levels for key management personnel of the Group and the secretary of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives.

Remuneration Policy - Non Executive Directors

The remuneration policy of the Company is to attract and retain competent and suitably qualified non-executive directors. Non-executive director remuneration is set by the Company's Board after consideration of market practices, relativities, director duties and accountabilities.

Fees

Non-executive directors' fees are determined within an annual aggregate directors' fee pool limit, which is periodically approved by shareholders.

Fees are fixed and are not linked to the performance of the Company so as to foster independence and impartiality.

Remuneration Policy - Executive Directors and other Key Management Personnel

The compensation policy explained below is designed to attract, retain, develop and motivate appropriately qualified and experienced senior executives as reward for the achievement of strategic objectives including the broader outcome of creation of value for shareholders.

12 Remuneration Report (Audited) (continued)

a. Principles used to determine the nature and amount of remuneration (continued)

Remuneration Policy - Executive Directors and other Key Management Personnel (continued)

The compensation structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segment/s' performance;
- the Group's performance including:
  - the Group's earnings; and
  - the growth in share price and delivering constant returns on shareholder wealth.

Fixed compensation
Fixed compensation consists of base compensation (calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board through a process that considers individual, section and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place.

Performance linked compensation
Performance linked compensation may be offered to Key Management Personnel (KMP), as and when the Board believes it would be appropriate on a case by case basis for each KMP. For the financial year ended 30 June 2014, there was no performance based compensation offered to any KMPs.

KPIs comprise measures of total Company performance and individual performance and contain a mixture of financial, non-financial, strategic, risk and people metrics.

Performance remuneration is determined through the Board's assessment of actual individual and Group performance against pre-determined KPI's and individual contractual provisions.

b. Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel of iCash Payment systems Limited are shown in the table below.

Table 1: Remuneration for the year ended 30 June 2014

	Short-term benefits				Post employment		Long-term benefits		Share-based payments		Termination payments	Total	Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary Benefits	Other	Superannuation	Retirement Benefits	Cash incentives	Long service leave	Options	Shares			
	$	$	$	$	$	$	$	$	$	$	$	$	%
Non-executive directors													
Mr Christopher Charlton (ii)	40,000	-	-	146,405	-	-	-	-	-	-	-	186,405	-
Mr Barry Sechos (iii)	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr Daniel Altiok-Brown (iii)	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr Jong Ho (Jay) Kim (iv)	51,774	-	-	-	-	-	-	-	-	-	-	51,774	-
Mr Sungki Lee (iv)	69,032	-	-	-	-	-	-	-	-	-	-	69,032	-
Total non-executive director	**160,806**	**-**	**-**	**146,405**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**307,211**	**-**
Executive directors													
Ms Julia King (i)	13,333	-	-	-	-	-	-	-	-	-	-	13,333	-
Mr Kyung Shik (Steave) Ham	244,661	-	-	6,638	14,140	(15,887)	-	-	-	-	-	249,552	-
Mr Ghijin Kim (v)	1	-	-	-	-	-	-	-	-	-	-	1	-
Other key management personnel													
Mr Jung Suk Kang	298,350	-	-	-	-	38,145	-	-	-	-	-	336,495	-
Mr Ghijin Kim	298,350	-	-	-	-	38,145	-	-	-	-	-	336,495	-
Total executive director and other key management personnel	**854,695**	**-**	**-**	**6,638**	**14,140**	**60,403**	**-**	**-**	**-**	**-**	**-**	**935,876**	**-**
Totals	**1,015,501**	**-**	**-**	**153,043**	**14,140**	**60,403**	**-**	**-**	**-**	**-**	**-**	**1,243,087**	**-**

Table 1: Remuneration for the year ended 30 June 2014 (continued)

Note - Salary & Fees includes accumulated Annual Leave paid on termination and Directors Fees

(i) Appointed 26 June 2012 and terminated 21 August 2013.

(ii) Appointed 26 June 2012 and terminated 18 December 2013. Other short-term benefits were paid under agreements with Charltons CJC Pty Ltd for accounting and bookkeeping services and office rent, of which Mr Charlton is Managing Director. Refer to note 29(ii).

(iii) Appointed 22 May 2013 and terminated 21 August 2013.

(iv) Appointed 21 August 2013.

(v) Appointed 3 April 2014.

Table 2: Remuneration for the year ended 30 June 2013

	Short-term benefits				Post employment		Long-term benefits		Share-based payments		Termination payments	Total	Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary Benefits	Other	Superannuation	Retirement Benefits	Cash incentives	Long service leave	Options	Shares			
	$	$	$	$	$	$	$	$	$	$	$	$	%
Non-executive directors													
Ms Julia King	101,111	-	-	-	-	-	-	-	-	-	-	101,111	-
Mr Christopher Charlton (i)	101,111	-	-	-	-	-	-	-	-	-	-	101,111	-
Mr Barry Sechos (ii)	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr Daniel Altiok-Brown (ii)	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr Jong Ho (Jay) Kim (iii)	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr Sungki Lee (iii)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-executive director	**202,222**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**202,222**	**-**
Executive directors													
Ms Julia King (iv)	27,000	-	-	-	-	-	-	-	-	-	-	27,000	-
Mr Kyung Shik (Steave) Ham	184,718	25,535	-	5,722	11,491	14,309	-	-	-	-	-	241,775	-
Other key management personnel													
Mr Jung Suk Kang	257,199	-	-	6,904	-	440,275	-	-	-	-	-	704,378	-
Mr Ghijin Kim	257,199	-	-	12,353	-	440,275	-	-	-	-	-	709,827	-
Mr James Manny (v)	40,000	-	-	-	-	-	-	-	-	-	-	40,000	-
Mr Christian Shaw (vi) (vii)	36,667	-	-	-	2,533	-	-	-	-	-	-	39,200	-
Total executive director and other key management personnel	**802,783**	**25,535**	**-**	**24,979**	**14,024**	**894,859**	**-**	**-**	**-**	**-**	**-**	**1,762,180**	**-**

Table 1: Remuneration for the year ended 30 June 2013 (continued)

	Short-term benefits				Post employment		Long-term benefits		Share-based payments		Termination payments	Total	Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary Benefits	Other	Superannuation	Retirement Benefits	Cash incentives	Long service leave	Options	Shares			
	$	$	$	$	$	$	$	$	$	$	$	$	%
Totals	**1,005,005**	**25,535**	**-**	**24,979**	**14,024**	**894,859**	**-**	**-**	**-**	**-**	**-**	**1,964,402**	**-**

Note - Salary & Fees includes accumulated Annual Leave paid on termination and Directors Fees

(i) Other short-term benefits were paid under agreements with Charltons CJC Pty Ltd for accounting and bookkeeping services and office rent, of which Mr Charlton is Managing Director. Refer to note 29(ii).

(ii) Appointed 22 May 2013. No compensation was received.

(iii) Appointed 21 August 2013.

(iv) Appointed Temporary Executive Director from 1 March 2013 to 31 May 2013.

(v) NeoICP Director Fee and terminated 9 Sep 2013.

(vi) Appointed 1 April 2012 and terminated 31 August 2012.

(vii) An amount of $9,418 of superannuation was accrued incorrectly in the 2012 financial year, therefore correction was made within the 2013 financial year.

12 Remuneration Report (Audited) (continued)

c. Service agreements

The Company has executive service agreements with its key management personnel. Details of these contracts are as follows:

Non-Executive Chairman – Mr Jong Ho (Jay) Kim

Term: Ongoing

Appointed a Director: 21 August 2013

Remuneration: Fixed Remuneration of $60,000 per annum.

Executive Director, Chairman of Remuneration Committee – Mr Kyung Shik (Steave) Ham

Term: Ongoing

Appointed a Director: 8 September 2009

Remuneration: Fixed remuneration is $167,000 per annum inclusive of superannuation contributions. Additional 90,000,000 KRW per annum as Director of NeoICP Korea Inc. Performance linked compensation is at the Board's discretion.

Termination: The Company may terminate the contract by giving Mr. Ham six months' notice (or by payment of fixed compensation in lieu of notice) or immediately for misconduct. Mr. Ham is entitled to resign his employment with the Company on six months' notice.

Non-Executive Director, Chairman of Audit Committee, Company Secretary – Mr Sungki Lee

Term: Ongoing

Appointed a Director: 21 August 2013

Remuneration: Fixed Remuneration of $60,000 per annum.
Additional $20,000 per annum as Company Secretary

Executive Director – Mr Ghi Jin Kim

Term: Ongoing

Appointed a Director: 3 April 2014

Remuneration: Fixed remuneration is $1 per annum. Additional 380,517,123 KRW per annum as President & Executive Director of NeoICP Korea Inc.

Executive Director & CEO of NeoICP Korea – Mr Jung Suk Kang

Term: Ongoing

Appointed a CEO: 22 May 2007

Remuneration: Fixed Remuneration of 380,517,123 KRW per annum.

d. Share-based compensation

Issue and movement of shares

The movement during the previous period in the number of share options and rights in iCash Payment Systems Limited, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

12 Remuneration Report (Audited) (continued)

d. Share-based compensation (continued)

For year ended 30 June 2014	Held as 1 July 2013	Purchased during the year	Received on exercise of options	Sales	Held at 30 June 2014
Non-executive director					
Mr. Christopher Charlton	200,000	-	-	200,000	-
Ms. Julia King	100,000	-	-	100,000	-
Mr. Daniel Altiok-Brown	6,929,432	-	-	6,929,432	-
Mr. Barry Sechos	3,050,000	-	-	3,050,000	-
Mr. Jong Ho (Jay) Kim	-	-	-	-	-
Mr. Sungki Lee	-	1,023,500	-	891,197	132,303
Executive directors					
Mr. Kyung Shik (Steave) Ham	306,925	-	-	107,381	199,544
Mr. G J Kim	4,980,896	906,915	-	2,059,940	3,827,871
Other key management personnel					
Mr. J S Kang	550,000	3,119,171	-	1,178,755	2,490,416
Mr. James Manny	1,048,619	-	-	1,048,619	-
Total	**17,165,872**	**5,049,586**	**-**	**15,565,324**	**6,650,134**

Options and rights over equity instruments

Share option tranche C expired during the year. Please refer to note 24 (b) for details.

There was no movement in the previous period in the number of share options and rights in iCash Payment Systems Limited, directly, indirectly or beneficially, by each key management person, including their related parties.

e. Additional information and disclosures relating to key management personnel

Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	2014	2013	2012	2011	2010
(Loss)/Profit for the Year	(2,742,005)	(11,271,557)	(12,232,219)	221,167	4,380,740
(Loss)/Profit attributable to parent company	(2,742,005)	(11,271,557)	(12,684,759)	(3,624,012)	3,102,333
EBITDA	(2,153,169)	(1,765,474)	(522,916)	10,277,984	6,553,185
Dividend Paid	-	-	-	-	-
Share Price (at 30 June)	0.092	0.072	0.125	0.18	0.45
EPS (cents)	(2.87)	(9.70)	(13.73)	(4.03)	0.39

The overall level of key management personnel's compensation has been determined based on market conditions and is designed to attract, retain, develop and motivate appropriately qualified and experienced senior executives as reward for the achievement of strategic objectives including the broader outcome of creation of value for shareholders.

End of Remuneration Report (Audited)

13 Directors' Interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of the report is as follows:

	No of Ordinary Shares			
	2014		2013	
Director	**Direct**	**Indirect**	Direct	Indirect
J King	-	-	-	100,000
C Charlton	-	-	-	200,000
K S Ham	199,544	-	306,925	-
B Sechos	-	-	-	3,050,000
D Altiok-Brown	-	-	-	6,929,432
S Lee	132,303	-	1,023,500	-
G Kim	3,730,350	97,521	650,000	4,330,896

14 Indemnification and Insurance of Officers

Indemnification

For those directors and officers in office since 29 September 2005, the Company has indemnified them against all liabilities to another person that may arise from their position as directors or officers except where the liability arises out of conduct involving criminal activity or gross negligence.

Insurance Premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability insurance contracts for the year ended 30 June 2014 and since the end of the financial year, the Company has agreed to pay on behalf of the companies comprising the Group, premiums in respect of such insurance contracts for the year ending 30 June 2015. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the companies comprising the Group.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contracts.

15 Non-audit services

During the year Nexia Court & Co, the Company's auditor, has performed certain other services in addition to their statutory duties to the Company.

The Board has considered the non-audit services provided during the year by the auditor, and by resolution, the directors of the Company are satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the board of directors to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in the relevant APES standards and Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The fees for non-audit services were paid/payable to the external auditors during the year ended 30 June:

	2014	2013
	$	$
Income tax return, taxation advisory and other services	15,225	12,024

16 Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 23 and forms part of the directors' report for the financial year ended 30 June 2014.

17 Officers who were previously partners of the Audit Firm

Nil.

18 Corporate Governance Statement

The Company is committed to high standards of corporate governance. The Company has adopted the ASX Corporate Governance Council's "CGC Principles and Recommendations" (2nd Edition) for the entire financial year. However given the current size of the Company, it is not appropriate or practical to comply fully with those principles and recommendations. The Company has adopted those recommendations where appropriate.

The table below summarises those recommendations and the Company's current practices, including instances where recommendations have not been adopted by the Company, this has been identified and explained below:

#	Recommended Principle	Complied	Note
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	√	1
1.2	Disclose the process for evaluating the performance of senior executives	√	
1.3	Provide for the information indicated in the Guide for reporting Principle 1	√	
2.1	A majority of the Board should be independent directors.	√	2
2.2	The chairman should be an independent director	√	3
2.3	The role of chairman and chief executive officer should not be exercised by the same individual	√	3
2.4	The Board should establish a nomination committee	X	4
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors	√	
2.6	Provide the information indicated in Guide to reporting on Principle 2	√	
3.1	Establish a code of conduct and disclose the code or a summary of the code as to:		
	* the practices necessary to maintain confidence in the Company's integrity	√	
	* the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders	√	
	* the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	√	5
3.2	Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy	√	6
3.3	Disclose the proportion of woman employees in the whole organisation, woman in senior executive positions and woman on the board.	√	7
3.4	Provide the information indicated in Guide to Reporting on Principle 3.	√	
4.1	The Board should establish an audit committee.	√	8
4.2	The audit committee should be structured so that it:		
	* consists only of non-executive directors	X	
	* consists a majority of independent directors	√	
	* is chaired by an independent chairman, who is not chairman of the Board	√	
	* has at least three members	√	
4.3	The audit committee should have a formal charter	X	
4.4	Provide the information indicated in Guide to reporting on Principle 4	√	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	√	9
5.2	Provide the information indicated in Guide to reporting on Principle 5.	√	

18 Corporate Governance Statement (continued)

#	Recommended Principle	Complied	Note
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their effective participation at general meetings and disclose their policy or a summary of that policy	√	10
6.2	Provide the information indicated in the Guide to reporting on Principle 6	√	
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	√	11
7.2	Require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	√	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	√	
7.4	Provide the information indicated in Guide to reporting on Principle 7.	√	
8.1	The board should establish a remuneration committee.	√	12
8.2	The remuneration committee should be structured so that it:		
	* consists a majority of independent directors	√	
	* is chaired by an independent chairman	√	
	* has at least three members	√	
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	√	
8.4	Provide the information indicated in the Guide to reporting Principle 8.	√	

Notes

1. The directors of the Company are accountable to shareholders for the proper management of the business and affairs of the Company.

   Responsibilities of the Board are:-

   - overseeing the Company, including its control and accountability systems;
   - appointing and removing the chief executive officer, or equivalent
   - where appropriate, ratifying the appointment and the removal of senior executives
   - establishing, monitoring and modifying corporate strategies and performance objectives;
   - ensuring that appropriate risk management systems, internal compliance and control, reporting systems, codes of conduct, and legal compliance measures are in place;
   - monitoring the performance of management and implementation of strategy, and ensuring appropriate resources are available;
   - approving and monitoring of financial and other reporting;
   - approving dividends, major capital expenditure, acquisitions and capital raising/restructures;

   The Company has an informal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning performance of directors. Directors also have the opportunity to visit Group facilities and meet with management to gain a better understanding of business operations.

2. While a majority of the board members are independent directors. The board believes that the experience and skills of the directors are sufficient to discharge the board's duties effectively.

3. The chair is a Non-Executive director.

18 Corporate Governance Statement (continued)

4. The Board considers the Company is not currently a size to justify the formation of a Nomination Committee. All Board nomination matters are considered by the whole Board.

   The Board oversees the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the Company's executive management team. The appropriate skill mix, personal qualities, expertise and diversity are factors taken into account in each case. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the required skills.

   The Board annually reviews the effectiveness of the functioning of the Board, individual directors, and senior executives.

5. The Group recognises the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors and employees are required to act in accordance with the law and with the highest standard of propriety. This policy requires all directors and employees to seek approval from the Chairman and the Company Secretary prior to dealing in the Company's securities.

6. The Company's policy regarding directors and employees trading in its securities is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Established policies can be viewed on the Company's website – see "Securities Trading Policy".

7. Within the Group, there are following proportion of woman:

Employees:	17%
Senior Executives:	17%
Board:	0%

8. The Company has established an Audit Committee as recommended by the ASX principles. The committee is chaired by Mr Sungki Lee and is made up of the remaining three other directors. The committees duties and responsibilities are as follows:

   - reviews the annual, half-year and concise financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholder needs;
   - assesses whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
   - assesses the adequacy of the internal control framework and the Company's code of ethical standards;
   - discusses the external audit and internal audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
   - monitors the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements;
   - addresses any matters with the auditors, Australian Taxation Office, Australian Securities and Investments Commission, and ASX;
   - reviews the nomination and performance of the external auditor; and
   - reviews and approves corporate governance policy.

9. The Company has established procedures designed to ensure compliance with the ASX Listing Rules so that Company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

   Established policies which can be viewed on the Company's website ("Continuous Disclosure Policy") also ensure accountability at a senior management level for ASX compliance. The Board approves all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.

18 Corporate Governance Statement (continued)

10. The Company has a communications strategy and an established policy on stakeholder communication and continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the Company by protecting commercial information.

    The Company's policy on communication with shareholders is set out in the Company's 'Policy on stakeholder communication and continuous disclosure' which can be viewed on the Company's website.

11. The Board has established policies on risk oversight and management which can be viewed on the Company's website. To carry out this function the Board:

    - oversees the establishment, implementation, and annual review of the Company's risk management system, including assessing, monitoring and managing operational, financial reporting, and compliance risks for the Group;
    - reviews the financial reporting process of the Company;
    - discusses with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the policies and procedures of the Company to assess, monitor and manage business risk;
    - reviews with the external auditor any audit problems and the Company's critical policies and practices; and
    - reviews and assesses the independence of the external auditor.

    Systems of internal financial control have been put in place by the management of the Company and are designed to provide reasonable, but not absolute protection against fraud and material misstatement. These controls are intended to identify, in a timely manner, control issues that require attention by the Board.

    The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

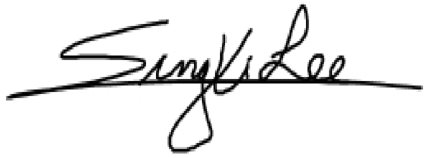
    Practices have been established to ensure:

    - capital expenditure and revenue commitments above a certain size obtain prior Board approval;
    - financial exposures are controlled, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;
    - occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
    - business transactions are properly authorised and executed;
    - the quality and integrity of personnel; and
    - financial reporting accuracy and compliance with the financial reporting regulatory framework.

12. The Board has established a Remuneration Committee. The Chairman is Mr Kyung Shik (Steave) Ham.
    The amount of remuneration of all directors and executives, including all monetary and non-monetary components, is detailed in the Director's Report.

    The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

Signed in accordance with a resolution of the directors:



Mr Kyung Shik (Steave) Ham
Director

Mr Sungki Lee
Director

Sydney

Dated: 30 September 2014

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The Board of Directors
iCash Payment Systems Limited
Unit 7
15-17 Chaplin Drive
Lane Cove NSW 2066

30 September 2014

Dear Board Members

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the members of iCash Payment Systems Limited.

As lead audit partner for the audit of the financial statements of iCash Payment Systems Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Nexia Court & Co
Chartered Accountants

Robert Mayberry
Partner

Sydney Office
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

nexia australia

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF iCASH PAYMENT SYSTEMS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of iCash Payment Systems Limited, which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2a, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Sydney Office
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF iCASH PAYMENT SYSTEMS LIMITED (CONTINUED)

Auditor's Opinion

In our opinion:

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

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

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2a.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(b) *Going Concern*, to the financial report, which indicates that the Group incurred a net loss from continuing operations of $2,065,820 during the year ended 30 June 2014 and, as of that date, the company's current liabilities exceed its current assets. These conditions, along with other matters as set forth in Note 2(b) *Going Concern*, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of iCash Payment Systems Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001.*

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Robert Mayberry
Partner

Sydney
30 September 2014

DIRECTORS' DECLARATION

The directors of iCash Payment Systems Limited declare that:

1. in the directors' opinion, the consolidated financial statements and accompanying notes set out on pages 27 to 66 are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date;

2. note 2a confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

3. in the directors' opinion, there are reasonable grounds to believe that the company and the group will be able to pay their debts as and when they become due and payable;

4. the remuneration disclosures included in pages 9 to 16 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2014, comply with section 300A of the *Corporations Act 2001*; and

5. the directors have been given the declarations required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Mr Kyung Shik (Steave) Ham
Director

Mr Sungki Lee
Director

Sydney

Dated: 30 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $	2013 $
CONTINUING OPERATIONS			
Revenue from continuing operations	7	**365,697**	-
Cost of sales	9a	**(251,536)**	(1,080)
GROSS PROFIT		**114,161**	(1,080)
Administrative expenses	9b	**(2,267,330)**	(1,764,394)
Depreciation, amortisation and impairment expenses	9c	**(11,529)**	(4,675,840)
LOSS FROM CONTINUING OPERATIONS BEFORE FINANCING ITEMS		**(2,164,698)**	(6,441,314)
Net financing income	9d	**98,878**	47,316
LOSS BEFORE INCOME TAX		**(2,065,820)**	(6,393,998)
Income tax expense	10a	**-**	-
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		**(2,065,820)**	(6,393,998)
DISCONTINUED OPERATIONS			
Loss from discontinued operations after income tax	8(ii)	**(676,185)**	(4,877,559)
NET LOSS FOR THE YEAR		**(2,742,005)**	(11,271,557)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit and loss			
Movement in foreign currency translation reserve		**-**	1,713,880
TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX		**(2,742,005)**	(9,557,677)
LOSS ATTRIBUTABLE TO:			
Members of the parent entity		**(2,742,005)**	(11,271,557)
Non-controlling interests		-	-
TOTAL LOSS FOR THE YEAR		**(2,742,005)**	(11,271,557)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Members of the parent entity		**(2,742,005)**	(9,557,677)
Non-controlling interests		-	-
TOTAL COMPREHENSIVE LOSS		**(2,742,005)**	(9,557,677)
EARNINGS PER SHARE			
Basic / Diluted loss per share (in cents)	11	**(2.87)**	(9.70)
Basic / Diluted loss per share – Continuing Operations (in cents)	11	**(2.16)**	(6.49)

The above consolidated financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Consolidated 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	12	**476,448**	9,924,443
Trade and other receivables	13	**111,069**	3,230,479
Other financial assets	14	**-**	47,884
Inventory	15	**693,245**	3,724,458
Other assets	16	**69,163**	82,909
TOTAL CURRENT ASSETS		**1,349,925**	17,010,173
NON-CURRENT ASSETS			
Trade and other receivables	13	**136,620**	566,668
Intangible assets	17	**-**	205,368
Other financial assets	14	**12,650**	1,296,098
Investments in associates	18	**4,425,040**	-
Property, plant and equipment	20	**138,027**	1,685,787
TOTAL NON-CURRENT ASSETS		**4,712,337**	3,753,921
TOTAL ASSETS		**6,062,262**	20,764,094
CURRENT LIABILITIES			
Trade and other payables	21	**1,301,662**	1,519,150
Financial liabilities	22	**-**	840,725
Provisions	23	**28,555**	2,942,428
TOTAL CURRENT LIABILITIES		**1,330,217**	5,302,303
NON-CURRENT LIABILITIES			
Financial liabilities	22	**-**	21,484
TOTAL NON-CURRENT LIABILITIES		**-**	21,484
TOTAL LIABILITIES		**1,330,217**	5,323,787
NET ASSETS		**4,732,045**	15,440,307
EQUITY			
Share Capital	24a	**51,725,739**	55,362,257
Reserves	25	-	(686,901)
Accumulated losses		**(46,993,694)**	(44,018,631)
Parent entity interest		**4,732,045**	10,656,725
Minority interest		-	4,783,582
TOTAL EQUITY		**4,732,045**	15,440,307

The above consolidated financial statements should be read in conjunction with the accompanying notes.

iCASH PAYMENT SYSTEMS LIMITED
ABN 87 061 041 281
and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Note	Issued Capital $	Reserves $	Accumulated Profit/(Losses) $	Parent Entity Interest $	Minority Interest $	Total Equity $
Balance as at 1 July 2012		53,333,113	(2,152,016)	(33,828,590)	17,352,507	7,919,437	25,271,944
Loss for the year		-	-	(9,437,701)	(9,437,701)	(1,833,856)	(11,271,557)
Other comprehensive income	25	-	1,713,880	-	1,713,880	-	1,713,880
Total comprehensive income for the year		-	1,713,880	(9,437,701)	(7,723,821)	(1,833,856)	(9,557,677)
Transactions with owners of the Company							
Changes in ownership interests in subsidiaries							
Purchase of non-controlling interest		-	-	(1,151,479)	(1,151,479)	(1,223,660)	(2,375,139)
Sales of interest in subsidiary		-	-	-	-	(78,339)	(78,339)
Transactions with non-controlling interest		-	-	150,373	150,373	-	150,373
Contributions by and distributions to owners of the company							
Issuance of shares	24(a)	2,029,144	-	-	2,029,144	-	2,029,144
Expiry of share options	25	-	(248,766)	248,766	-	-	-
At 30 June 2013		**55,362,257**	**(686,901)**	**(44,018,631)**	**10,656,725**	**4,783,582**	**15,440,307**
Loss for the year		-	-	(2,742,005)	(2,742,005)	-	(2,742,005)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	(2,742,005)	(2,742,005)	-	(2,742,005)
Transactions with owners of the Company							
Changes in ownership interests in subsidiaries							
Effect of foreign currency translation of discontinued operations		-	1,454,577	-	1,454,577	-	1,454,577
Effect of disposal of subsidiary	8(ii)	-	(735,453)	(265,281)	(1,000,734)	(4,783,582)	(5,784,316)
Contributions by and distributions to owners of the company							
Share buyback and cancellation	24(a)	(3,636,518)	-	-	(3,636,518)	-	(3,636,518)
Expiry of share options	25	-	(32,223)	32,223	-	-	-
At 30 June 2014		**51,725,739**	**-**	**(46,993,694)**	**4,732,045**	**-**	**4,732,045**

The above consolidated financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**19,346,289**	15,625,994
Cash payments to suppliers and employees		**(20,952,009)**	(15,417,871)
Interest paid		**(71,342)**	(43,911)
Interest received		**98,878**	330,287
Net cash from operating activities	26(ii)	**(1,578,184)**	494,499
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to purchase property, plant and equipment		**(7,768,011)**	(312,752)
Net proceeds from the sale of subsidiary	8(iv)	**(1,284,146)**	(63,372)
Payments to purchase intangibles		**-**	(94,502)
Payments to acquire other non-current assets		**-**	(66,544)
Payments to purchase investments		**(284,521)**	(289,778)
Payments for deposits		**-**	(68,699)
Proceeds from sale of investments		**-**	(5,540)
Net cash from investing activities		**(9,336,678)**	(901,187)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest bearing liabilities		**5,156,329**	5,294
Repayment of interest bearing liabilities		**(52,944)**	(1,442,029)
Payment to share buyback and cancellation	24(a)	**(3,636,518)**	-
Net cash from financing activities		**1,466,867**	(1,436,735)
NET DECREASE IN CASH HELD		**(9,447,995)**	(1,843,423)
Cash and cash equivalents at 1 July		**9,924,443**	11,696,892
Effect of foreign exchange fluctuations on cash held		**-**	70,974
CASH AND CASH EQUIVALENTS AT 30 JUNE	26(i)	**476,448**	9,924,443

The above consolidated financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

1 REPORTING ENTITY

iCash Payment Systems Limited (the 'company') is a company domiciled in Australia. The address of the company's registered office is Unit 7, 15-17 Chaplin Drive, Lane Cove, NSW, 2066. The consolidated financial statements of the company as at and for the year ended 30 June 2014 comprise the company and its subsidiaries (together referred to as the "Group"). The Group is a vertically integrated banking technology business specialising in design, manufacture, sale and operating of Automatic Teller Machines (ATMs) and other banking equipment.

2 BASIS OF PREPARATION

a Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

The accounting policies adopted in this report have been consistently applied by each entity in the Group and are consistent with those of the previous year.

Various comparative balances have been reclassified to align with current year presentation. These amendments have no material impact on the Financial Statements.

The financial statements were approved by the Board of Directors on 30 September 2014.

b Going concern

The Australian Operations of the iCash Group have incurred a net loss from continuing operations of $2,065,820. The financial position as at 30 June 2014 is that the Group has available cash and other readily realisable current assets of $516,237 and current creditors of $1,301,662, resulting in a shortfall of $785,427. Despite this result the Directors of iCash are of the belief that the use of the going concern assumption at 30 June 2014 is appropriate.

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Board of Directors have considered the following factors in determining the going concern position of the Group:

- The sale completion of an additional 7.1% of iCash holdings in NeoICP shares (70,000,000 Japanese Yen) to Nako & Castom Interactive Co. Ltd has occurred on 15 September 2014. Following completion of the sale, iCash's shareholding in NeoICP has been reduced from 43.33% at 30 June 2014 to 36.2%.
- The Recycling ATM (RATM) product has been successfully tested by Indue, a leading financial payment products and settlement service provider, for deposit taking transactions in August 2014. The Board believes RATM is unique in the current Australian market suitable for the retail industry, with price point and the compact size of the product that are compelling and offering attractive margin for iCash compared to withdrawal only ATM products. The Group expects this to be a key emerging market with potential growth for the next 12 months.
- Of the current creditors of $1,301,662, the $972,938 trade payable to NeoICP will be refinanced as part of a $1,000,000 interest free credit facility as part of the ATM Supply Agreement with NeoICP. This is a revolving facility without interest and will assist and provide a cash flow buffer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

2 BASIS OF PREPARATION (continued)

b Going concern (continued)

- The Board has set in place a guaranteed dividend policy agreement with NeoICP whereby, if NeoICP makes an NPAT of at least A$500,000 in any given financial year, NeoICP is to declare and pay a dividend to iCash. This dividend policy does not terminate until dividend is declared for at least three financial years. Potential for dividend income has not been included in the 2015 forecast.
- Potential for any overseas revenue has also not been included in the 2015 forecast.
- The Board is exploring options of capital raising or disposal of further assets in NeoICP shares as contingency.

Taking into account of the above factors that impact on the forecasts and cash flows, the Board of Directors of iCash believes that the Group will have sufficient cash resources to continue to pay all debts and obligations as and when they arise, and this belief is supported by cash flow forecasts.

Should the business not achieve the matters set out above, there is significant uncertainty as to whether the Group will continue to trade as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The financial report does not include any adjustments that may be necessary if the Group is unable to continue as a going concern.

c Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

d Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

e Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 17 – Intangible assets
- Note 20 – Property, plant and equipment

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been consistently applied by Group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

a Basis of consolidation

i Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the company's financial statements, investments in subsidiaries are carried at cost.

ii Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

iii Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

b Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to Australian dollars at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences are recognised directly in equity through foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

c Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation for 2014 and 2013 is calculated on a straight-line basis over the estimated useful life of the asset as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

c Property, Plant and equipment (continued)

Property, plant and equipment – 20% (2013: 20%)

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses have been recognised in the income statement this year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

d Intangible assets

i Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss. Goodwill is assessed for impairment on an annual basis.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

ii Other intangible assets

Research and development activities

Research

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

d Intangible assets (continued)

ii Other intangible assets (continued)

Development activities

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is recognised at cost and will be amortised from the date it is available for use.

Other intangible assets

Other intangibles that are acquired by the Group, which do have finite useful lives, are measured at cost less accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

e Financial instruments

i Non-derivate financial instruments

Non-derivate financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivate financial instruments are recognised initially at fair value plus, for instruments at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivate financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instruments. Financial assets are derecognised if the Group's contractual rights to the cash flow from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all the risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sale of assets. Financial liabilities are derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and Cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in the component or cash and cash equivalents for the purpose of statement of cash flows.

Accounting for finance income and expense is discussed in Note 3(i).

Available-for-sale financial assets

The Group's investment in the equity securities and certain other investments not classified in any other category are classified as Available-for-sale financial assets.

Purchases and sales on investments are recognised on trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e Financial instruments (continued)

i Non-derivate financial instruments (continued)

Available-for-sale financial assets (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred out and the company has transferred substantially all the risks and rewards of ownership.

Subsequent to initial recognition, available-for-sale financial assets are carried at fair value to the extent that an active market can be deemed to exits or an appropriate fair value methodology can be determined. Where there is no active market or where there is no other more appropriate valuation technique; cost, less any impairment losses is deemed the most appropriate estimate of fair value. Unrealised gains and losses arising from changes in fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investment revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Other

Other non-derivate financial instruments are measured at amortised cost using the effective interest method, less impairment losses.

ii Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

iii Compound instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

f Inventories

Inventories are stated at the lower of cost or net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on the basis of weighted average costs.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

g Impairment

i Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

ii Non-financial assets

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

h Revenue

i Transaction Fee

Transaction or ATM fee, which is a significant proportion of the revenue for the Group, is recognised in proportion to the stage of completion of the each transaction, i.e. once the transaction occurs on the ATM.

ii Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount can be measured reliably.

iii Services

Revenue from services rendered is recognised when the services are provided, it is probable that future economic benefits associated with the transaction will flow to the entity, and the amount can be measured reliably.

i Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit and loss, using effective interest method

Finance expenses comprise interest expense on borrowings. All borrowings costs are recognised in profit and loss using the effective interest method.

j Employee benefits

Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees. In Korea, the provision for long service leave benefit is reported net of deposits paid to a government retirement fund.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

k Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

l Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

l Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

m Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from the taxation authority is included as part of receivables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from the taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

n Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

o Adoption of new and revised accounting standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of iCash Payment Systems.

Standard Name	**Impact**
AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	No significant changes on adoption of this standard
AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13	No significant changes on adoption of this standard
AASB 2011–4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	No significant changes on adoption of this standard
AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	No significant changes on adoption of this standard
AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	No significant changes on adoption of this standard
AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	No significant changes on adoption of this standard
AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011	No significant changes on adoption of this standard

p Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

q Comparatives

Where necessary, comparatives have been adjusted to reflect current year disclosures. In addition, the comparative statement of profit or loss and other comprehensive income has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (see Note 8).

r New standards and interpretations not yet adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard Name	Effective Date for Entity	Requirements	Impact
AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).	30 June 2016	- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; - removing the tainting rules associated with held-to-maturity assets; - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets.	In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.
AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 July 2014	- AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	This Standard is not expected to significantly impact the Group's financial statements.
AASB 2013-3: Recoverable amount Disclosures for Non-Financial Assets	1 July 2014	- Amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	This Standard is not expected to significantly impact the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

r New standards and interpretations not yet adopted (continued)

Standard Name	Effective Date for Entity	Requirements	Impact
AASB 2013-5: Investment Entities	1 July 2014	- AASB 2013-5 makes amendments to other Standards to define an "investment entity" and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities.	This Standard is not expected to significantly impact the Group's financial statements.
AASB 1056: Superannuation Entities	1 July 2016	- AASB 1056 replaces the existing requirements in AAS 25, and applies to large superannuation entities regulated by the Australian Prudential Regulation Authority (APRA) and to public sector superannuation entities. This Standard is expected to result in significant changes to the recognition, measurement, presentation and disclosures relating to superannuation entity financial statements. Some of the key changes include: - greater level of integration between AASB 1056 and other Australian Accounting Standards - a revised definition of a superannuation entity - revised content/presentation of financial statements (e.g. the introduction of a statement of changes in member benefits and a statement of changes in equity/reserves) - use of fair value rather than net market value for measuring assets and liabilities (subject to certain exceptions) - revised member liability recognition and measurement requirements - new requirements regarding employer-sponsor receivables - New/revised disclosure requirements	The Group has not yet assessed the full impact of these amendments.
AASB 1031: Materiality	1 July 2014	- Deletes all the previous Australian guidance on materiality, including the quantitative thresholds, and cross references the definition of 'material' to AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.	This Standard is not expected to significantly impact the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

ii Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value. When an investment is derecognized, the cumulative gain or loss in equity is reclassified to profit or loss. Available-for-sale financial assets comprise investments in unlisted companies.

iii Share based payments

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

iv Investments in associate

The fair value of the retained investment in associates has been determined by reference to an independent valuation performed on the investee, for the purpose of stock repurchase and retirement.

5 FINANCIAL RISK MANAGEMENT

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

5 FINANCIAL RISK MANAGEMENT (continued)

i Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. For the Company it arises from receivables due from subsidiaries.

Trade and other receivables

The Company's and Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

ii Liquidity risk

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

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

iii Market risk

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

Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, being the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are AUD and Korean WON (WON).

Interest rate risk

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily WON, but also AUD. This provides an economic hedge without derivatives being entered into and therefore no application of hedge accounting.

Other market price risk

Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board.

Capital management

When managing capital the Board's objective is to ensure the entity continues as a going concern as well as to maintain returns to the shareholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

5 FINANCIAL RISK MANAGEMENT (continued)

iii Market risk (continued)

Capital management (continued)

The Board of Directors is responsible for assessing financial risks, related controls and other financial risk management strategies. The Company deploys assets and liabilities so as to manage the risk of commercially appropriate levels, bearing in mind the constraints imposed by the Group's size, results and other financial circumstances. The Company aims to balance opportunities to improve profitability against related risks of losses of assets or the incurrence of additional liabilities.

6 SEGMENT REPORTING

The Group comprises one operating segment being Australia in only one business segment, being the manufacture, sale and operation of banking technology equipment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

6 SEGMENT REPORTING (continued)

	Australian Operations Continuing	
	2014	**2013**
	$	**$**
Product revenues	**342,418**	-
Service revenue	**23,279**	-
Total revenue	**365,697**	-
Loss before tax	**(2,065,820)**	(6,393,998)
Income tax benefit/(expense)	**-**	-
Loss for the year from continuing operations	**(2,065,820)**	(6,393,998)
Loss from discontinued operations after income tax	**(676,185)**	(4,877,559)
Net Loss for the year	**(2,742,005)**	(11,271,557)
Other comprehensive income	**-**	1,713,880
Total comprehensive income attributable to the parent entity	**(2,742,005)**	(9,557,677)
Segment assets	**6,062,262**	15,073,527
Total assets	**6,062,262**	15,073,527
Segment liabilities	**1,330,217**	3,962,959
Total liabilities	**1,330,217**	3,962,959
Interest Revenue	**98,880**	319,728
Interest Expense	**(2)**	(272,412)
Capital expenditure	**-**	15,859
Depreciation & amortisation	**11,529**	95,182
Impairment	**-**	1,300,000

7 REVENUE FROM CONTINUING OPERATIONS

Product revenue	**342,418**	-
Service revenue and transaction fees	**23,279**	-
	365,697	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

8 DISCONTINUED OPERATIONS

(i) **Details of operations disposed**

On 30 June 2014, iCash Payment Systems Limited sold down 16.29% of its 59.62% of issued share capital in NeoICP for KRW 1,600,000,000 (AUD: $1,686,905). At 30 June 2014 the fair value of the retained investment in NeoICP of 43.33% is $4,425,040.

(ii) **Financial performance of operations disposed of during the year – NeoICP**

The results of the discontinued operations for the year are presented below:

	2014	2013
	$	$
Revenue	**18,996,307**	15,175,563
Cost of sales	**(11,848,026)**	(11,896,115)
Gross profit	**7,148,281**	3,279,448
Administrative expenses	**(5,300,102)**	(7,584,396)
Depreciation, amortisation and impairment	**(329,890)**	(780,643)
Net financing (expense) / income	**(71,342)**	231,558
Profit / (loss) from ordinary activities	**1,446,947**	(4,854,033)
Realisation of FCTR on disposal	**735,453**	-
	2,182,400	(4,854,033)
Loss on the sale of discontinued operations	**(1,246,143)**	-
Loss on measurement to fair value	**(1,612,442)**	-
Loss from discontinued operations[1]	**(676,185)**	(4,854,033)

[1] The loss from discontinued operations are shown in the statement of profit or loss and other comprehensive income for 2013 is $4,877,559, representing the loss generated by NeoICP of $4,854,033 and the loss from discontinuation of Wiz Mechatronics Co Ltd of $23,526. See note 8 (v).

(iii) **Assets and liabilities of operations disposed of during the year – NeoICP**

The major classes of assets and liabilities of the NeoICP at 30 June 2014 were as follows:

	2014
Assets	**$**
Intangible assets	**141,379**
Plant and equipment	**9,596,206**
Trade and other receivables	**3,599,642**
Other non-current assets	**2,243,393**
Stock	**4,484,142**
Cash and Equivalents	**2,971,051**
Total Assets	**23,035,813**
Liabilities	
Trade and other payables	**(1,594,782)**
Financial liabilities	**(6,200,867)**
Provisions	**(1,614,287)**
Total Liabilities	**(9,409,936)**
Net Assets Attributable to discontinued operations	**13,625,877**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

8 DISCONTINUED OPERATIONS (continued)

(iv) **Cash Flow Information of operations disposed of during the year – NeoICP**

The net cash flows of NeoICP are as follows:	2014	2013
	$	$
Operating activities	**1,176,685**	1,851,117
Investing activities	**(8,006,278)**	(593,524)
Financing activities	**7,596,756**	(1,194,322)
Net cash outflow	**767,163**	63,271
Net cash outflow on disposal		
Cash and cash equivalents consideration	**1,686,905**	-
Less cash and cash equivalents disposed of	**(2,971,051)**	(2,788,058)
Reflected in the consolidated statement of cash flows	**(1,284,146)**	(2,788,058)

(v) During the year ended 30 June 2013, NeoICP sold its investment in Wiz Mechatronics Co. Ltd ('Wiz') for KRW 520,450,000 (AUD: $438,706). The consideration was not settled in cash, rather through the acquisition of assets.

Immediately following the sale, tangible assets of KRW 478,180,000 (AUD: $403,075) and intangible assets of KRW 46,820,000 (AUD: $39,466) were purchased from Wiz for a total of KRW525, 000,000 (AUD: $442,541).

Financial performance of operations disposed of during the year ended 30 June 2013 – Wiz

The results of the discontinued operations for the year are presented below:

Revenue	-	73,679
Interest – external	-	7,502
Cost of sales	-	(34,146)
Gross profit	-	47,035
Administrative expenses +	-	(50,668)
Depreciation and amortisation	-	(19,893)
Loss from discontinued operations	-	(23,526)

Cash Flow Information of Operations Disposed of during the year ended 30 June 2013 - Wiz

Operating activities	-	34,909
Investing activities	-	-
Financing activities	-	(86,362)
Net cash outflow	-	(51,453)
Net cash inflow on disposal		
Cash and cash equivalents disposed of	-	(63,372)
Reflected in the consolidated statement of cash flows	-	(63,372)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

9 EXPENSES FROM CONTINUING OPERATIONS

		2014	2013
a	**Cost of Sales**	**$**	**$**
	Cost of goods sold	**244,717**	-
	Cost of services	**6,819**	1,080
		251,536	1,080
b	**Administrative expenses**		
	Salary and wages	**332,307**	310,346
	Superannuation expense	**29,028**	17,688
	Directors and company secretarial fees	**198,140**	302,446
	Consultancy expenses	**59,134**	41,524
	Legal expenses	**1,065,264**	314,539
	Accounting expenses	**137,088**	255,120
	Foreign exchange, travel and other expenses	**446,369**	522,731
		2,267,330	1,764,394
c	**Depreciation, amortisation and impairment expenses**		
	Depreciation and amortisation	**11,529**	95,182
	Impairment		
	Goodwill – Australia	**-**	3,280,658
	Other financial assets – Australia	**-**	1,300,000
		-	4,580,658
		11,529	4,675,840
d	**Finance income and finance (costs)**		
	Interest received	**98,880**	319,728
	Interest paid	**(2)**	(272,412)
		98,878	47,316

10 INCOME TAX EXPENSE

a	**The components of income tax expense comprise:**		
	Current tax	**-**	-
	Deferred tax expense/(benefit)	**(616,448)**	(2,403,768)
	Unrecognised tax benefits	**616,448**	2,403,768
		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

10 INCOME TAX EXPENSE (continued)

b The prima facie tax on profit from continuing activities before income tax is reconciled to income tax as follows:

	2014 $	2013 $
Prima facie income tax (benefit)/expense calculated at 30% on the profit from continuing activities (2013: 30%)	**(338,869)**	(2,831,310)
Tax effect of:		
Non-deductible items	**3,310**	60,729
Difference in tax rate attributable to foreign jurisdictions	**-**	366,813
Non-assessable dividend	**(126,686)**	-
Other Non-assessable items	**(154,203)**	-
Unrecognised tax benefits	**616,448**	2,403,768
Total income tax expense/(benefit)	**-**	-

c Income tax recognised in other comprehensive income

	2014	2013
Before tax		
- Movement in foreign currency translation reserve	**-**	1,713,880
Tax expense/(benefit)	**-**	-
Net of tax	**-**	1,713,880

d Tax losses and franking account balance

Available tax losses to date amount to $14,794,688. As at the date of this report, no deferred tax asset has been recognised as it is not yet considered sufficiently probable that future taxable profits will be generated in the appropriate jurisdictions to enable these to be utilised. The total deferred tax asset not recognised in relation to tax losses is $4,438,406.

The franking account balance at the date of this report is $845,436. Franking credits available for subsequent financial years are based on a tax rate of 30%.

11 EARNINGS PER SHARE

	2014	2013
Basic/Diluted loss per share (in cents)	**(2.87)**	(9.70)
Basic/Diluted (loss)/profit per share – continuing operations (in cents)	**(2.16)**	(6.49)
Basic/Diluted loss per share – discontinued operation (in cents)	**(0.71)**	(4.93)
Loss used in the calculation of basic and diluted EPS (in $)	**(2,742,005)**	(11,271,557)
Loss used in the calculation of basic and diluted EPS – continuing operations (in $)	**(2,065,820)**	(6,393,998)
Loss used in the calculation of basic and diluted EPS – discontinuing operations (in $)	**(676,185)**	(4,877,599)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS	**95,433,438**	98,868,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

12 CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Current		
Cash on hand	**134**	522
Cash at bank	**476,314**	9,923,921
	476,448	9,924,443

13 TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Trade receivables	**39,789**	3,292,027
Less: Provision for doubtful debts (i)	**-**	(174,598)
Other debtors	**-**	113,050
Hire purchase receivable (ii)	**71,280**	-
	111,069	3,230,479
Non-current		
Hire purchase receivable (ii)	**136,620**	-
Other debtors	**-**	566,668
	136,620	566,668

(i) **Provision for doubtful debts**

	2014 $	2013 $
Provision for impairment at the beginning of the year	**(174,598)**	(14,257)
Additional provisions recognised	**-**	(217,853)
Received during the year from uncollectable debts	**-**	57,512
Impact of discontinued operation	**174,598**	-
Provision for doubtful debts at the end of the year	**-**	(174,598)

(ii) **Hire purchase receivable**

iCash ("the lessor") entered into a hire purchase agreement for 27 ATMs with Star Payments Systems Pty Ltd ("the lessee") on the 22nd May 2014. Under this agreement the lessee will pay $207,900 with final payment on the 23rd May 2017.

	2014 $	2013 $
Minimum Hire purchase receivable:		
Less than one year	**71,280**	-
Between one and five years	**136,620**	-
More than five years	**-**	-
	207,900	-

14 OTHER FINANCIAL ASSETS

	2014 $	2013 $
Current		
Available-for-sale		
Term deposits	**-**	47,884
Investing deposit	**-**	1,300,000
Impairment of deposit	**-**	(1,300,000)
Total Current Other Financial Assets	**-**	47,884

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

14 OTHER FINANCIAL ASSETS (continued)

	2014	2013
Non-Current		
Available-for-sale	**$**	**$**
Other	**12,650**	676,272
Held-to-maturity		
Unlisted shares in companies	**-**	619,826
Total Non-Current Other Financial Assets	**12,650**	**1,296,098**

15 INVENTORY

Current		
Inventories	**693,245**	5,324,102
Less: Provision for obsolescence	**-**	(1,599,644)
	693,245	3,724,458

Inventories recognised as an expense during the year amounted to $222,049 (2013:$9,651,510). Net write-downs of inventories to net realisable value recognised during the year amounted to $Nil (2013:$1,219,739). The expense has been included in ‘cost of sales’ in the Statement of profit or loss and other comprehensive income.

16 OTHER ASSETS

Current		
Prepayments	**41,204**	82,909
Other	**27,959**	-
	69,163	82,909

17 INTANGIBLE ASSETS

Non-Current		
Other intangible assets	**-**	205,368
Development costs		
Balance at July 1	**205,368**	763,670
Additions during the year	**-**	94,502
Exchange differences	**(25,126)**	86,443
Sale of subsidiary - see note 8(iii)	**(141,379)**	(466,541)
Amortisation	**(59,898)**	(212,868)
Gain/(Impairment) as part of disposal	**21,035**	(59,838)
Balance at June 30	**-**	205,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

18 INVESTMENTS IN ASSOCIATES

The Group has a 43.33% equity interest in NeoICP Korea, Inc at the end of the year.

Fair Value of investments in associates	**2014**	**2013**
	$	**$**
Fair value of investment retained (43.33%)	**4,425,040**	-

Summarised statement of financial position

Current assets	**11,054,834**	17,010,172
Non-current assets	**11,980,979**	3,753,921
Total assets	**23,035,813**	20,764,093
Current liabilities	**2,843,779**	2,378,728
Non-current liabilities	**6,566,157**	2,945,058
Total Liabilities	**9,409,936**	5,323,786
Net assets	**13,625,877**	15,440,307

Summarised statement of profit or loss and other comprehensive income

Revenue	**18,996,307**	15,175,563
Expenses	**(17,549,360)**	(20,029,596)
Profit / (loss) from ordinary activities	**1,446,947**	(4,854,033)
Realisation of FCTR on disposal	**735,453**	-
	2,182,400	(4,854,033)
Loss on the sale of discontinued operations	**(1,246,143)**	-
Loss on measurement to fair value	**(1,612,442)**	-
Loss from discontinued operations	**(676,185)**	(4,854,033)

19 CONTROLLED ENTITIES

	Consolidated entity interest		**Investment at cost**	
	2014	**2013**	**2014**	**2013**
	%	**%**	**$**	**$**
Parent entity				
iCash Payment Systems Limited	**-**	-	-	**-**
Directly controlled				
CashPod ATM Pty Ltd (previous name ICA Entertainment Pty Ltd)	**100**	100	**100**	100
iCash Asia Pty Ltd	**100**	100	**100**	100
Sonic Global Solutions Pty Ltd	**100**	100	**2,500,000**	2,500,000
NeoICP Korea Inc.[1]	**43.33**	**62.55**	**4,425,040**	**7,724,387**

[1]NeoICP Korea Inc. is no longer controlled as at 30 June 2014. Refer to Note 8 and 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

20 PROPERTY, PLANT AND EQUIPMENT

Non-Current	**2014**	**2013**
Plant and equipment	**$**	**$**
At cost	**172,510**	4,526,494
Less: Accumulated depreciation and impairment	**(34,483)**	(3,674,496)
	138,027	851,998
Construction work in progress		
At cost	**-**	833,789
Total property, plant and equipment	**138,027**	1,685,787

Movements in carrying amounts

Plant and equipment
Movement in the carrying amounts for property, plant and equipment between the beginning and the end of the current financial year:

Balance at the beginning of year	**851,998**	1,108,217
Additions	**3,887,535**	751,458
Disposals	**(21,786)**	(3,015)
Sale of subsidiary - see note 8(iii)	**(4,881,941)**	(200,880)
Exchange differences	**703,538**	(189,281)
Depreciation from continuing operations	**(11,529)**	(95,182)
Depreciation from discontinued operations	**(389,788)**	(519,319)
Carrying amount at the end of year	**138,027**	851,998

Construction work in progress
Movement in the carrying amounts for construction work in progress between the beginning and the end of the current financial year:

Balance at the beginning of year	**833,789**	748,378
Additions	**3,880,476**	-
Sale of subsidiary - see note 8(iii)	**(4,714,265)**	-
Exchange differences	**-**	85,411
Carrying amount at the end of year	**-**	833,789

21 TRADE AND OTHER PAYABLES

Current
Unsecured liabilities

Trade creditors – external	**215,821**	590,520
Trade creditors - associate	**972,938**	256,960
Sundry creditors and accrued expenses	**112,903**	671,670
	1,301,662	1,519,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

22 FINANCIAL LIABILITIES

	2014	2013
Current	**$**	**$**
Short-term borrowings	-	840,725
Non-Current		
Long-term borrowings and payables	-	21,484
At the balance sheet date the group has access to the following lines of credit:		
Working capital facility	**-**	**1,436,520**
Import financing facility	**-**	**1,641,150**
Other	**-**	**21,484**
Total facilities available:	**-**	**3,099,154**
The following facilities were used at the balance sheet date:		
Working capital facility	**-**	**529,543**
Import financing facility	**-**	**311,182**
Other	**-**	**21,484**
Facilities used at balance sheet date:	**-**	**862,209**

23 EMPLOYEE BENEFITS

	2014	2013
Current		
Provision for holiday pay	**28,555**	149,021
Provision for retirement benefits	-	2,793,407
	28,555	2,942,428

Nature and purpose of employee benefits

Provision for holiday pay
Provision for holiday pay represents employee benefits for annual leave in respect of present obligations resulting from employees' services provided to balance date.

Provision for retirement benefits
The Group's foreign subsidiary has a provision for retirement benefit for all employees who have worked more than one year in the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

24 ISSUED CAPITAL

a Ordinary Shares

	Consolidated		Consolidated	
	June 2014 Shares	**June 2013 Shares**	**June 2014 $**	**June 2013 $**
Ordinary shares				
Share capital	**76,784,631**	104,757,842	**51,725,739**	55,362,257
Movements during the year				
Balance at beginning of the period	**104,757,842**	92,331,975	**55,362,257**	53,333,113
Shares issued during the year	**-**	12,425,867	**-**	2,029,144
Shares cancelled during the year	**(1,601,280)**	-	**(208,166)**	-
Shares buyback during the year	**(26,371,931)**	-	**(3,428,352)**	-
Balance at the end of the period	**76,784,631**	104,757,842	**51,725,739**	55,362,257

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its issued shares.

b Share Options

There were no share options issued during the year.

On 24 February 2010, pursuant to shareholders approval in the Annual General Meeting held on 26 November 2009, 250,000 ordinary shares and 2,100,000 options – 700,000 per tranche, subject to vesting conditions, were issued to Mr. Ghi Jin Kim as performance bonus for assisting the Company in respect of the negotiation and execution of the ATM Supply Agreement with the Lotte Group. The ordinary shares were issued for nil cash consideration and the fair value of the shares on grant date $125,000 has been expensed during the year. The details of the options along with the exercise price, fair value at the grant date and vesting conditions are as follows:

	Numbers of options	**Grant date**	**Fair value at grant date**	**Exercise price ($)**	**Expiry date**
Tranche A	700,000	24/02/2010	$44,876	1.50	two years following the vesting date
Tranche B	700,000	24/02/2010	$39,393	2.00	two years following the vesting date
Tranche C	700,000	24/02/2010	$32,223	2.50	two years following the vesting date

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and vesting conditions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

24 ISSUED CAPITAL (continued)

b Share Options (continued)

The options will vest in as follows:

Tranche A Options will vest

- on the date of completion of the Initial Order, including the supply and/or deployment by the Company of 1,000 ATMs to the Lotte Group and full payment being made by the Lotte Group pursuant to the ATM Supply Agreement.

The conditions for vesting of Tranche A were met on 01/9/2010. Tranche A expired on 31/08/2012 and was not exercised.

Tranche B Options will vest on the date on which all of the following conditions are satisfied:

- the receipt by the Company or an associate of the Company of written confirmation from the Lotte Group of an order for a further 1,000 ATMs in the first year following completion of the Initial Order (Second Minimum Order) on terms satisfactory to the Company;
- the completion and supply and/or deployment by the Company of the Second Minimum Order to the Lotte Group; and
- full payment being made by the Lotte Group in respect of the Second Minimum Order to the Company.

The conditions for vesting of Tranche B were met on 01/3/2011. Tranche B expired on 28/02/2013 and was not exercised.

Tranche C Options will vest on the date on which all of the following conditions are satisfied:

- the receipt by the Company or an associate of the Company of written confirmation from the Lotte Group of an order for a further 1,000 ATMs in the first year following completion of the Second Minimum Order (Third Minimum Order) on terms satisfactory to the Company;
- the completion and supply and/or deployment by the Company of the Third Minimum Order to the Lotte Group; and
- full payment being made by the Lotte Group to the Company in respect of the Third Minimum Order.

The conditions for vesting Tranche C were met on 01/12/2011. Tranche C expired on 30/11/2013 and was not exercised.

The Options shall expire two years following the vesting date.

Tranches C expired during the year. The details of these vested and expired options are as follows:

	Numbers of options	Grant date	Vesting date	Exercise price ($)	Expiry date
Tranche A	700,000	24/02/2010	01/09/2010	1.50	31/08/2012
Tranche B	700,000	24/02/2010	01/03/2011	2.00	28/02/2013
Tranche C	700,000	24/02/2010	01/12/2011	2.50	30/11/2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

25 RESERVES

	2014 $	2013 $
Equity options reserve	-	32,223
Foreign currency translation reserve	-	(719,124)
	-	(686,901)

Nature and purpose of Reserves

Equity options reserve

The equity options reserve represents the options issued at fair value on grant date.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustained foreign operations.

Movements during the year

Equity options reserve

Balance at July 1	**32,223**	280,989
Expiry of options (i)	**(32,223)**	(248,766)
Balance at June 30	**-**	32,223

(i) Represents the expiry of Tranche A (vested 01/09/2010 and expired 31/08/2012), Tranche B (vested 01/03/2011 and expired 28/02/2013) and tranche C (vested 01/12/2011 and expired 30/11/2013).

Foreign currency translation reserve

Balance at July 1	**(719,124)**	(2,433,004)
Effect of foreign currency translation	**1,454,577**	1,713,880
Effect of disposal of subsidiary	**(735,454)**	-
Balance at June 30	**-**	(719,124)

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

i. Reconciliation of cash

Cash at bank and on hand	**476,448**	**9,924,443**

ii. Reconciliation of net cash from operating activities

Loss for the period	**(2,742,005)**	(11,271,557)
Non-cash flows in profit from ordinary activities:		
Depreciation and amortisation expense	**461,215**	835,881
Loss on measurement of investment in associate to fair value	**1,612,442**	-
Realisation of FCTR	**(735,453)**	-
Loss on sale of discontinued operations	**1,246,143**	-
Loss from sale of PP&E	**(121,537)**	-
Write down of available for sale financial instruments	**-**	59,836
Impairment and write-off of assets	**-**	4,580,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	2014 $	2013 $
Other non-cash movements	-	(2,088)
Gain on sale of subsidiary	-	(438,706)
Effect of Foreign exchange	-	159,724
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Change in trade and term debtors	**(66,715)**	2,067,945
Change in prepayments and other debtors	**(21,348)**	968,001
Change in inventory	**(992,922)**	1,158,507
Change in other financial assets	**51,000**	-
Change in trade and other creditors	**1,261,708**	1,138,543
Change in provisions	**(1,530,712)**	-
Change in employee entitlements	**-**	1,237,755
Change in other current liabilities	**-**	-
Net cash from/(used in) operating activities	**(1,578,184)**	494,499

27 FINANCIAL INSTRUMENTS

i Credit risk

Exposure to credit risk

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

	Carrying amount	
	2014 $	2013 $
Cash and cash equivalents	**476,448**	9,924,443
Trade and other receivables	**247,689**	3,797,147
Other financial assets	**12,650**	1,343,982
	736,787	15,065,572

The Group's maximum exposure to credit risk for trade receivables at reporting date by type of customer was:

	Carrying amount	
	2014 $	2013 $
ATM deployment customers	**247,689**	2,721,176
Wholesale customers	**-**	325,568
Other customers	**-**	358,333
	247,689	3,405,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

27 FINANCIAL INSTRUMENTS (continued)

i Credit risk (continued)

Impairment losses
The aging of trade and other receivables at the end of the reporting period that were not impaired was as follows:

	Carrying amount 2014	2013
	$	$
Neither past due or impaired	**247,689**	2,536,682
Past due 1 – 30 days	**-**	834,495
Past due over 30 days	**-**	425,970
	247,689	3,797,147

ii Liquidity risk

Maturity analysis of the financial assets and liabilities based on management's expectation.
The risk implied from the values shown in the table below, reflects a balanced view of the cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the investment in working capital such as inventories and trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as enable an effective controlling of the future risks the directors monitor the expected settlement of financial assets and liabilities.

Year ended 30 June 2014	Less than 6 months	6-12 months	1-5 years	Greater than 5 years	Total
		$	$	$	$
Consolidated Financial Assets					
Cash and cash equivalents	**476,448**	**-**	**-**	**-**	**476,448**
Trade and other receivables	**39,789**	**-**	**-**	**-**	**39,789**
Hire purchase receivables	**35,640**	**35,640**	**136,620**	**-**	**207,900**
Other financial assets	**12,650**	**-**	**-**	**-**	**12,650**
	564,507	**35,640**	**136,620**	**-**	**736,787**
Consolidated Financial liabilities					
Trade and other payables	**1,301,662**	**-**	**-**	**-**	**1,301,662**
Interest bearing loans and borrowings	**-**	**-**	**-**	**-**	**-**
	1,301,662	**-**	**-**	**-**	**1,301,662**
Net inflow/(outflow)	**(737,135)**	**-**	**-**	**-**	**(564,875)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

27 FINANCIAL INSTRUMENTS (continued)

ii Liquidity risk (continued)

Year ended 30 June 2013	Less than 6 months	6-12 months	1-5 years	Greater than 5 years	Total
Consolidated Financial Assets	$	**$**	**$**	**$**	**$**
Cash and cash equivalents	9,924,443	-	-	-	9,924,443
Trade and other receivables	3,230,479	-	566,668	-	3,797,147
Other financial assets	667,710	-	676,272	-	1,343,982
	13,822,632	-	1,242,940	-	15,065,572
Consolidated Financial liabilities					
Trade and other payables	1,519,150	-	-	-	1,519,150
Interest bearing loans and borrowings	840,725	-	21,484	-	862,209
	2,359,875	-	21,484	-	2,381,359
Net inflow/(outflow)	11,462,757	-	1,221,456	-	12,684,213

iii Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	30 June 2014		30 June 2013	
	AUD	**WON***	AUD	WON*
Cash & cash equivalents	**269,799**	**283,948,083**	**2,788,058**	**2,911,266,656**
Trade receivables	**-**	**-**	**3,374,389**	**3,523,508,506**
Investments in Associate	**4,425,040**	**4,228,422,640**	**-**	**-**
Financial assets	**-**	**-**	**667,710**	**697,217,000**
Trade payables	**(972,938)**	**(898,132,285)**	**(891,159)**	**(930,541,086)**
Financial borrowings	**-**	**-**	**(862,209)**	**(900,310,799)**
Gross exposure	**3,721,901**	**3,614,238,438**	**5,076,789**	**5,301,140,277**
Net exposure	**3,721,901**	**3,614,238,438**	**5,076,789**	**5,301,140,277**

* WON is the abbreviation for the Korean currency.

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2014	2013	**2014**	2013
	$	$	**$**	$
KOREAN WON	**980**	1,137	**956**	1,044

Sensitivity analysis

A 10% strengthening of the Australian dollar against the following currencies at 30 June 2014 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

27 FINANCIAL INSTRUMENTS (continued)

iii Currency risk (continued)

	Equity	Profit or loss
	AUD	AUD
30 June 2014		
10% increase	**-**	**(372,190)**
30 June 2013		
10% increase	(1,123,580)	(419,396)

Sensitivity analysis
A 10% weakening of the Australian dollar against the above currencies at 30 June 2014 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

iv Interest rate risk

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

	Carrying amount	
	2014	**2013**
	$	**$**
Fixed rate instruments		
Financial liabilities	-	862,209

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

Cash flow sensitivity analysis for variable rate instruments
The Group does not have any variable rate financial assets and liabilities and therefore a cash flow sensitivity analysis is not required.

Fair Values

The fair values of financial assets and liabilities, together with carrying amounts shown in the statement of financial position, are as follows:

	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	2014	**2014**	**2013**	**2013**
	$	**$**	**$**	**$**
Financial Assets				
Cash and cash equivalents	**476,448**	**476,448**	9,924,443	9,924,443
Trade and other receivables	**247,689**	**247,689**	3,230,479	3,230,479
Other financial assets	**12,650**	**12,650**	667,710	667,710
Financial Liabilities				
Trade and other payables	**1,301,662**	**1,301,662**	1,519,150	1,519,150
Borrowing and bank loans	**-**	**-**	862,209	862,209
Employee benefits	**28,555**	**28,555**	2,942,428	2,942,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

27 FINANCIAL INSTRUMENTS (continued)

iv Interest rate risk (continued)

Estimation of fair values
The methods used in determining the fair values of financial instruments are discussed in Note 4.

Fair Value Hierarchy
The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derives from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$	$	$	$
30 June 2014				
Available for sale securities	-	-	-	-
30 June 2013				
Available for sale securities	-	-	619,826	619,826

28 KEY MANAGEMENT PERSONNEL

The following were the key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors
Christopher Charlton (*)
Julia King (>)
Daniel Altiok-Brown (<)
Barry Sechos (<)
J H (Jay) Kim (^)
S K Lee (^)

Executive directors
K S (Steave) Ham
G J Kim (i)

Key management personnel
J S Kang
G J Kim

(*) Terminated 18 December 2013.
(>) Terminated 21 August 2013.
(<) Appointed 22 May 2013 and terminated 21 August 2013.
(^) Appointed 21 August 2013.
(i) Appointed 3 April 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

28 KEY MANAGEMENT PERSONNEL (continued)

Key management personnel compensation

The key management personnel ('KMP') compensation included in 'administrative expenses' (see note 9 (b)) are as follows:

	2014	2013
	$	$
Short-term employee benefits	**1,168,544**	1,055,519
Post-employment benefits	**74,543**	908,883
Termination benefits	-	-
Share-based payments	-	-
	1,243,087	1,964,402

29 RELATED PARTY DISCLOSURES

The following table provides that total amount of transactions and outstanding balances that have been entered into with related parties for the years ended 30 June 2014 and 30 June 2013.

		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Associates:		$	$	$	$
NeoICP	2014	-	972,938	-	972,938
	2013	-	256,960	-	256,960
Key management personnel of the Group:					
Other directors' interest	2014	420,862[1]	-	-	-
	2013	-	-	-[2]	-

* The amounts are classified as trade receivables and trade payables respectively.

[1] $420,863 relates to JS Kang for sale of NeoICP shares.

[2] The loan to JS Kang $1,300,000 which was fully impaired in the year ended 30 June 2013, was written off during the year – refer to note 14.

Other related party transactions

		Company Balance outstanding 2014	2013
(i)	**Transactions with subsidiaries**	$	$
	Loans to subsidiaries (i)	-	4,812,654
	Loans from subsidiaries	-	8,608,891

(i) An accrued interest income of $697,448 was forgiven during the year.

		2014	2013
(ii)	**KMP related transactions**	$	$
	Charltons CJC Pty Ltd – accounting fees (i)	**104,805**	184,835
	Charltons CJC Pty Ltd – bookkeeping fees (i)	**16,000**	44,600
	Charltons CJC Pty Ltd – registered office rent (i)	**25,600**	34,281
		146,405	263,716
	Credit New Holland Pty Ltd (ii)	-	5,691
		146,405	269,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

29 RELATED PARTY DISCLOSURES (continued)

Other related party transactions (continued)

Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(i) Mr Christopher Charlton is Managing Director of Charltons CJC Pty Ltd.
(ii) Mr James Manny is Managing Director of Credit New Holland Pty Ltd.

30 AUDITORS' REMUNERATION

	2014	2013
Audit & Review services		
Auditors of the Company – Nexia Court & Co	**$**	$
Audit and half year review of the financial reports	**90,000**	86,000
Other auditors – Taeyong Accounting Corp (Korea)		
Audit of the financial report	**-**	36,052
	90,000	122,052
Other services		
Auditors of the Company – Nexia Court & Co	**15,225**	12,024
Other services		
Other auditors – Taeyong Accounting Corp (Korea)		
Other services	**-**	4,572
	15,225	16,596

31 COMMITMENTS

a Operating Leases

Non-cancellable operating lease payments are payable as follows:

Less than one year	**59,251**	505,668
Between one and five years	**117,494**	65,951
	176,745	571,619

Leases related to office premises in Australia and motor vehicle leases.

During the year an amount of $48,092 (2013: $589,442) was recognised as an expense in profit or loss in respect of operating leases.

b Bank Guarantees

Commonwealth Bank of Australia held bank guarantees on behalf of the Group, as follows:

Guarantee in respect of leased office premises	**12,650**	-

32 CONTINGENT LIABILITY

The litigation with Mr. Wayne Robinson has reached a settlement out of court on 26 August 2014 with an agreed settlement amount of $68,500 to Mr. Robinson, which was paid on 24 September 2014. Apart from this matter there are no other contingent liabilities at 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

33 EVENTS SUBSEQUENT TO REPORTING DATE

The sale completion of an additional 7.1% of iCash holdings in NeoICP shares (70,000,000 Japanese Yen) to Nako & Castom Interactive Co. Ltd have occurred on 15 September 2014. Following completion of the sale, iCash's shareholding in NeoICP has been reduced from 43.33% at 30 June 2014 to 36.2%.

The litigation with Mr. Wayne Robinson has reached a settlement out of court on 26 August 2014 with an agreed settlement amount of $68,500 to Mr. Robinson, which was paid on 24 September 2014.

34 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2014 the parent entity of the Group was iCash Payment Systems Limited.

	2014	2013
	$	$
Result of parent entity		
Loss for the period	**(1,057,980)**	(3,113,333)
Total comprehensive income for the period	**(1,057,980)**	(3,113,333)
Financial position of the financial entity at year end		
Current assets	**1,274,382**	12,134,262
Non-current assets	**4,923,999**	7,751,918
Total assets	**6,198,381**	19,886,180
Current liabilities	**1,330,217**	3,962,959
Non-current liabilities	**-**	-
Total liabilities	**1,330,217**	3,962,959
Total equity of the parent entity comprising of		
Issued capital	**51,725,739**	55,362,256
Retained earnings	**(46,857,575)**	(39,471,258)
Reserves	**-**	32,223
Total equity	**4,868,164**	15,923,221

Parent entity contingencies
A Federal Circuit Court litigation was commenced by Mr Wayne Robinson, a former contractor alleging that he was an employee. The bulk of the "employee's" service relates to a period when he was retained by iCash Australia Pty Limited, a company which has since been sold to EzeATM Limited.

The litigation with Mr. Wayne Robinson has reached a settlement out of court on 26 August 2014 with an agreed settlement amount of $68,500 to Mr. Robinson.

Parent entity capital commitments for the acquisition of property, plant or equipment.
The parent entity has not entered any contractual commitments for the acquisition of property, plant or equipment.

Parent entity guarantees in respect of the debts of the subsidiaries
The parent entity has not entered into any deed of guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

SHAREHOLDER INFORMATION
AS AT 17 SEPTEMBER 2014

A. Substantial Shareholders

	Number of Shares	Percentage of issued shares
CITICORP NOMINEES PTY LTD	16,710,071	21.76

B. Distribution of Fully Paid Ordinary Shares

(i) Distribution schedule of holdings

	Total holders
1-1,000	0
1,001-5,000	18
5,001-10,000	187
10,001-100,000	321
100,001 and over	92
Total number of holders	618

(ii) Percentage held by the 20 largest holders 60.51

C. Twenty Largest Shareholders as at 17 September 2014

	Name	Units	% of Units
1.	CITICORP NOMINEES PTY LIMITED	16,710,071	21.76
2.	MR GHI JIN KIM	3,730,350	4.86
3.	MR ROBERT JAMES GAAL + MRS SUSAN ELIZABETH GAAL <S & RG SUPER FUND A/C>	3,050,000	3.97
4.	RENLYN BELL INVESTMENTS PTY LTD <G & R BONACCORSO FAMILY A/C>	2,350,882	3.06
5.	WOOKWON KANG	1,925,093	2.51
6.	MR GARRY BONACCORSO	1,862,452	2.43
7.	TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	1,768,367	2.30
8.	KISUN LEE	1,679,415	2.19
9.	MR JUNG SUK KANG	1,657,305	2.16
10.	RLB INVESTMENT LIMITED	1,562,500	2.03
11.	BYEONGRIB YOO	1,526,758	1.99
12.	MR STEPHEN RODNEY HARIONO <DENVHI VALUE A/C>	1,158,377	1.51
13.	MR MAXWELL HECTOR + MRS PAMELA JOY HECTOR <THE HECTOR FAMILY S/F A/C>	1,122,450	1.46
14.	C & A C PTY LTD <C & A CHAPPEL SUPER FUND A/C>	1,013,771	1.32
15.	PEH NOMINEES (NSW) PTY LTD <DUKE CAPITAL DISC A/C>	1,000,000	1.30
16.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	994,003	1.29
17.	TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	900,000	1.17
18.	SEETEC CO LTD	875,000	1.14
19.	NEWFUND PTY LTD <GREEN PASTURES S/F A/C>	870,000	1.13
20.	PBC INVESTMENTS PTY LIMITED <PBC SUPER FUND A/C>	708,387	0.92
	TOP 20 HOLDERS OF ISSUED CAPITAL AS AT 17 SEPTEMBER 2014	**46,465,181**	**60.51**
	TOTAL REMAINING HOLDERS BALANCE	**30,319,450**	**39.49**

D. Voting Rights – Ordinary Shares

On a show of hands, every member, present in person or by proxy, shall have one vote and upon a poll every member, present in person or by proxy, shall have one vote for each share.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Directors
Mr Jong Ho (Jay) Kim
Mr Sungki Lee
Mr Kyung Shik (Steave) Ham
Mr Ghi Jin Kim

Company Secretary
Mr Sungki Lee

ASX Code
ICP

iCash Payment Systems Limited is a company limited by shares, incorporated in Australia.

DIRECTORY

Australia
iCash Payment Systems Limited
ABN 87 061 041 281

Registered and Corporate Office
Unit 7, 15-17 Chaplin Drive
Lane Cove, NSW, 2066
Telephone: +61 (0) 2-9099 2300
Website: www.icashpayments.com.au

Postal Address
Unit 7, 15-17 Chaplin Drive
Lane Cove, NSW, 2066

Korea
803dong, 902ho Ju-gong APT
180 Byeoryang-ro, Gwachon-si, Gyeonggi-do
Seoul 427-735
Telephone: +82 (0)2 6375 8300
Facsimile: ++82 (0)31 8043 3599
Website: www.neotk.com

Auditors
Nexia Court & Co., Chartered Accountants
Level 16, 1 Market Street
Sydney NSW 2000
Telephone: +61 (0) 2 9251 4600
Facsimile: +61 (0) 2 9251 7138
Website: www.nexiacourt.com.au

Share Registry
Computershare Investor Services Pty Limited
452 Johnson Street
Abbortsford VIC 3067
Telephone: +61 1300 137 328
Facsimile: +61 1300 137 341
Website: www.computershare.com.au