



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

APPENDIX 4D

HALF YEAR REPORT – 31 DECEMBER 2014

iCASH PAYMENT SYSTEMS LIMITED
(and consolidated entities)
ABN 87 061 041 281

APPENDIX 4D

ASX HALF-YEAR INFORMATION – 31 DECEMBER 2014

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The half-year financial report covers iCash Payment Systems Limited as a consolidated entity consisting of iCash Payment Systems Limited and the entities it controlled.

The half-year financial report is presented in Australian dollars, which is iCash Payment Systems Limited's functional and presentation currency.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by iCash Payment Systems Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

iCASH PAYMENT SYSTEMS LIMITED
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HALF-YEAR ENDED 31 DECEMBER 2014
RESULTS FOR ANNOUNCEMENT TO THE MARKET

COMPANY DETAILS

Name of entity: iCash Payment Systems Limited
Reporting period: For the half-year ended 31 December 2014
Previous period: For the half-year ended 31 December 2013

Revenue from ordinary activities	Up	100%	to	\$178,258 (2013: \$0)
Loss from ordinary activities after tax attributable to members	Down	64%	to	(\$635,646) (2013: (\$1,752,425))
Comprehensive income for the period attributable to members	Up	550%	to	(\$635,646) (2013: (\$97,852))

RESULTS FOR THE HALF YEAR

For detailed commentary on the results of the half year, refer to the review of operations in the directors' report, which is part of the attached interim report – 31 December 2014.

SUPPLEMENTARY APPENDIX 4D INFORMATION

NTA Backing (in cents)

Description	December 2014	June 2014
Net tangible asset backing per ordinary share	5.33	6.16
Net asset backing per ordinary share	5.33	6.16

Details of individual and total dividends and dividend payments

No dividends were paid or declared since the start of financial year and no recommendation for the payments of dividend have been made.

Details of dividend reinvestment plans in operation

The company does not have a dividend/distribution reinvestment plan.

Details of associates and joint ventures

The Group has a 36.20% (June 2014: 43.33%) equity interest in NeoICP Korea, Inc at balance date.

Carrying Value of investments in associates	December 2014	June 2014
	\$	\$
Carrying value of investment retained	<u>3,704,040</u>	<u>4,425,040</u>

Segment information

The company and its controlled subsidiaries operate in one business segment and one geographic segment, being Australia.

Foreign Accounting Standards

Not applicable.

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Audit Alert

There is significant doubt about the entity's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business – refer to the Independent Auditor's review report and Note 2.3 "Going Concern".

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DIRECTORS' REPORT

The Directors of iCash Payment Systems Limited submit their report for the half-year ended 31 December 2014.

Directors

The directors of the Company at any time during or since the end of the half-year are as below. Directors were in office for this entire period unless otherwise stated.

Name	Position	Appointed
Kyung Shik (Steave) Ham	Executive Director (Chairman of Remuneration Committee)	8 October 2009
Sung Ki Lee	Non-executive Director (Chairman of Audit & Risk Committee)	21 August 2013
Jung Ho Kim	Non-executive Director (Chairman of the Board of Directors)	21 August 2013
Ghi Jin Kim	Non-executive Director	3 April 2014

Company Secretary

Name	Position	Appointed
Sung Ki Lee	Company Secretary	22 August 2013

Principal Activities

The Group is a vertically integrated banking technology business and the principal activities for the Group during the half year were specialising in the sale, deployment and operation of Automatic Teller Machines (ATMs), cash handling and other banking equipment. There were no significant changes to in the nature of these activities during the half-year.

Dividends Paid or Recommended

The Directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year.

Review and Results of Operations

For the half-year to 31 December 2014, iCash Payment Systems Limited (iCash) recorded an underlying net after tax loss attributable to members of (\$635,646) (2013: (\$1,752,425)), a decrease of 64% when compared to the previous corresponding period.

Australian Operations

The Company is continuing to actively explore opportunities to generate both direct and recurring sales revenues in Australia. Direct sale of NeoICP ATM product & services and ATM deployment business have been a focus during the current reporting period.

The business in general has been challenging, although the Company has secured more than 30 ATM deployment sites to date. The Board still believes the Recycling ATM ('RATM') product, a low cost small foot print ATM that can take cash deposit, to be strategic in Australia in order to differentiate the Company's product offering from other competition. The RATM has been successfully tested with the network switching provider 'Indue' for deposit taking transactions in August 2014. However Indue is not yet ready to meet the AUSTRAC reporting obligation for the AML/CTF ('Anti-Money Laundering and Counter-Terrorism Financing') Act and therefore the Company is not yet able to fully exploit the RATM potential in Australia.

The Company has also been looking for possible merger and acquisition opportunities in order to improve its future prospect. The Company has made an announcement on the 29 December 2014 to shareholders that it has signed an exclusive, binding heads of agreement to acquire 100% of Australian

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unlisted end-to-end ATM deployment and electronic payment services provider, Stargroup Limited. The highlights of the transaction proposed are as follows:

- Following completion of the Stargroup acquisition, experienced ATM entrepreneur and former Ezeatm Limited director, Mr Todd Zani, will become the CEO and Executive Chairman of iCash. Two other Stargroup Directors will join the iCash board and two of the four existing iCash Directors will resign.
- Stargroup is undertaking a pre-merger placement of \$3 million.
- The transaction is subject to iCash shareholder approval. Purchase consideration comprises 91,666,667 ordinary iCash shares.
- iCash shareholders will be given the opportunity by way of an equal access scheme buy-back to swap their iCash shares for direct holdings in NeoICP shares, up to a cap of 40.2 percent of iCash's shares on issue.
- iCash will raise \$500,000 by the issue to NeoICP of up to 8,333,333 ordinary iCash shares.
- The acquisition of Stargroup remains subject to certain conditions precedent, and is expected to be completed around early April 2015.

The Board believes that the merger will provide the following main benefits:

- An experienced Australian management that have had a considerable experience and success in the deployment and growth of Australian ATM networks in an ASX-listed environment.
- Further merger and acquisition opportunities. There are many smaller independent operators in the Australian ATM industry. The increased level of competition within the market in recent years has resulted in some industry consolidation. The merged entity will be the only ASX-listed specialist ATM deployer and on completion of the merger will be in a position to consider acquiring and aggregating smaller ATM deployers.

Major Investment – NeoICP Korea Inc.

- **Intelligent cash handling solution** - For notes analysis and sorting systems, co-developed with HOTS (Hitachi Omron Terminal Solutions) and Seetech. The product is currently undergoing internal QA testing with HOTS before full production units can be finalised.
- **Macau casino gaming market** – The development of the gaming table and e-Bacarrat automatic settlement products have been completed in November 2014 and the product approval process with the casino operator is expected to be completed by the end of March 2015.
- **Back Office Settlement Solution for Taiwan Market** – Expected to complete the local authority approvals by the end of March 2015 and commence deployment of demonstration units during second quarter of 2015.
- **Lotte Group** – The service contract with Lotte for approximately 3,500 ATMs is still continuing, generating steady service revenue of around \$300,000 per month.

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Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

Signed in accordance with a resolution of the directors:



Kyung Shik (Steve) Ham
Executive Director

Sydney

Dated: 27 February 2015

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

		Consolidated	
	Note	December 2014	December 2013
CONTINUING OPERATIONS		\$	\$
Revenue	3i	178,258	-
Cost of Sales	3ii	(126,869)	-
Other expenses	3iii	(687,095)	(1,603,462)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX AND FINANCE COSTS		(635,706)	(1,603,462)
Finance income/(costs)	3iv	60	(55,630)
LOSS BEFORE INCOME TAX		(635,646)	(1,659,092)
Income tax expense		-	-
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		(635,646)	(1,659,092)
DISCONTINUED OPERATIONS			
Loss from discontinued operations after income tax	12	-	(149,213)
NET LOSS FOR THE PERIOD		(635,646)	(1,808,305)
OTHER COMPREHENSIVE INCOME			
Movement in foreign currency translation reserve		-	1,622,350
Expiration of share options		-	32,223
Other comprehensive income for the period (net of tax)		-	1,654,573
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(635,646)	(153,732)
LOSS ATTRIBUTABLE TO:			
Members of the parent entity		(635,646)	(1,752,425)
Non-controlling interest		-	(55,880)
		(635,646)	(1,808,305)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Members of the parent entity		(635,646)	(97,852)
Non-controlling interest		-	(55,880)
		(635,646)	(153,732)
EARNINGS PER SHARE			
Basic/Diluted (in cents)	11	(0.83)	(1.72)
Basic/Diluted - Continuing Operations (in cents)	11	(0.83)	(1.58)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Consolidated	
	Note	December 2014	June 2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	170,671	476,448
Trade and other receivables	5	642,702	111,069
Inventory		590,049	693,245
Other assets		-	69,163
TOTAL CURRENT ASSETS		1,403,422	1,349,925
NON-CURRENT ASSETS			
Trade and other receivables		100,980	136,620
Other financial assets	3	12,650	12,650
Investments in associates	6	3,704,040	4,425,040
Property, plant and equipment	7	236,627	138,027
TOTAL NON-CURRENT ASSETS		4,054,297	4,712,337
TOTAL ASSETS		5,457,719	6,062,262
CURRENT LIABILITIES			
Trade and other payables	8	1,329,650	1,301,662
Provisions	4	31,670	28,555
TOTAL CURRENT LIABILITIES		1,361,320	1,330,217
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		1,361,320	1,330,217
NET ASSETS		4,096,399	4,732,045
EQUITY			
Share capital	9	51,725,739	51,725,739
Accumulated losses		(47,629,340)	(46,993,694)
Equity attributable to the owners of the parent		4,096,399	4,732,045
TOTAL EQUITY		4,096,399	4,732,045

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Consolidated	Issued Capital	Reserves	Accumulated Losses	Parent Entity Interests	Minority Equity Interests	Total Equity
	\$	\$	\$	\$	\$	\$
At 1 July 2014	51,725,739	-	(46,993,694)	4,732,045	-	4,732,045
Loss for the period	-	-	(635,646)	(635,646)	-	(635,646)
Other comprehensive income						
Movement in foreign currency translation reserve	-	-	-	-	-	-
Expiry of share option	-	-	-	-	-	-
Total comprehensive income for the year	51,725,739	-	(47,629,340)	4,096,399	-	4,096,399
Transactions with owners of the Company						
<i>Changes in ownership interests in subsidiaries</i>						
Purchase of non-controlling interest	-	-	-	-	-	-
<i>Contributions by and distributions to owners of the company</i>						
Transfer to/from reserve	-	-	-	-	-	-
At 31 December 2014	51,725,739	-	(47,629,340)	4,096,399	-	4,096,399
At 1 July 2013	55,362,257	(686,901)	(44,018,631)	10,656,725	4,783,582	15,440,307
Loss for the period	-	-	(1,752,425)	(1,752,425)	(55,880)	(1,808,305)
Other comprehensive income						
Movement in foreign currency translation reserve	-	1,622,350	-	1,622,350	-	1,622,350
Expiry of share option	-	32,223	-	32,223	-	32,223
Total comprehensive income for the year	-	1,654,573	(1,752,425)	(97,852)	(55,880)	(153,732)
Transactions with owners of the Company						
<i>Contributions by and distributions to owners of the company</i>						
Transfer to/from reserve	-	(32,223)	32,223	-	-	-
At 31 December 2013	55,362,257	935,449	(45,738,833)	10,558,873	4,727,702	15,286,575

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated	
	December 2014	December 2013
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	213,066	-
Payments to suppliers and employees	(721,635)	(1,574,885)
Interest paid	(104)	(137,259)
Interest received	164	81,629
Net cash flow from operating activities	(508,509)	(1,630,515)
Cash flows from investing activities		
Payments for plant and equipment	(1,545)	-
Proceeds from the sale of investments	204,277	-
Net cash flow from investing activities	202,732	-
Cash flows from financing activities		
Proceeds from short-term borrowings	-	137,259
Net cash flow from financing activities	-	137,259
Net (decrease) in cash and cash equivalents held	(305,777)	(1,493,256)
Cash and cash equivalents at the beginning of the financial period	476,448	7,136,385
Cash and cash equivalents at the end of the financial period	170,671	5,643,129

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The accompanying notes form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

1 REPORTING ENTITY

iCash Payment Systems Limited (the “Company”) is a company domiciled in Australia. The consolidated half-year financial report of the Company as at and for the six months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the “group”).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Statement of Compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by iCash Payment Systems Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2014 financial report.

The half-year consolidated report does not include full disclosures of the type normally included in an annual financial report.

This half-year consolidated financial report was approved by the Board of Directors on 27 February 2015.

2.2 Basis of Preparation

The half-year consolidated report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and where applicable, financial assets and financial liabilities for which the fair value basis of accounting have been applied.

2.3 Going concern

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 Group recorded a loss of \$635,646 and net cash outflows from operating activities of \$508,509 for the six month period ending 31 December 2014. The operating expenditure requirements for the Group exceed the current cash and liquid asset reserves.

The conditions outlined above give rise to a material uncertainty that may cast doubt upon the Group’s ability to continue as a going concern. The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. The Directors have considered the following factors in determining the going concern position of the Group:

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- The Board has entered into a binding heads of agreement to acquire 100% of Stargroup Limited who is undertaking a pre-merger capital raising of up to \$3 million.
- The Board is exploring an option to dispose of further shares in NeoICP Korea Inc. as contingency. On 24 December 2014, the Group entered into an equity pledge with NeoICP (the largest creditor owed \$1,059,594 at year-end). The liability is secured against 1,300,000 common shares in NeoICP held by the Group.
- The Board is instituting a more aggressive sales promotion to accelerate the sales of the ATM hardware currently held in inventory.

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.

Should the business not achieve the matters set out above, there is significant uncertainty as the 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

3 REVENUE AND EXPENSES

Profit before income tax includes the following revenue and expenses:

		Consolidated	
		December 2014	December 2013
		\$	\$
(i) Revenue			
Product sales		12,482	-
Contract income		165,776	-
		<u>178,258</u>	<u>-</u>
(ii) Cost of Sales			
Cost of sales - product		9,996	-
Cost of sales - contract income		116,873	-
		<u>126,869</u>	<u>-</u>
(iii) Expenses			
Administration and general fees		484,739	1,403,568
Depreciation and amortisation		19,010	2,609
Travel expenses		1,191	47,345
Consulting fees		6,500	21,800
Director fees		70,000	128,140
Unrealised foreign exchange loss		105,655	-
		<u>687,095</u>	<u>1,603,462</u>
(iv) Finance costs			
Interest income		164	81,629
Interest expense		(104)	(137,259)
		<u>60</u>	<u>(55,630)</u>

4 CASH AND CASH EQUIVALENTS

Cash at bank and in hand

December 2014	June 2014
\$	\$
<u>170,671</u>	<u>476,448</u>

Reconciliation to statement of cash flows

For the purposes of the statement of cash flows,
cash and cash equivalents comprise the following
cash at bank and in hand

<u>170,671</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

5 TRADE AND OTHER RECEIVABLES

During the six months ended 31 December 2014, the Company completed the sale of shares to Nako & Castom Interactive Co. Ltd for 70,000,000 Japanese Yen. As of balance date \$516,722 remained outstanding.

6 INVESTMENT IN ASSOCIATE

The movement for the six months ended 31 December 2014 represents the sale of shares to Nako & Castom Interactive Co. Ltd. The sale was completed in September 2014 for \$721,000, of which \$516,722 remains outstanding at balance date. See note 5 above. The Company's interest in its associate is 36.2% as at 31 December 2014.

7 PLANT AND EQUIPMENT

Acquisitions

During the six months ended 31 December 2014 the Company acquired assets with a cost of \$117,710 (six months ended 31 December 2013: \$1,238,870). Acquisitions represent plant and equipment (\$1,545) and the deployment of 24 ATMs (\$116,065).

8 TRADE AND OTHER PAYABLES

The main creditor at 31 December 2014 is NeoICP Korea Inc., the Company's associate. On 24 December 2014, the Company entered into an equity pledge agreement with NeoICP Korea Inc. with regard to the liability of \$1,059,594. The liability represents a credit facility granted to the Company. The liability is secured by 1,300,000 of common shares in NeoICP Korea Inc. held by the Company.

9 ISSUED CAPITAL

There was no movement in issued capital during the six months ended 31 December 2014. There are 76,784,631 iCash ordinary shares on issue.

10 SEGMENT REPORTING

The Group comprises one operating segment being the sale and operation of banking technology equipment in Australia. Following the deconsolidation of the Group's interest in NeoICP Korea Inc, the year ended 30 June 2014, the Group no longer reports separate segment information in respect of those Korean operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

11 EARNINGS PER SHARE

	December 2014	December 2013
Basic/Diluted loss per share (in cents)	(0.83)	(1.72)
Basic/Diluted (loss)/profit per share – continuing operations (in cents)	(0.83)	(1.58)
Loss used in the calculation of basic and diluted EPS (in \$)	(635,646)	(1,808,305)
Loss used in the calculation of basic and diluted EPS – continuing operations (in \$)	(635,646)	(1,659,092)
Weighted average number of ordinary shares outstanding during the period used in calculation of basic and diluted EPS	<u>76,784,631</u>	<u>104,757,842</u>

12 DISCONTINUED OPERATIONS

During the half-year the Company did not have new discontinued operations. The previous reporting period includes the discontinuation of NeoICP. Refer to the annual report for the period ended 30 June 2014 for full details of this transaction.

13 OTHER FINANCIAL ASSETS	December 2014	June 2014
	\$	\$
Non-Current		
Held to Maturity		
Bank Guarantee	<u>12,650</u>	<u>12,650</u>

14 EMPLOYEE BENEFITS

Current		
Provision for employee benefits	<u>31,670</u>	<u>28,555</u>

Nature and purpose of Employee Benefits

Provision for employee benefits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

15 COMMITMENTS	December 2014	June 2014
	\$	\$

Operating Leases

Non-cancellable operating lease payments are payable as follows:

Less than one year	59,251	59,251
Between one and five years	87,869	117,494
	147,120	176,745

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

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	12,650
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16 EVENTS SUBSEQUENT TO BALANCE DATE

As announced by the Company on 29 December 2014, the Company will be acquiring 100% of Stargroup Limited. The transaction is expected to be completed in early April 2015. Refer to the Directors' Report on page 4 for more details.

No other matter or circumstances has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entities operations, the results of the operations, or the consolidated entity's state of affairs in future financial years.

17 CONTINGENT LIABILITY

The Company has no contingent liabilities at balance date.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Kyung Shik (Steve) Ham
Executive Director

Sydney

Dated: 27 February 2015

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ICASH PAYMENT SYSTEMS LIMITED**

We have reviewed the accompanying half-year financial report of iCash Payment Systems Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2014, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising iCash Payment Systems Limited (the Company) and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of iCash Payment Systems Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of iCash Payment Systems Limited.

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Independent member of Nexia International



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ICASH PAYMENT SYSTEMS LIMITED
(CONT'D)**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of iCash Payments System Limited and controlled entities is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualification to our conclusion, we draw attention to Note 2.3 "Going Concern" in the financial report. The financial report has been prepared on the basis that the consolidated entity is a going concern. The entity has incurred operating losses of \$635,646 during the half-year ended 31 December 2014 (2013: (\$153,732)) and has negative cashflows from operating activities of \$508,509 (2013: (\$1,630,515)). Further, the entity's cash levels continue to deplete down to \$170,671 (2013: \$9,858,427). These conditions, along with the other matters set forth in Note 2.3, indicate the existence of material uncertainty which may cast significant doubt about the entity's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

A handwritten signature in black ink that reads "Nexia Court & Co".

**Nexia Court & Co
Chartered Accountants**

A handwritten signature in black ink, likely belonging to Robert Mayberry.

**Robert Mayberry
Partner**

27 February 2015

Sydney

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

27 February 2015

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 directors of iCash Payment Systems Limited.

As lead audit partner for the review of the financial statements of iCash Payment Systems Limited for the half year ended 31 December 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely



Nexia Court & Co
Chartered Accountants



Robert Mayberry
Partner

Sydney

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