# iCash Payment Systems Limited

# ACN 061 041 281

# NOTICE OF EXTRAORDINARY GENERAL MEETING

# EXPLANATORY STATEMENT

TIME: 2.30 pm (Sydney time)

DATE: Wednesday, 29 July 2015

PLACE: The Lady Fairfax Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney NSW 2000 AUSTRALIA

***The merger proposal is complex. This Notice of Meeting and the Explanatory Statement (including its annexures) should be read in their entirety. If iCash Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting or the accompanying Explanatory Statement, including its annexures, please do not hesitate to contact the Company Secretary on +61 2 9099 2300.***

***iCash Shareholders should note that information regarding the proposed merger and related transactions referred to was current at the dates stated. iCash Shareholders should check to see whether any announcements affecting the merger proposal are made to the ASX up to the EGM.***

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

## VENUE

The Extraordinary General Meeting of the iCash Shareholders to which this Notice of Meeting relates will be held at 2.30 pm (Sydney time) on Wednesday, 29 July 2015 at:

The Lady Fairfax Room
Radisson Blu Hotel
27 O'Connell Street
Sydney NSW 2000, AUSTRALIA

## YOUR VOTE IS IMPORTANT

The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

**For the Merger to proceed, all resolutions must be passed by their required majorities.**

## VOTING IN PERSON

To vote in person, attend the Extraordinary General Meeting on the date and at the place set out above.

## VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and either:

(a) lodge your Proxy Form by mail: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia; or

(b) submit your Proxy Form by facsimile: (within Australia) 1800 783 447, (outside Australia) +61 3 9473 2555,

so that it is received not later than 2.30 pm (Melbourne time) on Monday, 27 July 2015.

**Proxy Forms received later than this time will be invalid**.

30 June 2015

Dear iCash Shareholders

**iCASH SHAREHOLDER APPROVAL OF STARGROUP MERGER**

I am pleased to submit for your consideration and approval resolutions to approve a merger by way of acquisition of all the outstanding share capital in Stargroup Limited, and related transactions.

The Merger, if approved, represents a strong return by iCash to the Australian Automatic Teller Machine (ATM) deployment, operation and maintenance market by partnering with a proven Australian team of leading market participants. That leadership team will on completion of the Merger become part of the iCash leadership team, and will lead an iCash business with improved cash reserves and an exclusive distributorship agreement with NeoICP (Korea), Inc., currently one of the most competitive suppliers of ATM technology into the Australian market. The relationship between NeoICP and iCash will be further strengthened on completion of the Merger by their cross-shareholdings in one another, with NeoICP taking up for the first time a direct share issue in iCash. Should the Merger proceed, the company will change its name to Stargroup Limited and current Stargroup directors will form a majority of the Board. You will also be given an opportunity by way of an equal access scheme buy-back to directly invest in NeoICP (Korea), Inc. in exchange for part of your iCash shareholding should you wish, to buy back no more than 10% of the company's issued share capital.

Should the Merger not proceed, with its proposed injections of additional working capital, the Directors are concerned that iCash may not be able to continue as a going concern and that iCash will default under its secured financing facility extended by NeoICP.

For your assistance, in considering the approval resolutions set out in the enclosed Notice of Meeting, an Explanatory Statement and two Independent Expert's Reports have been prepared. In his first report, the independent expert has valued each of iCash, NeoICP and Stargroup on a net asset backing basis, using 30 April 2015 figures for iCash, NeoICP and Stargroup and an exchange rate of AUD$1.00 = 860 KRW. On that basis, the independent expert has valued iCash Shares at 3.5 cents each, NeoICP Shares at 60 cents each and Stargroup Shares at 4.24 cents each. The independent expert has also stated that, in his opinion and on the assumption that the buy-back proceeds along with the $500,000 capital raising from NeoICP and the $3,000,000 gross raising by Stargroup, the proposal for iCash to issue a total of 157,142,857 iCash Shares as consideration to acquire all of the share capital in Stargroup is not fair but reasonable.

In his second report, the independent expert has assessed the value of performance shares (whose terms have been considered by the ASX) that, subject to shareholder approval, are to be issued to the new Board should the Merger proceed.

**For the Merger to proceed, all resolutions must be passed by their required majorities. Your attention and support for the Merger is of upmost important to the future of the Company and to protect the value of your shareholding.**

Whether or not you decide to participate in the equal access scheme will ultimately depend on your individual circumstances. The information now sent to you has been prepared to assist you in making that decision and also how to vote on the approval resolutions.

I am most pleased to be able to present this opportunity to you.

I thank you in anticipation of your support for all the resolutions that are to be put before you to allow the Merger to proceed.

Yours faithfully

Jong Ho (Jay) Kim
Chairman

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of iCash Payment Systems Limited will be held at 2.30 pm (Sydney time) on Wednesday, 29 July 2015 at the Lady Fairfax Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney New South Wales 2000, Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Statement forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* that the persons eligible to vote at the Extraordinary General Meeting are those who are registered iCash Shareholders of the Company at 2.30 pm (Melbourne time) on Monday, 27 July 2015.

Terms and abbreviations used in this Notice of Meeting and in the Explanatory Statement are defined in the Glossary.

**For the Merger to proceed, all resolutions must be passed by their required majorities. Your attention and support for the Merger is of upmost important to the future of the Company and to protect the value of your shareholding.**

## AGENDA

### SPECIAL BUSINESS

### 1. Significant change in scale of activities

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to the passage of each other Shareholder Resolution and for the purpose of ASX LR 11.1.2 and for all other purposes, approval is given for the Company to undertake a significant change in the scale of its activities as contemplated in the Explanatory Statement.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of iCash Shares, if the resolution is passed, and his or her associates. However, iCash need not disregard this vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 2. iCash Share issues to Stargroup Shareholders other than related parties

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to the passage of each other Shareholder Resolution and for the purpose of ASX LR 7.1 and for all other purposes, the issue of up to 131,142,857 iCash Shares to all Stargroup Shareholders other than related parties in consideration for the transfer to iCash of up to 61,050,000 Stargroup Shares is approved.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by a person who may participate in this issue, and his associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of iCash Shares, if the resolution is passed, and his or her associates. However, iCash need not disregard this vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 3. iCash Share issue to Mr Todd Zani

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to the passage of each other Shareholder Resolution and for the purposes of s208 of the *Corporations Act 2001,* ASX LR 7.1 and for all other purposes, the issue of up to 17,428,571 iCash Shares to Tomialcocl Pty Ltd as trustee of the Tomialcocl Family Trust, associated with Mr Todd Zani, in consideration for the transfer to iCash of up to 6,100,000 Stargroup Shares is approved.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by Mr Zani and his associates. However, iCash need not disregard any such vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

- it is not cast on behalf of Mr Zani or any of his associates.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 4. iCash Share issue to Mr Zaffer Soemya

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to the passage of each other Shareholder Resolution and for the purposes of s208 of the *Corporations Act 2001,* ASX LR 7.1 and for all other purposes, the issue of up to 8,571,429 iCash Shares to Meiktila Pty Ltd and Soemya Super Pty Ltd as trustee for the Soemya Super Fund, associated with Mr Zaffer Soemya, in consideration for the transfer to iCash of up to 3,000,000 Stargroup Shares is approved.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by Mr Soemya and his associates. However, iCash need not disregard any such vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

- it is not cast on behalf of Mr Soemya or any of his associates.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 5. iCash Share issue to NeoICP

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to the passage of each other Shareholder Resolution and for the purpose of ASX LR 7.1 and for all other purposes, the issue of up to 14,285,714 iCash Shares to NeoICP at $0.035 per iCash Share is approved.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by a person who may participate in this issue, and his associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of iCash Shares, if the resolution is passed, and his or her associates. However, iCash need not disregard this vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 6. Performance Share issues

### 6.1 To Mr Todd Zani

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to the passage of each other Shareholder Resolution and for the purposes of s208 of the *Corporations Act 2001*, ASX LR 7.1 and for all other purposes, the issue of 4,000,000 Performance Shares to Tomialcocl Pty Ltd as trustee for the Tomialcocl Family Trust, associated with Mr Todd Zani, on the terms set out in section 6 of the Explanatory Statement is approved.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by Mr Zani and his associates. However, iCash need not disregard any such vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Zani or any of his associates.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6.2 **To Mr Shaun Sutton**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to the passage of each other Shareholder Resolution and for the purposes of s208 of the *Corporations Act 2001*, ASX LR 7.1 and for all other purposes, the issue of 2,500,000 Performance Shares to Mr Shaun Sutton on the terms set out in section 6 of the Explanatory Statement is approved.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by Mr Sutton and his associates. However, iCash need not disregard any such vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Sutton or any of his associates.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6.3 **To Mr Zaffer Soemya**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to the passage of each other Shareholder Resolution and for the purposes of s208 of the *Corporations Act 2001*, ASX LR 7.1 and for all other purposes, the issue of 1,500,000 Performance Shares to Meiktila Pty Ltd, associated with Mr Zaffer Soemya, on the terms set out in section 6 of the Explanatory Statement is approved.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by Mr Soemya and his associates. However, iCash need not disregard any such vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Soemya or any of his associates.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### 6.4 To NeoICP

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to the passage of each other Shareholder Resolution and for the purposes of ASX LR 7.1 and for all other purposes, the issue of 2,000,000 Performance Shares to NeoICP on the terms set out in section 6 of the Explanatory Statement is approved.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by NeoICP and its associates. However, iCash need not disregard this vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 7. Financial assistance

To consider and, if thought fit, pass the following resolution as a special resolution:

That, subject to the passage of each other Shareholder Resolution and for the purposes of s260B(1) of the *Corporations Act 2001*, the financial assistance by iCash for the iCash Share issues described in section 7 of the Explanatory Statement is approved.

## 8. Name change

To consider and, if thought fit, pass the following resolution as a special resolution:

That, subject to the passage of each other Shareholder Resolution and for the purposes of s157(1)(a) of the *Corporations Act 2001* and for all other purposes, the Company change its name to Stargroup Limited.

Dated: 30 June 2015

By order of the Board

Sungki Lee
Company Secretary

**Enquiries**

Should you have any questions or other enquiries in relation to any matter referred to in this Notice of Meeting or the accompanying Explanatory Statement, Performance Share Terms, and Independent Expert's Reports, you are most welcome to contact the Company Secretary, Mr Sungki Lee, on +61 2 9099 2300, 9.00 am to 5.00 pm (Sydney time), Monday to Friday (except public holidays).

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of iCash Shareholders in their consideration of the business to be conducted at the Extraordinary General Meeting to be held at 2.30 pm (Sydney time) on Wednesday, 29 July 2015 at the Lady Fairfax Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney New South Wales, 2000, Australia.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to iCash Shareholders in deciding whether or not to pass the resolutions the subject of the Notice of Meeting and to comply with the disclosure requirements for these matters prescribed by the ASX Listing Rules, the *Corporations Act 2001* and applicable Regulatory Guides published by the Australian Securities and Investments Commission. Capitalised terms used in this Explanatory Statement are defined in the Glossary.

**The Merger and the passage of each Shareholder Resolution, as set out in the Notice of Meeting, is conditional upon, and subject to, the passage of all other Shareholder Resolutions.**

**Should any Shareholder Resolution not be passed, the Merger will not proceed.**

Should the Merger not proceed, with its proposed injections of additional capital, the Directors are concerned that iCash will be unlikely to be able to continue as a going concern and therefore that iCash will be unlikely to be able to realise its assets and discharge its liabilities in the normal course of business[1], and particularly that iCash would default on its existing secured financing facility extended by NeoICP.

## 1. Significant change in scale of activities

### ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that if an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable. Further, the following rules apply in relation to the change:

(a) the entity must give ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

(b) if ASX requires, the entity must first obtain the approval of holders of its ordinary securities; and

(c) if ASX requires, the entity must meet the requirements of Chapters 1 and 2 as if the entity were applying for admission to the official list.

The acquisition by the Company of all the Stargroup Shares as part of the Merger involves a significant change to the scale of the Company's main business activity. Following submissions and discussions with ASX, ASX has exercised its discretion to require the significant change to the scale of the Company's main business activity to be approved by iCash Shareholders under ASX LR 11.1.2.

[1] In this regard, iCash Shareholders' attention is drawn to note 2.3 to iCash's half year report for the half year ended 31 December 2014 released to ASX on 27 February 2015.

If resolution 1 is passed, the Company will have complied with this requirement. Information regarding the Merger and its effect on the Company relevant to the approval sought is set out below.

**Background to the Merger**

iCash's holdings in NeoICP are iCash's principal investment and its principal potential source of income.

In order to mitigate the risk for iCash of dependence on NeoICP dividends, iCash has since been looking to establish an ATM sales and deployment operation in Australia to provide iCash with its own income stream and to foster self-sufficiency. iCash's strategy to this end has been the subject of previous announcements.

The Directors formed the view that, in order to succeed in the implementation of its strategy and to accelerate Australian ATM deployments, iCash required more experienced and proven management on board as well as an additional capital injection. Among other options, the Directors formed the view that a merger with Stargroup would deliver for iCash both these elements: both experienced management and new capital. The proposed Merger provides a ready-made solution and a shortened path for iCash to achieve these goals.

**Other options considered**

Your Directors considered two other major options before deciding to proceed along the Merger path with Stargroup, its management and the Stargroup Shareholders:

(a) iCash raising its own capital from iCash Shareholders. Your Directors determined that to pursue such a path would not meet iCash's need for additional, experienced management personnel; and

(b) to acquire and aggregate smaller Australian ATM deployers in order to accelerate business growth and market reach. Your Directors, however, determined that it had and has a lack of capital, as well as a lack of sufficient numbers in management with the experience to quickly identify acquisition targets. Stargroup, however, has already been actively seeking and has identified, potential acquisition target opportunities, which opportunities Stargroup will bring with it to the Merger.

**The Merger**

On 29 December 2014, iCash announced to the ASX that it had entered into legally binding Heads of Agreement to acquire Stargroup. A formal conditional Share Purchase Agreement is intended to be entered into before the EGM between Stargroup's Shareholders as sellers and iCash as purchaser formally legally documenting the terms and conditions of the acquisition. The acquisition and the other elements of the Merger discussed in this Explanatory Statement are referred to as the **Merger**.

A number of aspects of the Merger require iCash Shareholder approval, both under the ASX Listing Rules and the *Corporations Act 2001*. The iCash Shareholder approvals required are set out in the Notice of Meeting and are discussed in this Explanatory Statement. All iCash Shareholder Resolutions are, to be effective, dependent on the passage of each other Shareholder Resolution. The Merger comprises:

(a) a capital raising of $3,000,000 by Stargroup by the issue of 30,000,000 Stargroup Shares at 10 cents each;

(b) the acquisition by iCash of all 61,050,000 Stargroup Shares on issue following completion of the capital raising in consideration for the issue to them of 157,142,857 iCash Shares;

(c) the buy-back by way of equal access scheme of up to 7,678,463 iCash Shares from existing iCash Shareholders only at the record date of 6 August 2015 (who will not then include current Stargroup Shareholders in respect of their to be acquired Stargroup Shareholdings, but will include Todd Zani and Zaffer Soemya in respect of their current iCash Shareholdings) for the transfer to them of up to 463,356 NeoICP Shares;

(d) a placement of 14,285,714 iCash Shares to NeoICP to raise $500,000;

(e) the issue of 10,000,000 Performance Shares to certain of the intended directors of the merged iCash and to NeoICP, comprising four classes of Performance Share whose conversion into iCash Shares is contingent on specified Automatic Teller Machine (**ATM**) deployment and revenue targets being reached;

(f) iCash releasing Stargroup Payment Systems from obligations and liabilities in the order of $150,000 in respect of the payout and acquisition of 27 ATMs on hire purchase from iCash under an ATM master hire purchase agreement and facility extended by iCash; and

(g) iCash changing its name to Stargroup Limited.

Stargroup and aspects of the Merger relevant to the approval sought for the purposes of ASX 11.1.2 are discussed below. Other aspects of the Merger relevant to the other Shareholder Resolutions are discussed later in this Explanatory Statement in relation to the particular resolution concerned.

**The Merger is conditional upon and subject to the passage of all Shareholder Resolutions.**

**Should any Shareholder Resolution not be passed, the Merger will not proceed and iCash will be unlikely to be able to continue as a going concern.**

Stargroup, which was incorporated in October 2013, is an unlisted public company headquartered in Perth, operating an Australian end-to-end ATM deployment and electronic payment services network with ATMs deployed in Western Australia, Queensland and New South Wales.

Stargroup, through its wholly-owned operating subsidiary, Stargroup Payment Systems, presently has 50 ATMs deployed and is processing 480,000 annualised transactions. The combined current networks of iCash and Stargroup will be 80 ATMs processing 580,000 annualised transactions.

Stargroup Payment Systems is a global board member of the ATM Industry Association, the leading global trade association for the ATM industry with 5,426 members in approximately 65 countries.

A copy of the audited financial statements for Stargroup for the period ended 30 June 2014 is annexed as Annexure C.

**iCash - financial statements and ASX announcements**

Audited financial statements for the Group for the financial year ended 30 June 2014 were released to ASX on 1 October 2014. A copy of the financial statements can be sourced from iCash's website in .pdf format at: http:/www.icashpayments.com.au or from the Company Secretary in either hard copy or electronic form. The Company Secretary's contact details are set out at page 9 above.

The Company has made the following announcements to ASX since 1 October 2014 up to 5 June 2015:

| | |
|---|---|
| 2 October 2014 | Dates for AGM and Closure of Director Nominations |
| 24 October 2014 | Notice of Annual General Meeting |
| 21 November 2014 | Market Update |
| 26 November 2014 | Chairman's Address to Shareholders |
| 26 November 2014 | Results of Meeting |
| 29 December 2014 | Market Update – Signs HOA to acquire Stargroup Limited |
| 27 February 2015 | Half Yearly Report and Accounts |
| 2 April 2015 | Director Appointment/Resignation |
| 2 April 2015 | Final Director's Interest Notice |
| 7 April 2015 | Initial Director's Interest Notice |
| 17 April 2015 | Shareholder Update |
| 11 June 2015 | Trading Halt |
| 15 June 2015 | iCash signs Share Purchase Agreement with Stargroup |
| 18 June 2015 | Investor Update |
| 22 June 2015 | Investor Update. |

Further announcements to the market may have been made since. They may be found on the ASX website www.asx.com.au (ASX code: ICP).

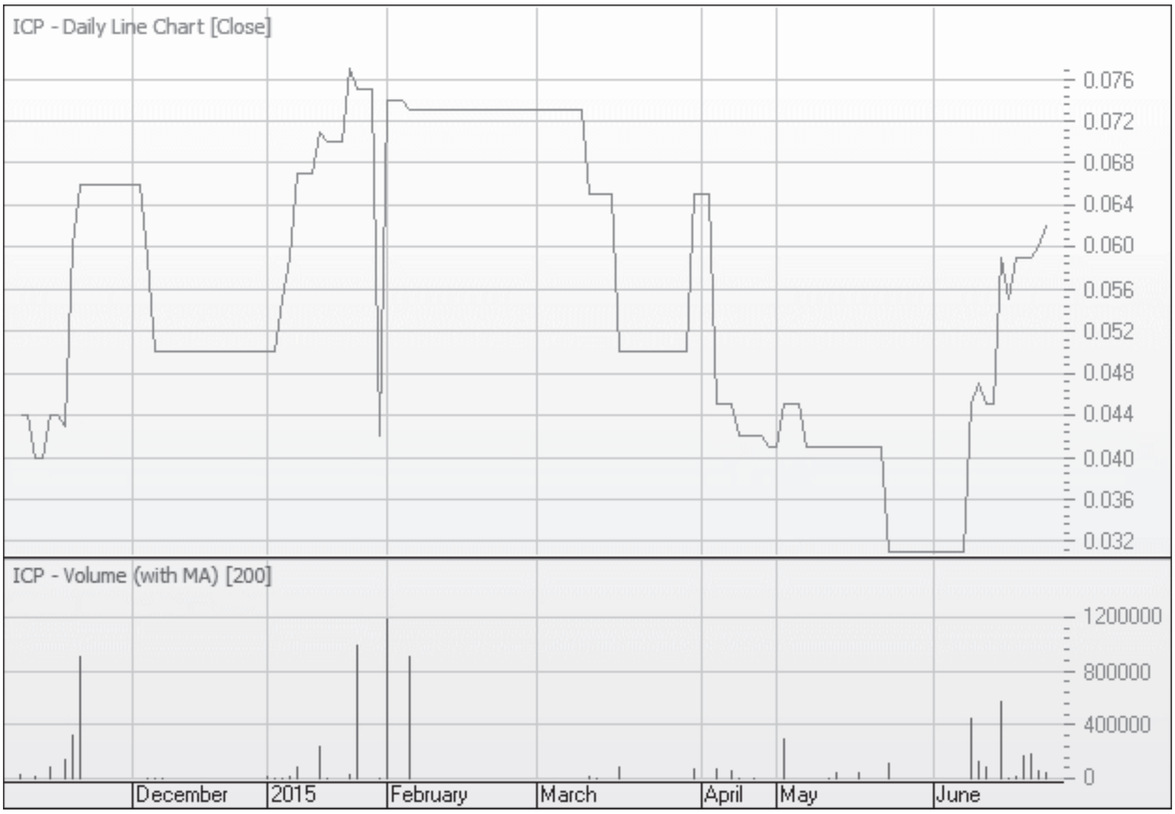
Further information on and discussion of the financial position of the Company and the Group, including once the equal access scheme has been implemented, is set out in the first of the accompanying independent expert's reports (see Annexure B).

Each report should be considered in its entirety.

**iCash Share history**

At close of trading on ASX on 4 June 2015, iCash's quoted share price for iCash Shares was $0.031. At the close of trading on ASX on 23 June 2015, after announcement of the Merger, the quoted share price for iCash Shares was $0.062. Trading in iCash Shares on the ASX in recent months has been sparse.

Set out below is a graph of that price and the volume of trades on the ASX over the six months period to 23 June 2015.




Earlier and more current share prices for iCash Shares traded on the ASX may be sourced from the ASX website: asx.com.au, ASX code: ICP.

**Proposed changes to the iCash Board**

On completion of the Merger, four new Directors will be appointed to the iCash Board, with three existing Board members, Mr Gji Jin (G J) Kim, Mr Steave Ham and Sungkon Kim, resigning.

***New Directors***

*Mr Todd Zani*

Former CEO and Managing Director of Ezeatm Limited, Mr Todd Zani, will become iCash CEO and Executive Chairman. Mr Zani was the founder of Ezeatm in early 2000 and subsequently vended that business into Ezeatm Limited in 2011, which became the largest ASX-listed ATM deployer in 2012 and had on 30 July 2012 a market capitalisation of $34.45 million.

Mr Zani is a Chartered Accountant with over 25 years' experience and is a director of Ezetax Pty Ltd, a chartered accounting firm he founded in 1999 which provides financial, accounting and taxation services to clients involved in various industries. Mr Zani was the CEO and CFO of Ezeatm from 2006 to 2013, including of Ezeatm Limited from 2011.

The three further Directors to be appointed on completion of the Merger will be Mr Shaun Sutton and Mr Zaffer Soemya, who are directors of Stargroup, and Mr Taejin Kim, who is currently a Korean legal adviser to NeoICP.

*Mr Zaffer Soemya*

Mr Soemya graduated from the University of Western Australia with a Bachelor of Engineering degree (Civil) in 1983. He has over 20 years of experience in the project management of major infrastructure and mining projects in Western Australia. Since 2005, he has been the General Manager of a medium-sized engineering company specialising in the installation, maintenance and design of bulk material handling and processing equipment in Western Australia.

Mr Soemya was also a director of Ezeatm Limited from its listing on the ASX in October 2011 and oversaw the ASX listing and rapid growth of the ATM business.

*Mr Shaun Sutton*

Mr Sutton is the Chief Operating Officer of Stargroup and has extensive experience in running and operating ATM networks in the Australian ATM industry and was the former National Logistics Manager of Ezeatm Limited and in that capacity oversaw the significant growth and national expansion of the Ezeatm business.

*Taejin Kim*

Taejin Kim is a trained attorney-at-law, holding law degrees at Masters level from both the Korean University Graduate School and the University of California, Davis. He is a former military and public prosecutor and currently serves as a partner of K&P Law Firm, Seoul, South Korea. Mr Kim has served as external legal counsel to NeoICP for a number of years. He is fluent in both English and Korean and is a specialist in laws relating to foreign investment, corporations, business counselling and intellectual property.

All newly appointed Directors, each having been appointed to fill a casual vacancy, will be due for re-election at iCash's next annual general meeting.

***Three existing Directors to resign***

The three existing Directors to resign on completion of the Merger will be Mr Gji Jin (G J) Kim, Mr Steave Ham and Mr David Sungkon Kim, leaving Mr Jong Ho Kim, the current Chairman of the Company (who will hand over the chairmanship to Mr Todd Zani on merger), with the newly appointed Mr Taejin Kim, as the remaining iCash Directors on an iCash Board consisting of five Directors.

**Post-Merger iCash business model**

The following business model has been formulated with the direct input of the designated proposed new Directors. The merged company aims to build a national network with over 1,000 ATM sites generating annuity revenues of approximately $15.59 million and earnings before income tax, depreciation and amortisation (**EBITDA**) of approximately $1.65 million in the year ending 30 June 2017. It is intended that the business will own, deploy and operate ATMs in convenience locations across Australia. Convenience locations are locations such as stores, petrol stations and licensed premises and differ from locations such as bank branches or main streets where banks and other financial institutions typically install their ATMs. The merged entity will also aim to explore value-adding payment processing systems to its product offering.

The ATM business model contemplates the receipt of annuity revenue from the iCash / Stargroup national ATM network from the direct charges paid by customers for use of the Company's ATMs. Agreements with merchants for placement of ATMs will generally be for five to seven years providing a secure, long-term annuity revenue stream to the business. A substantial number of further ATM placement agreements are envisaged and green field ATM deployment opportunities will continue to be vetted.

Due to contracts expiring, on average 15% to 20% of convenience ATM sites in Australia become available every year. The Company intends to target convenience sites that come "up for renewal", offering them the latest in ATM technology, excellent customer service and bundled offers unique to the Company.

Merger and acquisition opportunities are also envisaged. There are numerous 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 Company intends to identify and target a number of smaller independent operators for their merger and acquisition potential.

Once the Company has established a stronger annuity revenue stream from its core ATM business, it intends to consider the provision of other payment system-related goods and services in Australia and overseas. This would include EFTPOS facilities, debt and credit cards, bank office cash and coin counting devices and other payment system services. Revenues and earnings from these additional products and services have not been included in the Company's projections.

It is intended that the operations of both Stargroup and iCash will otherwise continue as before the Merger, subject to rationalisation where there is duplication.

**Financial effect of the Merger on iCash**

***Total equity interests***

Upon successful completion of the Merger, the capital structure of iCash is anticipated to be as follows:

| **iCash Shares** | **Number** | **% interest** (where applicable) |
|---|---|---|
| iCash Shares currently on issue | 76,784,631 | |
| iCash Shares involved in equal access scheme buy-back | (7,678,463) | |
| iCash Shares in capital raising from NeoICP | 14,285,714 | 5.94% |

| | | |
|---|---|---|
| Total iCash Shares pre-Merger[2] | 83,391,882 | 28.73% |
| iCash Shares to be issued to Stargroup Shareholders for their Stargroup Shares | 157,142,857 | 65.33% |
| Total iCash Shares on issue post-Merger | 240,534,739 | 100.0% |
| Total iCash Shares on issue in 2020[3] should all Performance Shares be issued and should all conversion conditions be met | 250,534,739 | |
| iCash Shares held by NeoICP, together with their existing holding, should all Performance Share conditions be met and they convert to iCash Shares | 16,285,714 | 6.50% |

As part of the Merger, it is intended that there be issued up to 10 million Performance Shares to the former Stargroup members of the post-Merger Board and to NeoICP. The Performance Shares are considered to provide an incentive to achieve ATM deployment and revenue targets that if met will be of substantial benefit to all shareholders. The targets are for ATM deployments, annualised revenue and annualised EBITDA for the financial years ending 30 June 2016, 2017, 2018 and 2019. A separate class of Performance Shares will, subject to iCash Shareholder approval, be issued in respect of each financial year. Should a target be met, the referable class of Performance Shares will then convert into iCash Shares on a one-for-one basis. If all targets were to be met and all classes of Performance Share were to convert and iCash's share capital were otherwise to remain the same, there would be 250,534,739 iCash Shares on issue.

Issue of the Performance Shares is subject to iCash Shareholder approval: see resolutions 6.1 to 6.4. Further information on the Performance Shares is set out in section 6 of this Explanatory Statement. The independent expert has considered and reported on the value of the classes of Performance Share – see his second report in Annexure B.

***Total assets and cash and cash equivalent assets***

iCash's total equity as at 30 April 2015 was $2,322,000, with cash and cash equivalent holdings of $336,000.

On completion of the Merger, it is envisaged that the total equity of the merged entity would at 30 April 2015 be $7,953,000, with cash and cash equivalent holdings at that date of $3,252,000.

***Pro-forma balance sheets***

Pro-forma balance sheets for the Company as at 31 December 2014 appear at pages 18 and 19 of the independent expert's first report annexed as Annexure B.

[2] Of these, Mr Zani indirectly holds 20,000 iCash Shares and Mr Soemya holds 40,000 iCash Shares.

[3] The 2020 figure assumes that all Performance Share conversion conditions in each of 2016, 2017, 2018 and 2019 are met and no other iCash Shares are issued. This may or may not eventuate. Further information on the Performance Shares may be found in section 7 of this Explanatory Statement.

*Substantial iCash Shareholders*

Currently, iCash's share capital is widely held.

On completion of the Merger, however, iCash is anticipated to have three substantial holders as identified in the table below. The table also sets out their positions should all Performance Shares have by 2020 been converted, assuming no other movements in the iCash share capital:

| **Substantial holder** | **Relationship to iCash / Stargroup** | **iCash Shares (%) held pre-Merger** | **iCash Shares held on Merger – no participation in buy-back (and if all Performance Shares converted)** | **Percentage of iCash Shares held on Merger – rateable participation in buy-back (and if all Performance Shares converted)** | **Percentage of iCash Shares held on Merger – no participation in buy-back (and if all Performance Shares converted)** |
|---|---|---|---|---|---|
| Arthur Ognesis | Currently a substantial holder of Stargroup Shares | Nil (0%) | 45,285,714 (45,285,714) | Not applicable (Not applicable) | 18.83% (18.08%) |
| Todd Zani | Proposed iCash Executive Chairman and CEO | 20,000 (0.03%) | 17,448,571 (21,448,571) | 7.25% (8.92%) | 6.96% (8.56%) |
| NeoICP | | Nil | 14,285,714 (16,285,714) | 5.93% (6.77%) | 5.69% (6.50%) |

*Effect on iCash's shareholding in NeoICP*

Additionally, the up to 1,148,741 NeoICP Shares proposed to be transferred to iCash Shareholders who accept iCash's offer to buy back up to 10% of their iCash Shares, would, reduce its current holding from 34.3% of NeoICP's issued common stock to 10.3%, over satisfaction of iCash / NeoICP inter-company debt. This reduction in NeoICP Shareholding and the other Merger transactions proposed:

- maintain iCash as a minority, though lesser percentage, shareholder in NeoICP;
- may lead to a reduction in iCash's minority representation on the NeoICP Board; and
- as NeoICP has only once paid a dividend since calendar year 2011, will not represent a material reduction in recurrent cash flow available to iCash from NeoICP.

**Financial effect of the Merger on iCash Shareholders**

Current iCash Shareholders own 100% of iCash's issued share capital. Under the Merger:

- current iCash Shareholders at 5.00 pm on 6 August 2015 (who will not then include current Stargroup Shareholders in respect of their to be acquired Stargroup Shareholdings, but will include Todd Zani and Zaffer Soemya in respect of their current iCash Shareholdings) will be afforded in aggregate the opportunity to have transferred to them in exchange for their iCash Shares 32.3% of iCash's current shareholding in NeoICP should they elect to have part of their iCash Shareholding bought back under the proposed equal access scheme;

- iCash Shareholders collectively will hold 28.73% of iCash's issued share capital post-Merger;

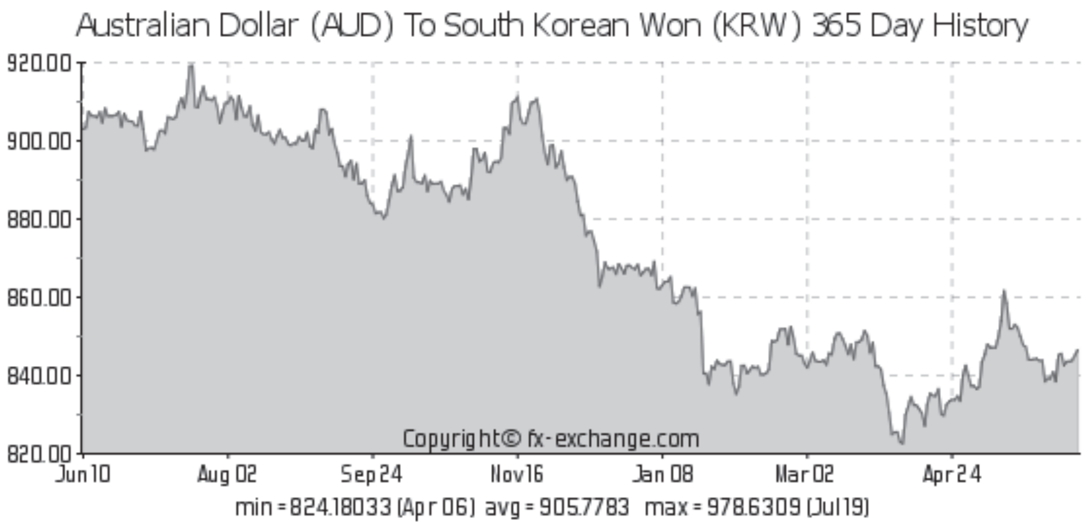
- of that 28.73%, current iCash Shareholders who elect not to participate in the equal access scheme will hold a greater proportion of those shares than they currently hold, though a lesser proportionate shareholding in iCash overall;

- former Stargroup Shareholders will on completion of the Merger hold 65.33%[4] of iCash's issued share capital;

- former Stargroup directors, being resident Australians, will comprise a majority of the post-Merger iCash Board;

- iCash Shareholders will own shares in a company that has a greater focus on an Australian ATM deployment, operation and maintenance business when compared to iCash's current business;

- due to and in respect of the decrease in the overall proportion that a shareholding in NeoICP represents of iCash's total assets, iCash Shareholders will be indirectly less exposed to fluctuations in the Australian dollar / Korean Won exchange rate. Set out below is a graph of historical exchange rates between the Australian dollar and the Korean Won from 10 June 2014 to 9 June 2015:




- the independent expert has, as at 30 April 2015, valued iCash Shares pre-Merger at 3.5 cents each;

[4] This percentage increases to 62.86% once Mr Zani's and Mr Soemya's existing indirect iCash Shareholdings are taken into account.

- the independent expert has, as at 30 April 2015, valued NeoICP Shares at 60 cents each;

- an iCash Shareholder electing to participate in the equal access scheme to the extent of 10% of its current iCash Shareholding and receiving NeoICP Shares would, on a 30 April 2015 basis, receive NeoICP Shares with a value of 3.62 cents for every iCash Share bought back;

- the independent expert has, on a 30 April 2015 basis, valued Stargroup Shares at 4.24 cents each should its capital raising be successful; and

- having regard to the independent expert's valuations, current iCash Shareholders together, were all buy-back offers under the equal access scheme accepted up to the stated 10% limit would on the stated bases in effect be collectively giving up 7,678,463 iCash Shares worth approximately $268,746 (at a value of 3.5 cents each) and would be collectively receiving 463,356 NeoICP Shares worth $278,014 (using a value of 60 cents each).

**Post-Merger dividend policy**

As at 30 April 2015, iCash had cash and cash equivalent holdings of $336,000. On completion of the Merger, on the stated basis, the merged entity would have cash and cash equivalent holdings of $3,252,000. The Company intends to invest the funds raised as part of the Merger and any future profits to establish and grow its ATM network with the intention of growing future earnings of the ATM business. The Board of the merged entity intends to provide iCash Shareholders with a return on their investment in the form of dividend payments once the merged entity has established an ATM network and is generating positive cash flows. Any future determination as to the payment of dividends by the merged entity will be at the discretion of the then Directors and will depend on the availability of distributable earnings and operating results as well as the financial condition of the company, future capital requirements and general business and other factors then considered relevant by the then Directors.

**Short-term borrowing and fundraising needs**

Again on the bases stated in the independent expert's first report, on completion of the Merger it is projected that the merged entity will have cash and cash equivalent holdings of $3,252,000. As a result, the Directors-designate for the merged entity envisage that there will not be a need for further borrowing or fundraising in the short term unless further attractive business or acquisition opportunities arise.

**Taxation considerations[5]**

**Taxation considerations – for iCash**

Your Directors have taken advice on the taxation considerations for iCash in relation to the Merger. In summary, the tax considerations for iCash are as follows:

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[5] This information is based on Australian income tax legislation as at 10 February 2015. The legislation, its interpretation by the courts and administrative practice may change at any time, and sometimes with retrospective effect.

1. *CGT on disposal of NeoICP Shares*

The disposal of shares in NeoICP as consideration for the buy-back will trigger CGT event A1, and either a capital gain or loss for iCash will arise.

If a capital gain is derived, we understand that it is likely to be assessable in South Korea. South Korea also levies a Securities Transfer Tax, which may be levied on the vendor or the purchaser.

From an Australian tax perspective, any gain would generally be assessable and any losses available to offset against capital gains from other sources.

Companies are specifically ineligible to apply the general 50% CGT discount (which operates to halve the capital gain before including it in assessable income), however, any gain or loss may be reduced on account of special rules which operate to reduce the capital gain or loss of an Australian company on the disposal of shares in a foreign company to the extent of the foreign company's underlying active business assets. Your Directors are not aware of the extent to which Stargroup has active underlying assets.

2. *Availability of losses*

The scrip-for-scrip transaction, by which Stargroup is acquired, under Subdivision 124-M of the *ITAA 1997* will result in the existing iCash Shareholders being diluted (by the issue of iCash Shares to existing Stargroup shareholders) by over 50%. In order to apply carry forward tax losses, the Company must maintain at least 50% continuity of ownership between, broadly, the loss year and the end of the recoupment year. This is known as the "continuity of ownership test" (**COT**).

Special rules apply in relation to widely-held companies (such as companies listed on an approved stock exchange) such that shareholders holding less than 10% are treated as a single notional shareholder for the purposes of the COT.

Ordinarily, dilution below the 50% threshold would result in a company failing the COT. However, as iCash is widely held, the notional shareholder rules should apply to iCash to ensure that the COT is satisfied both before and after the scrip-for-scrip transaction. However, this can only be determined based on all the relevant facts at the time of the proposed transaction.

Where the COT is failed, a company can still apply its carry-forward losses if it satisfies the "same business test" (**SBT**). However, if the COT is failed on these facts, it is possible that iCash would also fail the SBT (as the ATO takes a very strict view as to whether a business is the "same" in this context). If both the COT and SBT are failed, then iCash's carry forward losses will not be available.

3. *Tax consolidation*

iCash is the head company of a tax consolidated group. When iCash acquires 100% of Stargroup under the scrip-for-scrip transaction, Stargroup will enter iCash's tax consolidated group. Part of this process requires the underlying assets of Stargroup to be assigned a tax value which will be treated as directly owned by iCash going forward. This is known as the tax cost setting process.

The starting point in relation to the tax cost setting process is the cost of acquiring the Stargroup Shares. As the Stargroup Shares are being acquired under a scrip-for-scrip deal, the relevant CGT rollover on which the Stargroup shareholders are seeking to rely would *generally* result in iCash having a cost base in the Stargroup Shares equal to their *market value* on the date of the transaction.

However, there are certain circumstances under the relevant CGT rollover provisions that operate such that the acquiring company (iCash) will be taken to inherit the original cost bases of the Stargroup Shares. That is, in these circumstances, there is no cost base "uplift" to market value on the date of transaction. On these facts, this could apply where a shareholder of Stargroup (either alone or together with associates) holds 30% or more of Stargroup pre-transaction and 30% or more of iCash post-transaction.

Although iCash cannot confirm the outcome in this regard without knowing the identity of those who will participate in Stargroup's $3m capital raise, iCash does not expect that the inherited cost base rules will apply and, therefore, iCash anticipates that it will have a market value cost base for its Stargroup Shares.

**Taxation considerations – for iCash Shareholders**

This discussion of tax considerations for iCash Shareholders focuses on the implications of the buy-back. The equal access scheme is an "off-market share buy-back" for the purposes of Division 16K of Part III of the *ITAA 1936*. The Company intends to source the whole of the consideration to be provided under the buy-back from its share capital account. Under section 159GZZZP in Division 16K, no buy-back dividend arises if all of the consideration for the buy-back is met from the share capital account. iCash is not aware of any information or material that would suggest that iCash has tainted its share capital account in any way and this should not be an issue for shareholders.

iCash has therefore assumed that the share capital account of the Company only contains share capital. Where a company "taints" its share capital account, distributions of capital can be taxed as un-franked dividends.

Buy-backs are subject to special rules under Australian tax law. Generally:

1. any amount of the buy-back price not debited to the company's share capital account is treated as a dividend; and

2. the amount not treated as a dividend is dealt with under the CGT regime.

However, the general buy-back rules are subject to specific anti-avoidance rules in relation to the streaming of capital benefits. That is, special anti-avoidance rules are aimed at preventing companies from distributing company profits disguised as concessionally taxed capital.

On the facts currently available to iCash, iCash is seeking to fund the buy-back by way of an *in specie* distribution of NeoICP Shares. To the extent that the disposal triggers a capital profit for iCash (unless that profit is neutralised by current-year losses of iCash), the Commissioner could seek to apply the anti-avoidance rules so as to treat the profit component as a dividend in the hands of participating iCash Shareholders. This depends on all the relevant facts and circumstances of the case and if there are significant commercial (non-tax) reasons for the *in specie* distribution so as to render any tax benefit merely incidental to the overall purpose, the anti-avoidance rules should not apply. However, the only way to provide certainty and protection for shareholders in this regard is for shareholders to obtain a Class Ruling from the ATO.

The buy-back will generally trigger CGT event C2 for participating iCash Shareholders. To the extent that the buy-back price is treated as consideration for the buy-back of the share rather than a dividend as outlined above, participating iCash Shareholders will:

1. derive a capital gain to the extent that the capital proceeds exceed their cost base in the shares; or

2. incur a capital loss to the extent that the capital proceeds are less than their reduced cost base.

***Australian resident shareholders***

If a capital gain is derived by an individual or the trustee of a trust who held iCash Shares for more than 12 months, they should be eligible to apply the general 50% CGT discount, after application of any capital losses against the gain. Note, a discount capital gain derived by a trustee of a trust must flow through to an eligible beneficiary in order to retain the benefit of the discount. Resident superannuation funds are eligible to reduce the taxable capital gain by one-third, after application of capital losses.

***Foreign-resident shareholders***

Foreign-resident shareholders are not generally subject to tax in Australia on Australian source capital gains. That is, except in relation to a limited class of assets known as "taxable Australian property", the most common of which is Australian real property and certain indirect interests in Australian real property, foreign-resident investors escape Australian CGT altogether.

***Stamp duty***

No stamp duty is payable by iCash Shareholders on any transfer of iCash Shares as part of the buy-back.

***Nature of taxation disclosures, advice and certainty***

These taxation disclosures are:

1. of a general nature only;

2. not an exhaustive analysis of all potential tax implications relevant to the proposed transaction; and

3. not intended to be legal, accounting, financial product or taxation advice and should not be relied upon as such.

iCash Shareholders should seek their own tax advice specific to their particular circumstances before deciding whether or not to participate in the buy-back. If they seek certainty, they should apply to the Commissioner of Taxation at the Australian Taxation Office for a Private Ruling.

**Advantages and disadvantages of the Merger**

Set out below is a statement of the principal advantages and disadvantages of the Merger. Other advantages and disadvantages may apply in an iCash Shareholder's own particular circumstances. iCash Shareholders are invited to make their own assessment of whether or not they will participate in the equal access scheme should its terms be approved.

None of what is said below is intended to be, nor should be taken to constitute, financial product advice of either a general or a specific nature. None of iCash and its Directors is qualified to give any such advice nor is any of them the holder of an appropriate Australian Financial Services Licence (**AFSL**) that permits them to give any such advice. iCash Shareholders should consider taking their own legal, taxation and financial advice on the proposal.

The Board, with the input of the designated new Directors, believes that the Merger will be advantageous to the iCash Shareholders and will provide them with a number of benefits as follows:

(a) *experienced Australian management*: Stargroup management have considerable experience and have had considerable success in the deployment and growth of Australian ATM networks in an ASX-listed environment. Their involvement in the merged entity is seen as a cut-through development;

(b) *greater presence in Australian ATM industry*: the merged entity will be a relatively larger and consolidated participant in the Australian ATM industry. Its greater presence is likely to provide the merged entity with greater opportunities to service larger Australian ATM networks;

(c) *fast track ATM deployment:* 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 to acquire and aggregate smaller ATM deployers;

(d) *improved cash holdings:* iCash's cash and cash equivalent holdings are projected to increase from approximately $336,000 as at 30 April 2015 to $3,252,000 on the basis reported upon by the independent expert in his first report set out in Annexure B;

(e) *improved solvency:* the substantially increased cash and cash equivalent holdings on Merger will lead to an improvement in iCash's solvency;

(f) *favourable trade terms*: iCash will negotiate and is confident that it will shortly secure an extended, 5 year exclusive Australian distributorship with NeoICP. The structuring of the Merger is such that there will be a cross-shareholding by iCash and NeoICP in each other. This is a key differentiator in the Australian market as no other Australian ATM deployer known of has a direct shareholding in the manufacturer of the product that they deploy;

(g) *extended exclusivity*: post the Merger, the merged entity is confident that, if the Merger proceeds, it will have an exclusive supply agreement with NeoICP for five years;

(h) *reduction in exposure to product research and development costs*: with a reduced shareholding in NeoICP, iCash's exposure to the costs of research and for the development of new ATM and other cash handling and back-office products and services will be reduced from their present level;

(i) *less volatility*: the nature of the annuity income stream from the Australian ATM network should also see less volatility in the earnings of the merged entity when compared to iCash's recent earnings history;

(j) *higher liquidity*: with a greater number of persons constituting the iCash Shareholder base post-Merger, it is anticipated that there will be more interest from investors and potential investors in iCash, and therefore greater liquidity in iCash Shares on ASX; on the other hand, iCash Shareholders who elect to take up a direct holding in NeoICP will be acquiring interests in a South Korean incorporated entity that are not traded on stock exchange or other public market;

(k) *cost savings*: there is currently some duplication between iCash and Stargroup. Increased synergy is expected as a result, leading to cost savings for the merged entity;

(l) *opportunity to directly invest in NeoICP*: iCash Shareholders will under the Merger be given the opportunity to elect to take a direct ownership position, or not, in NeoICP, which is incorporated in the Republic of South Korea. If an iCash shareholder is particularly interested in that attribute of a current indirect investment in iCash, that attribute may as part of the Merger be more fully enjoyed directly;

(m) *higher proportion of Australian assets*: post the Merger, there will be a higher proportion of Australian situated assets held by the merged entity than presently held by iCash. This may lead to greater understanding by investors and potential investors of the investment opportunity afforded by the merged entity, perhaps leading to a higher ASX share price; and

(n) *less reliance on uncertain NeoICP earnings*: NeoICP has, unfortunately in recent times, continued to experience delay in the launch of key products, leading to greater uncertainty and a down turn in NeoICP profits. iCash's pursuit of the Merger is consistent with the iCash Board's previous market advice that it would be seeking to mitigate the Company's reliance on dividends from NeoICP as its primary source of income.

The following may be considered to be potential disadvantages of the Merger:

(a) *minority shareholding*: current iCash Shareholders' Shareholdings will collectively be diluted on completion of the Merger. They will collectively hold a substantial minority (28.73%) of iCash on completion of the Merger, should the buy-back be fully taken up, whereas they presently hold all iCash Shares on issue. Their existing influence over the operations and affairs of iCash will correspondingly diminish. iCash's influence over NeoICP would also diminish;

(b) *change in Board majority*: there will be a change in the majority number of the Board of directors of iCash, with the majority, post-Merger, being presently associated with Stargroup;

(c) *start-up mode*: a greater proportion of the assets of iCash will be in the proposed Australian ATM deployment, operation and maintenance business, which will largely be in start-up operational phase, with lesser exposure to NeoICP's ATM and cash handling solution research and development, manufacturing and sales businesses, which have a greater exposure to potential scalability in Asian markets;

(d) *tighter Australian focus*: iCash's financial success over time will be more dependent on the success of its Australian management and Australian business than presently is the case; and

(e) *transaction costs*: the proposed Merger has required the Company to engage lawyers and experts to advise on, facilitate and report on the proposal. This work has included the preparation of these meeting materials, advice on commercial negotiations and advice and representation on compliance, regulatory and related issues. These costs are sunk but necessary costs to all iCash Shareholders.

Your Directors have carefully weighed the advantages and disadvantages of the Merger, and are strongly of the belief that the advantages of the Merger outweigh its disadvantages.

**Risks if Merger proceeds**

While iCash believes that prudent management can reduce risks to iCash Shareholders brought about by the Merger should it proceed, the business activities of iCash should the Merger proceed will be subject to a number of risk factors that may impact its future performance.

The risk factors set out below ought not to taken as an exhaustive statement of the risks faced by iCash, the post-Merger business or investors in iCash. These risk factors, and others not specifically referenced below, may in the future materially affect the financial performance of iCash and its consolidated subsidiaries and the value of iCash Shares.

iCash Shareholders are invited to review the whole of this Explanatory Statement, together with the Notice of Meeting and the accompanying independent expert's reports, with a view to better understand the risks involved in proceeding with the Merger, and in determining whether or not to vote in favour or against the shareholder approval resolutions required for the Merger to proceed.

***General risks***

General risks that may negatively impact iCash, its post-Merger business and iCash's ASX share price include:

(a) economic conditions in Australia, Korea and internationally may worsen, leading to reduced economic activity and negative growth;

(b) investors' views regarding the stock market and share market conditions generally may decline, leading to reduced prices for iCash Shares. These factors may be quite unconnected with iCash's own performance. Neither the Company nor its present or future Directors warrants the future performance of the Company or any return on investment in the Company;

(c) changes in fiscal and monetary policy may result in reduced economic activity or changes to business practices which may have adverse consequences for iCash;

(d) changes in relevant taxation and other legal regimes may result in adverse consequences for iCash;

(e) adverse changes in Australian policies and international policies operating in Australia on the design, deployment and operation of ATMs;

(f) financial failure or default by any entity with which iCash may become involved in a contractual relationship;

(g) industrial disputes in Australia, Korea or otherwise overseas;

(h) changes in investor sentiment towards particular market sectors;

(i) the demand for, and supply of, capital;

(j) terrorism or other hostilities;

(k) the inability of iCash to secure and retain appropriate insurance cover at affordable prices;

(l) litigation brought by third parties, including but not limited to customers, suppliers, business partners, employees or shareholders could negatively impact the business where the impact of such litigation is not covered by insurance. The Company is presently not party to any such litigation;

(m) share price fluctuations due to market factors;

(n) price volatility in iCash Shares in response to factors such as additions to or departures of key personnel, litigation and legislative change, press, newspaper or other media reports; and actual or anticipated variations in the Company's operating results;

(o) illiquidity in the market for iCash Shares, though the Merger proposal is intended to increase iCash's market presence and therefore trading in its stock; and

(p) currency fluctuations between the Australian dollar and other currencies may result in adverse movements in the value of iCash's assets or earnings.

***Specific risks***

Business specific risks that may impact significantly on iCash and the business are set out below. As each of Stargroup, iCash and NeoICP are in different segments of the ATM industry, a number of the risks set out below are common to all or more than one of them. These risks include:

(a) *start-up*: many aspects of the merged entity will be in the nature of a start-up venture. The success of that venture will very much depend on the leadership, skills and transaction execution abilities of the new majority directors;

(b) *competition*: competitive pressures may prevent iCash or NeoICP from winning future contracts or reduce the price at which such contracts are won, thereby depressing margins and profitability;

(c) *market attributes and pressures*: in September 2014, there were estimated to be 30,833 ATMs operating in Australia. This represents the highest number of ATMs in Australia ever and more than a doubling of ATM numbers since September 2001 (13,139 ATMs). Despite warnings of market saturation, the Australian ATM market sits between the highly mature markets of Canada and the United Kingdom and the slightly less mature markets of continental Europe. There do not appear to be an objective ceiling of the number of ATMs in developed economies, including Australia. As ATM direct charging creates an environment where price signals can operate, it will be price signals, consumer demand and ATM provider efficiency that will, in your Directors' opinion, determine the number, location and cost of use of ATMs. The success of the merged entity's operations depends on its ability to negotiate and sign new ATM placement agreement in profitable locations. iCash will target both existing and green field sites for its ATMs. No assurance can however be given that iCash, including with a reconstituted Board, will be able to compete effectively with competitors in the Australian ATM deployment market. Increased competition in the market may result in actual revenue derived being less than projected revenue, with adverse impacts on operating results and profitability. These particular risks will be sought to be addressed by iCash offering simple and easy to understand ATM placement agreements and by providing what the Directors believe to be superior service to its merchant customers.

(d) *technology*: new technologies and new applications of existing technology (including web-ATMs, biometrics and mobile transactions) may operate to impact the Australian ATM market and supplant NeoICP's technologies and result in less business for iCash. New technology and applications may require material investment in capital and may lead to a need to review and change suppliers. The Company will endeavour to ensure that the technology it deploys is EMV compliant, that is compliant with standards set by Europay, MasterCard and Visa, as the global standard for inter-operation of integrated circuit cards (IC cards or Chip cards) and IC card capable point of sale (POS) terminals and ATMs, for authenticating credit and debit card transactions. iCash is working towards ensuring that the ATM fleet that it deploys will be EMV-compliant in time for the deadline published for full EMV compliance in Australia at the end of 2015;

(e) *decline*: the industries and markets in which iCash operates may decline or suffer reduced activity, leading to reduced demand for iCash's products and services;

(f) *Merger conditions*: the conditions for the Merger to proceed may not be fulfilled;

(g) *external influences*: the industry in which iCash is involved is subject to domestic and global influences. Although iCash undertakes all reasonable due diligence in its business decisions and operations, iCash has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of its projects and business. Price competitiveness brought about by increased competition may affect the selling margin enjoyed by iCash and iCash's profitability. New market entrants may negatively impact on iCash's sales projections;

(h) *reduced use of cash*: there is a risk that Australian consumer behavior and spending habits may change, which may reduce the need for cash and hence transactions using the Company's ATMs. This may result from a decrease in overall consumer spending, technological advances and increased use of existing technologies, such as pay pass, chip and mobile telephone applications;

(i) *contract risks*: iCash is and intends to be party to various contracts critical to its ongoing operations and success. Whilst iCash will take reasonable commercial steps to ensure that its contracting counter-parties comply with their contractual obligations, defaults by them may adversely affect iCash's business, revenue and profitability. The contracts include switching contracts under which third parties provide electronic transaction processing services for iCash's ATMs. Any failure by the contracted service provider may disrupt the operation of iCash's ATMs, with possible adverse consequences for iCash, including loss of reputation and loss of custom;

(j) *Stargroup capital raising*: there is a risk that the Stargroup capital raising will not be fully subscribed. The raising is not underwritten. Should the Stargroup capital raising not be fully subscribed, the Merger will not proceed.

(k) *dependency*: iCash depends on NeoICP and other third party manufacturers and suppliers, for the ATMs it deploys. If shipments from NeoICP are delayed or interrupted, or if quality does not meet Australia specifications, iCash may not be able to deploy its ATMs in a timely manner, or at all;

(l) *timing*: iCash's operating results may vary significantly from period to period, and it may not be able to sustain operating profitability or cash flow, though the capital injections that form part of the Merger should reduce this risk;

(m) *key personnel*: if iCash post-Merger loses its key personnel, including members of current Stargroup management, or is unable to attract and retain additional personnel, it may be unable to achieve its goals. Loss of key personnel could also result in the loss of some proprietary know-how or relationships with Australian market participants. The Performance Share issues proposed are designed to in part mitigate this risk;

(n) *regulation*: changes in the regulatory environment in which iCash and NeoICP operate may have adverse consequences to iCash's business. Particularly, the Australian ATM industry is subject to various regulations administered by the Reserve Bank of Australia (**RBA**). Recent regulatory changes impacting the Australian ATM industry include the introduction by the RBA of direct charging using an ATM in 2009 and the Victorian State government's ban on ATMs in gaming venues on and from 1 July 2013. Regulations of this nature are subject to regular review. There is a risk that regulation may change in a manner that could impact adversely on the assets, operations and ultimately the financial performance of the Company. These include the risk that relevant government charges and fees could increase, adversely affecting margins;

(o) *future capital requirements*: the Company's future capital requirements will depend on a number of factors, including the Company's ability to generate sufficient income from its operations. The Company, post-Merger, may need to raise additional equity from debt or equity sources due to unforeseen circumstances. There can be no assurance that the Company, post-Merger, will be able to raise such capital on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to develop its ATM business as intended, with adverse impacts on the Company and its operations;

(p) *reputation*: if the quality of NeoICP's products, as deployed by iCash, does not meet iCash customers' expectations then its reputation could suffer and its sales and operating earnings could be negatively impacted; and

(q) *adjustments*: costs and market adjustments associated with any changes in intentionally mandated technological standards.

**Risks if Merger does not proceed**

If the Shareholder Resolutions are not passed by the requisite majorities, then the Merger will not proceed. They would expose iCash to the following risks:

(a) *transaction costs*: iCash has incurred certain transaction costs in connection with the proposed Merger, including in the preparation and negotiation of the transaction documents, the Notice of Meeting, this Explanatory Statement and the independent expert's reports. Subject to a contribution by Stargroup, iCash is responsible for these costs regardless of whether the Merger proceeds;

(b) *iCash Share price*: if the Merger does not proceed, iCash Shares may trade at a lower price on the ASX; and

(c) *going concern*: the Directors are concerned that the iCash business in its current format will be likely to be unable to continue as a going concern. If this were to eventuate, and iCash were unable to raise funds from other sources, the Directors would likely need to place iCash into voluntary administration with an expected considerable loss of value to both iCash and the iCash Shareholders and the loss of the ability to iCash Shareholders to trade in their iCash Shares.

**Other material information**

Information potentially relevant and material to your decision on whether to vote in favour or against the Shareholder Resolutions required to approve the proposed Merger is set out elsewhere in this Explanatory Statement or the accompanying independent expert's reports. You are encouraged to read all the materials in their entirety.

There is no information material to a decision by an iCash Shareholder whether or not to approve a Shareholder Resolution (being information that is known to any of the Directors and which has not previously been disclosed to iCash Shareholders) other than as disclosed in this Explanatory Statement.

The Merger proposal is complex. iCash Shareholders should seek professional advice in relation to any questions they may have arising out of this Explanatory Statement or the accompanying documents. You are also most welcome to contact the Company Secretary, Mr Sungki Lee, on +61 2 9099 2300, 9.00 am to 5.00 pm (Sydney time), Monday to Friday (except public holidays).

**Timetable**

Set out below is the currently envisaged Merger timetable

| **Step** | **Date** (2015) |
|---|---|
| Despatch EGM materials | 30 June |
| EGM proxies due | 2.30 pm, Monday, 27 July |
| EGM held | 2.30 pm, Wednesday, 29 July |
| Merger completes apart from buy-back and financial assistance; GJ Kim, S Ham and S Kim resign from and new appointees appointed to iCash Board | 31 July |

| | |
|---|---|
| Record date for equal access scheme | 6 August |
| Personalised serial numbered buy-back acceptance forms sent and buy-back opens | 11 August |
| Completion of financial assistance | 13 August |
| Equal access scheme closes | 27 August |
| Completion of buy-back; share cancellation | 31 August |

This timetable may be altered at the discretion of the Directors.

**Recommendation**

Including having regard to the independent expert's valuation report, your Directors unanimously recommend that you **VOTE IN FAVOUR** of the resolution. The chair intends to vote undirected proxies in favour of resolution 1.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of iCash Shares, if the resolution is passed and his or her associates. However, iCash need not disregard this vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Equal access scheme**

As discussed above, part of the announced Merger is a proposed equal access scheme, which involves existing iCash Shareholders being given the opportunity to swap their iCash Shares for direct shareholdings in NeoICP, up to a maximum of 7,678,463 iCash Shares and 463,356 NeoICP Shares held by iCash, or up to a maximum of 10% of iCash Shares then on issue.

For the equal access scheme, you will be sent a buy-back offer and a personalised buy-back offer acceptance form on 11 August 2015.

**An equal access scheme**

An equal access scheme is one of a variety of buy-back mechanisms available to Australian companies under Part 2J.1, Division 2 of the *Corporations Act 2001*. An equal access scheme has the following attributes:

- offers under the scheme relate only to ordinary shares;
- offers are made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- all of those persons have a reasonable opportunity to accept the offers made to them; and

- buy-back agreements are not entered into until a specified time for acceptances of offers has closed.

As required by section 257A of the *Corporations Act 2001*, the buy-back will only proceed if it does not materially prejudice iCash's ability to pay its creditors and will not result in iCash being insolvent at the time of or after completion of the Merger. The Directors do not have any present concern in this regard should the Merger proceed. Rather, the cash reserves of the iCash consolidated Group are anticipated to improve by Stargroup becoming an iCash wholly-owned subsidiary.

**To whom offers will be made**

Due to the size of the buy-back, not being over what is described in the *Corporations Act 2001* as the "10/12 limit", iCash Shareholder approval for the proposed buy-back and the terms of the buy-back agreement are not required to be approved by shareholders. Offers will be extended to all iCash Shareholders who were registered as such at 5.00 pm (Sydney time) on 6 August 2015. Offers will not be extended to then current Stargroup Shareholders in respect of their Stargroup Shares to be acquired by iCash.

**Independent expert's reports**

ASIC, in its Regulatory Guide 110, provides companies guidance on what to disclose to its shareholders when seeking approval of an equal access scheme that exceeds the "10/12 limit". This Explanatory Statement and the accompanying materials have been prepared to assist iCash Shareholders and to meet these disclosure requirements. As the proposed equal access scheme is to buy back less than 10% of the Company's issued share capital, the Directors are not required to include information in this Explanatory Statement regarding the equal access scheme. However, given it is to occur in the context of the Merger, the Directors have determined that this Explanatory Statement should include as much information as possible regarding the Merger and the buy back. Accordingly, accompanying this Explanatory Statement are two independent expert's reports prepared by Stantons International Securities Pty Ltd ACN 128 908 289, the first of which includes a valuation of the iCash Shares and of the NeoICP Shares. Using 30 April 2015 figures for iCash and NeoICP, an exchange rate of AUD$1.00 = 860 KRW and valuing them on a net asset backing basis, the independent expert has valued iCash Shares at 3.5 cents each and NeoICP Shares at 60 cents each.

Those statements of value are expressed on the basis of the assumptions and subject to the conditions and disclaimers set out in his first report, annexed as Annexure B.

iCash Shareholders are encouraged to read the report in its entirety.

**Details of the buy-back**

As at 30 April 2015, iCash had an issued share capital of $51,725,739, divided into 76,784,631 iCash Shares, with accumulated losses of $49,404,000, giving total equity as at 30 April 2015 of $2,322,000. The number of iCash Shares on issue and iCash's issued share capital has not changed since then. Of the iCash Shares, under the equal access scheme, iCash is offering to buy back up to 7,678,463 iCash Shares or up to 10% of its issued share capital, in consideration for the transfer of up to 463,365 NeoICP Shares. Should all transactions and steps of the Merger be approved and fully implemented, the total number of iCash Shares on issue remaining with full acceptances under the equal access scheme and the Stargroup capital raising fully subscribed, would be 240,534,739 iCash Shares. The issue of a further 10 million Performance Shares, convertible to iCash Shares if specified milestones are achieved, is submitted to iCash Shareholders for approval under resolutions 6.1 to 6.4.

Subject to the above limit and as further discussed below, the consideration offered under the equal access scheme is 0.0568 NeoICP Shares, valued by the independent expert as having a value of 3.6 cents, for every iCash Share held (approximately one NeoICP Share for every 17.6 iCash Shares held).

**Reasons for the buy-back**

NeoICP has since 25 January 2012 been iCash's principal operating asset and was until 30 June 2014 iCash's principal operating subsidiary. Your Board understands that many iCash Shareholders, particularly those iCash Shareholders who have registered addresses in Korea, have invested in iCash due to the potential they perceived of and for the NeoICP business. Some of that potential was both demonstrated and realised by NeoICP by its EBITDA contributions to the Group position in the 2010, 2011 and 2012 financial years of $3,700,000, $11,500,000 and $1,990,000 respectively. NeoICP displays further potential as it continues to develop its products for use in the casino gaming market in Macau to jointly develop with Hitachi Omron Terminal Solutions (HOTS) bank note scanning, analysis and sorting technology and products.

NeoICP's latest product development phase has been ongoing since early 2013. NeoICP has, however, continued to experience delays in the launch of its latest product range due to additional and more rigorous testing and performance verification requirements. In addition, NeoICP made a significant financial loss in FY 2013 though its financial performance has stabilised somewhat since with a much reduced financial loss for FY 2014.

In May 2012 and May 2013, prior to the appointment of the current iCash Board, requisitions for general meetings to seek changes to iCash's Board were lodged with iCash. iCash's holding in and relationship with NeoICP were central elements in the disputes that lay behind the requisitions and Board changes sought.

NeoICP's Board is not controlled by iCash. NeoICP also operates with a chain of management distinct from iCash's management. The separateness of iCash's management and NeoICP management will be strengthened as part of the Merger proposal. That said, however, NeoICP has stated that it does recognise that a successful iCash, as NeoICP's Australian and New Zealand distributor, will likely heighten NeoICP's success. NeoICP has accordingly offered to inject $500,000 into iCash by way of a share placement and thereby increase iCash's cash reserves. NeoICP, however, advised that it would only make this cash injection if iCash were to afford iCash Shareholders the opportunity to hold shares in NeoICP directly, rather than indirectly through iCash.

With NeoICP experiencing continuing delays in the launch of its latest products and NeoICP management forecasting a similar break-even result for FY 2015, iCash is not highly confident that NeoICP will start to produce profits and thus dividends for iCash and its other shareholders in the short term. iCash has therefore come to the conclusion that it is in the best interests of iCash Shareholders as a whole to take this opportunity:

- to raise a further $500,000 from its major supplier, NeoICP: and

- yet also, provide an opportunity to iCash Shareholders who would rather have a direct shareholding in NeoICP to do so through the equal access scheme.

The proposed equal access scheme does not diminish the cash resources of iCash. Those iCash Shareholders who wish to remain fully invested in iCash, as restructured as part of the Merger, are also afforded the opportunity to elect to do so by not participating in the scheme. A buy-back by equal access scheme has been chosen by the Company to allow iCash Shareholders this flexibility. This flexibility would not be available to iCash Shareholders if the NeoICP Shares held by iCash were to be distributed, say, by way of dividend or a capital reduction.

**NeoICP is an unlisted company incorporated in South Korea**

iCash is an Australian incorporated company whose shares are quoted for trading on the stock market conducted by ASX. NeoICP, however, is not a company whose shares are quoted for trading on a stock market, Australian or foreign. For iCash Shareholders, NeoICP is more in the nature of an Australian proprietary company. NeoICP Shares may only be bought and sold by agreement or private treaty, and then only in accordance with the constitution that regulates NeoICP and dealings in NeoICP Shares[6].

NeoICP is also incorporated in the Republic of South Korea (South Korea). For most Australian registered iCash Shareholders, the legal system and commercial environment of South Korea will be less familiar to them than the Australian legal system and commercial environment. For the substantial number of South Korean registered iCash Shareholders, however, the opposite is likely to be true.

As a result, it may be the case that South Korean registered iCash Shareholders will be more disposed to participate in the equal access scheme buy-back than Australian registered iCash Shareholders.

**General guidance on doing business, investment and taxation in Korea**

For the benefit in particular of Australian resident and English speaking shareholders, general guidance on doing business, investment and taxation in Korea, written in English, can be found in the following third party[7] guides:

- *Taxation and Investment in Korea 2013 – Reach, relevance and reliability* published by Deloitte, which can be accessed at:

    [http://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CB8QFjAA&url=http%3A%2F%2Fwww2.deloitte.com%2Fcontent%2Fdam%2FDeloitte%2Fglobal%2FDocuments%2FTax%2Fdttl-tax-koreaguide-

[6] Technically, a NeoICP is a unit in NeoICP common stock. See further below.

[7] These guides have not been prepared by or on behalf of iCash. They are general guides, descriptive as at the dates that they bear. They are intended and are referenced to provide an overall survey of the matters discussed in them and is not intended to be comprehensive. Should any iCash Shareholder have any particular concern, they may wish to contact the Company Secretary or take their own advice.

2013.pdf&ei=pl3YVIbRMYuN8QX97ILgAg&usg=AFQjCNGjhq7D6pbwNHdPtrRn2wLqSt1MhA&bvm=bv.85464276,d.dGc]

- *Doing Business and Investing in Korea* published by pwc (PriceWaterhouseCoopers), which can be accessed at:

  [http://www.google.com.au/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CB8QFjAA&url=http%3A%2F%2Fwww.pwc.de%2Fde%2Finternationale-maerkte%2Fassets%2Fdoing-business-and-investing-in-korea.pdf&ei=Ql3YVMu8II3d8AXn74LYAg&usg=AFQjCNGkZbCwN6EfRxKVMtLM9i4Hd1CpKA&bvm=bv.85464276,d.dGc]

**iCash Shareholders to hold NeoICP common stock; NeoICP preference stock**

NeoICP currently has on issue 9,271,951 units of common stock and 548,200 units of preference stock. Of these, iCash currently holds 3,415,679 units of common stock and 139,167 units of preference stock. Under the buy-back, it is proposed that up to 463,365 units of common stock (the defined NeoICP Shares) held by iCash will be transferred to iCash Shareholders who elect to participate in the buy-back.

Additionally, as announced by iCash on 25 June 2015 NeoICP bought back 1,934,753 of its common stock held by iCash to satisfy the iCash to NeoICP inter-company indebtedness of $1,160,851. NeoICP required that this transaction occur before 30 June 2015 due to the adverse regulatory, accounting and valuation consequences for NeoICP that would follow were the indebtedness not be compromised or repaid by 30 June 2015.

iCash has received advice that units of NeoICP common stock and of NeoICP preference stock enjoy the same rights and are subject to the same obligations, other than:

- the NeoICP preference stock do not carry voting rights; and

- the NeoICP preference stock carry an entitlement to dividends at a rate 1% greater than the dividend entitlement on NeoICP common stock.

**Current NeoICP focus and opportunities**

NeoICP was the subject of a detailed independent expert’s report dated 11 December 2012 prepared by Lawler Corporate Finance Pty Ltd and part of iCash’s Notice of Extraordinary General Meeting / Proxy Form released to ASX on 15 January 2013, a copy of which are available for download from the ASX website (iCash’s ASX code is ICP) and from ASIC. Copies of subsequent updates to the market on iCash’s investment in NeoICP and NeoICP activities may also be found there. The following information has been provided to iCash by NeoICP management by way of update.

NeoICP’s product development has been focused away from the mature traditional ATM markets, with added focus on emerging and value added cash handling market opportunities, mainly in providing casino settlement solutions and intelligent cash handling solutions for high end notes analysis and sorting systems.

In particular, NeoICP has identified the following specific market opportunities:

- *casino settlement solutions*: NeoICP has developed a cash redemption product for deployment in casino lobbies and is developing an automatic settlement product for deployment on 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 presents a large volume opportunity for NeoICP, has undergone several iterations in product development and testing cycles. The approval process through the principal Macau gaming authority has taken much longer than initially estimated, with customer trials scheduled for the first half of the 2015 calendar year. In addition, NeoICP is developing an e-Baccarat product with a target date for completion and approval in late 2015.

- *intelligent cash handling solutions*: NeoICP's principal focus here is design intelligent cash handling products to sort, count and authenticate banknotes with a high level of accuracy and security. This product has been in development with Hitachi Omron Terminal Solutions and is expected to undergo Hitachi Quality Assurance certification before final production can commence in mid-2015.

- *back office settlement solution for Taiwanese market*: NeoICP expects Taiwanese local authority approvals to have been granted by the end of March 2015 and to commence deployment of demonstration units by the end of June 2015.

- *Lotte Group*: NeoICP's service contract with Lotte Group continues, under which NeoICP services approximately 3,500 ATMs located in the Republic of South Korea. This contract provides a steady revenue stream for NeoICP of approximately $300,000 each calendar month.

**NeoICP directors**

Set out below is background information on NeoICP's directors.

***Mr Ghi Jin Kim***

Mr Kim is a shareholder and President of NeoICP. Mr Kim has over 25 years of direct experience in the banking automation and cash handling mechanisation industry.

From 1988 to 2002, Mr Kim held senior executive roles in one of Korea's largest ATM and banking machine manufacturers. During his time there, Mr Kim led teams in research and development and was manager of its systems engineering department. Mr Kim then managed the sales and marketing teams there between 1999 and 2002, earning the respect of several major corporate groups in Korea.

In 2002, Mr Kim moved to NeoICP (then named, Neo Technologies, Inc.) and in 2009 was instrumental in securing the company's first major contract (A$30m) to supply recycling ATMs (deposit and cash dispensing) to Lotte Co. Limited of Korea. Mr Kim has since overseen NeoICP's sales and marketing function that has secured for NeoICP the leading position in non-bank ATM sales in Korea.

***Mr Jung Suk Kang***

Mr Kang is the founder and Chief Executive Officer of NeoICP. Mr Kang has over 21 years of direct experience in the banking automation and cash handling mechanisation industry.

In 1990, Mr Kang joined one of Korea's largest ATM and banking machine manufacturers. During his time there, Mr Kang was responsible for developing the firmware and application software for a range of ATMs, banking machines and cash handling devices. Mr Kang was also a primary developer of a "Communication Multiplexer", a sophisticated communications protocol software application.

In 1995, Mr Kang founded and became the initial CEO of NeoICP (then named Neo Technologies Inc.). The company developed a range of technologies and devices that became market leaders in the non-bank cash handling sector in Korea. Under Mr Kang's guidance, NeoICP developed and introduced the world's first PCI compliant ATM pin pad.

Mr Kang also developed a range of high security and cost effective cash handling devices for businesses with large numbers of cashiers. After several years of deployment in Korea, these devices remained unchallenged by competing products.

***Mr Kyung Shik (Steave) Ham***

Mr Ham has over 20 years' experience in the development of banking automation products and network and systems integration in the ATM manufacturing industry. For the past 10 years, he has been in senior technical and marketing roles with an emphasis on global ATM business development. Mr Ham played a major role in iCash's technical development and the introduction of the CashPod ATM into the Australian market. Mr Ham holds a degree in electrical engineering.

***Mr Jong Ho (Jay) Kim***

Mr Kim is CEO and President of Design Studio Inc. and an Adjunct Professor at Hanyang University in Korea. He was educated in the US in urban design and held a senior non-executive role with prominent Korean multi-national, LG.

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

**Other information in relation to NeoICP**

In relation to NeoICP, iCash Shareholders should be aware that:

- NeoICP's objects as stated in its constitution[8] are to pursue the following operations: the development, manufacture and sale of financial automated machines, the manufacture and sale of electronic devices, the manufacture and sale of precision automated machines, the development of software and hardware and all other business related to the above;
- new shares in NeoICP may only be issued at their then market price as determined by the NeoICP Board or greater;
- NeoICP's head office is in Seoul, South Korea and its general meetings are generally held at its head office;
- each unit of NeoICP common stock on issue carries one vote at a general meeting;
- for a resolution of NeoICP stockholders to be passed, it must be approved by a greater than 50 percent majority of the stockholders in attendance and must represent over 25 percent of all common stock on issue;

[8] A copy of an English translation of the NeoICP constitution is available to iCash Shareholders on request of the Company Secretary.

- NeoICP stockholders may exercise voting rights at a general meeting in a written statement without attending the general meeting;

- minutes are to be kept of general meetings of NeoICP stockholders and held at the NeoICP head office;

- NeoICP's operations and affairs are audited; its auditors are Taeyoung Accounting Corporation Inc. of Seoul, South Korea;

- its business years commence on 1 July and end on 30 June;

- for the financial year ended 30 June 2014, revenue attributed to iCash from its holding in NeoICP was $18,996,307, up from revenue of $15,175,563 for the financial year ended 30 June 2013. As reported in iCash's annual report for the financial year ended 30 June 2014, this increase in revenue was mainly from securing a service contract with Korea's Lotte corporation for approximately 3,500 ATMs on 1 September 2013;

- for the financial year ended 30 June 2014, NeoICP made a loss after tax of $676,185, compared to a loss after of $4,854,033 for the financial year ended 30 June 2013. As reported in iCash's annual report for the financial year ended 30 June 2014, the loss could be attributed mainly to an increase in NeoICP's general development costs;

- NeoICP must each year hold an annual general meeting;

- dividends may be paid by NeoICP in cash or in stock;

- dividends must be claimed within five years, failing which they revert to NeoICP;

- no interest is payable on dividends;

- each NeoICP financial year, also known as a business year, NeoICP must prepare and submit to its annual general meeting of stockholders financial statements comprising at least a balance sheet, a statement of profit and loss and a disposal statement of surplus earnings or losses, which are required to be audited. iCash itself has relied on such statements over the course of its investment in NeoICP; and

- aspects of its assets, financial results and operations were addressed in iCash's 2014 annual report and previous iCash annual reports available on the ASX website www.asx.com.au.

**Formalities and foreign investment restrictions**

The Company has been informed by NeoICP's Korean lawyers that they will have to provide or sign the following documentation should they wish to participate in the equal access scheme and directly hold NeoICP Shares:

- new NeoICP Shareholders will need to enter into a stock holding contract;

- new NeoICP Shareholders will need to provide and, where relevant, sign the following documentation to enable them to hold their NeoICP Shares: a certified copy of their passport; a certified copy Power of Attorney; a Korean stockbroking account application form; a certified copy of a Korean stock broking representative agreement; a Korean withholding income tax limit application form; and, if the stock holding is worth more than 100,000,000 Korean Won or represents at least 10% of NeoICP issued share capital, a Korean foreign investment form. In addition, should the new stock holder be a company, certified copies must also be provided of the company's business or company registration certificate and of the company's Constitution. All certifications must be made by a Notary Public.

**Directors' interests**

Your Directors' (and their associates') intentions as to whether or not to accept the buy-back offers to be made under the equal access scheme are set out in the table below:

| Name | iCash Shares held directly and by associates (number and percentage) before buy-back | Intention to sell into buy-back? | Distribution to be received if 10%* of iCash Shares bought back | iCash Shares held directly and by associates (number and percentage) after Merger |
|---|---|---|---|---|
| Mr Sungkon Kim | Nil | Not applicable | Not applicable | Nil |
| Mr Jong Ho (Jay) Kim | Nil | Not applicable | Not applicable | Nil |
| Mr Gji Jin Kim | 3,827,871 (4.99%) | Yes | 163,641 NeoICP Shares | 3,664,230 (1.52%) |

**Note***: 10% is an approximation. A higher percentage of a Director's iCash Shares may be bought back if not all existing iCash Shareholders were to elect to sell into the buy-back.

No more than 7,678,463 iCash Shares will be bought back under the proposed equal access scheme.. This limit represents 10% of iCash's current issued share capital.

As discussed above, a necessary element of an equal access scheme is that offers are to be made by the Company to every person who holds ordinary shares to buy back the same percentage of their ordinary shares.

Not all iCash Shareholders may, however, wish to sell their iCash Shares into the buy-back. As a result, iCash Shareholders will be given the opportunity to nominate that they would like more than 10% of their iCash Shares bought back. Should the aggregate number of iCash Shares so nominated exceed the 10% aggregate limit, the number of each acceptor's iCash Shares will be reduced by the same proportion needed to ensure the Company buys back no more than 7,678,463 iCash Shares.

**No shareholder approval required**

As the equal access scheme is not to exceed the 10% in 12 months limit, the buy-back under the equal access scheme does not require the approval of shareholders. Disclosure concerning the equal access scheme has however been made in this Explanatory Statement so that the other resolutions to be put to shareholders in relation to the Merger may be better understood.

### Source of funds for the buy-back; retirement of inter-company indebtedness

No cash will be distributed under the equal access scheme. Rather, the consideration comprises NeoICP Shares. Currently, iCash holds 3,554,846 NeoICP Shares. Should the maximum of 7,678,463 iCash Shares be bought back under the equal access scheme, 463,365 NeoICP Shares would be rateably distributed to current iCash Shareholders, reducing iCash's current percentage shareholding in NeoICP from 36.2% to 31.3%. Further, iCash's inter-company indebtedness to NeoICP of $1,160,852 was on 25 June 2015 settled by the transfer of 1,934,753 NeoICP Shares held by iCash to NeoICP.

### Advantages and disadvantages of the buy-back

As the Merger will only take effect as a composite of its various elements, it is considered inappropriate to discuss advantages and disadvantages of the buy-back apart from the Merger. That discussion is set out above in relation to resolution 1.

### Buy-back timetable and procedure

Set out below is a summary of the timetable and the procedure to be followed for the buy-back and equal access scheme should the buy-back be approved by iCash Shareholders.

| **Date** (2015) | **Event** |
|---|---|
| 6 August | Record date to identify iCash Shareholders who may participate in the equal access scheme buy-back |
| 11 August | Serial numbered, individualised acceptance forms for the equal access scheme sent to entitled persons |
| 27 August | Last day for acceptance of equal access scheme buy-back offers to be received. Offer closes at 5.00 pm (Melbourne time). |
| 28 August | iCash Board meeting to determine allocations if acceptances of buy-back offers under equal access scheme over limit; cancellation of iCash Shares bought back |
| 31 August | Accepting members sent evidence of their holding NeoICP Shares, the buy-back consideration, and, where applicable, updated holding statements for their remaining iCash Shares |

This timetable may be altered at the discretion of the Directors.

**Foreign iCash Shareholders**

On the current timetable, a Buy-Back Offer and Buy-Back Agreement and, serial numbered, individualised acceptance forms to accept buy-back offers made under the equal access scheme will be despatched on or about 11 August 2015. The buy-back under the equal access scheme is principally governed by the laws of New South Wales.

The offer to buy back your iCash Shares in consideration for the transfer of NeoICP Shares may, for foreign registered iCash Shareholders, be regulated by the laws of the shareholder's home jurisdiction. Due to the sums involved, it is a foreign iCash Shareholder's responsibility to ensure that it complies with those laws.

**How to participate in the buy-back**

You are to be sent a serial numbered, individualised buy-back offer acceptance form for completion, signature and return.

You will be able to indicate in the form the maximum number of iCash Shares that you wish to sell into the buy-back. Pre-printed on the form will be a number of iCash Shares that equals 10% of your iCash Shares as recorded as held on the record date. You may elect to accept the Buy-Back Offer in that amount or in a lower or higher amount.

Should Buy-Back Offer acceptances not exceed the limit of 7,678,463 iCash Shares, then all of your iCash Shares for which you have accepted the Buy-Back Offer will be bought back by the Company.

Should acceptances exceed that limit, the number of your iCash Shares to be bought back from you will be reduced by the same proportion needed to ensure the Company buys back no more than 7,678,463 iCash Shares or any lower limit. Acceptances that would leave fractional entitlements will be rounded down to the nearest whole number.

Should you wish not to participate in the buy-back you need not do anything.

Should the Merger proceed, on the current timetable, on or about 31 August 2015 all accepting eligible iCash Shareholders will receive the relevant number of NeoICP Shares by transfer from the Company in exchange for the iCash Shares which have been bought back by the Company as a result of the share buy-back, along with updated holding statements for the balance of those iCash Shareholder's iCash Shares (if applicable).

## 2. iCash Share issues to Stargroup Shareholders other than related parties

This resolution seeks the approval of iCash Shareholders for the issue of the iCash Shares that will constitute the consideration for the acquisition of all Stargroup Shares other than those held by Mr Todd Zani and Mr Zaffer Soemya or their respective nominees. Approval for the issue of iCash Shares to Mr Todd Zani or his nominee is sought by resolution 3 and for the issue of iCash Shares to Mr Soemya or his nominee is sought by resolution 4.

Your Directors are delighted to be presenting to iCash Shareholders this Merger opportunity with Stargroup and its management team. The Company felt that in order to accelerate its strategy for more widespread ATM deployments and to heighten its likelihood of success, iCash required a more experienced, deeper management team as well as a capital injection. Both these needs presented themselves in the Merger proposal, and as a result your Directors formed the view that the Merger proposal provides a ready-made solution to both these needs, via a direct path with a satisfactory level of likely success in outcome.

The other principal options considered by iCash, but which were ultimately dismissed in favour of the current Merger proposal, comprised:

- iCash raising further capital from its current iCash Shareholders – this option however would not achieve the desired bolstering of iCash's management team; and

- the acquisition and aggregation of smaller Australian ATM deployment businesses - this option was not however readily available to iCash through its lack of capital. Additionally, your Directors determined that it lacked sufficient management experience to quickly identify and acquire targets. Stargroup, however, has already been actively seeking and identified potential acquisition target opportunities, which opportunities Stargroup will bring with it to the Merger.

So that iCash will on completion of the Merger have sufficient cash holdings to pursue its post-Merger business plan, Stargroup will prior to completion of the Merger undertake a capital raising to raise $3,000,000 by the issue of 30,000,000 Stargroup Shares at an issue price of $0.10 each. Stargroup have advised iCash that they are confident that their capital raising will be fully subscribed.

The persons (including related parties Mr Todd Zani and Mr Zaffer Soemya or their associated entities) to whom iCash Shares are to be issued, their existing shareholdings in Stargroup, the number of iCash Shares to be issued to them and their percentage shareholdings in iCash on completion of the Merger, assuming that the Stargroup capital raising is fully subscribed[9], are set out below:

[9] Mr Todd Zani has advised the iCash Board that he is confident that, though not underwritten, the Stargroup capital raising will be fully subscribed.

| Persons | Stargroup Shares | iCash Shares | Percentage iCash Shareholding |
|---|---|---|---|
| Arthur Ognenis* | 21,900,000 | 45,285,714 | 18.83% |
| Todd Zani (including through Tomialcocl Pty Ltd as trustee for the Tomialcocl Family Trust) | 6,100,000 | 17,428,571[10] | 7.25% |
| Zaffer Soemya (through Meiktila Pty Ltd and Soemya Super Pty Ltd as trustee for the Soemya Super Fund) | 3,000,000 | 8,571,429[11] | 3.56% |
| Gianni D'Ambrosio | 500,000 | 1,428,571 | 0.59% |
| Sherrie Giglia | 500,000 | 1,428,571 | 0.59% |
| Nick Russell* | 250,000 | 714,286 | 0.30% |
| Blanche Gunst* | 750,000 | 2,142,857 | 0.89% |
| Borg Superannuation Fund | 300,000 | 857,143 | 0.36% |
| Capital raising | 27,750,000[12] | 79,285,730 | 32.96% |
| **Total** | 61,050,000 | 157,142,857 | 65.33[13]% |

* *Stargroup Shares are held indirectly.*

Collectively, on completion of the Merger, former Stargroup Shareholders would hold 65.33% of iCash's issued share capital. After due enquiry, the Directors have formed the view that

[10] The iCash Shares to be issued for Stargroup Shares are in addition to Mr Zani's existing indirect iCash shareholding of 20,000 iCash Shares.
[11] The iCash Shares to be issued for Stargroup Shares are in addition to Mr Soemya's existing indirect iCash Shareholding of 40,000 iCash Shares.
[12] In the Stargroup capital raising, Mr Arthur Ognenis has been allocated 2,250,000 additional Stargroup Shares.
[13] Percentage includes Mr Zani's and Mr Soemya's existing indirect iCash Shareholdings.

each former Stargroup Shareholder is not an associate of any other Stargroup Shareholder and that the issue of iCash Shares to them will not contravene Chapter 6 (the takeover provisions) of the *Corporations Act 2001*.

**Further information for the purpose of ASX LR 7.1**

On the basis that the Stargroup capital raising is fully subscribed, the following further information is provided pursuant to ASX LR 7.3 for the benefit of iCash Shareholders in deciding whether or not to vote in favour of resolution 2:

- the 157,142,857 iCash Shares are to be issued in consideration for the transfer to iCash of 61,050,000 Stargroup Shares to be held by Stargroup Shareholders on completion of the Stargroup capital raising;

- each iCash Share has an assessed value assessed of 3.5 cents;

- on the transfer of all Stargroup Shares then on issue, iCash will become the sole shareholder in Stargroup and Stargroup will become a wholly-owned direct subsidiary of iCash;

- on completion of the Merger, Stargroup's assets, undertaking and operations will for accounting and reporting purposes be consolidated with iCash's other direct and consolidateable assets, undertaking and operations;

- the maximum number of iCash Shares to be issued as approved by this resolution is 131,142,857 iCash Shares, which will comprise the consideration for the transfer to iCash of 51,950,000 Stargroup Shares held by the current Stargroup Shareholders as at 5 June 2015 apart from Mr Todd Zani, who is to be appointed iCash's Executive Chairman and Chief Executive Officer on completion of the Stargroup acquisition, and Mr Zaffer Soemya, who is to be appointed a Non-executive Director, and whose iCash Share issues are to be considered for approval under resolutions 3 and 4 respectively;

- the issue of the iCash Shares the subject of this resolution will occur on completion of the Merger. On the current timetable, the Merger is scheduled to complete in this respect on 31 July 2015, which is within three months following the date of the EGM;

- the iCash Shares to be issued will be fully paid ordinary shares ranking in all respects *pari passu* with iCash Shares currently on issue;

- no funds will be raised by the issue; rather, the 131,142,857 iCash Shares issued will constitute the consideration payable for the acquisition of 51,950,000 Stargroup Shares held by Stargroup Shareholders, being all Stargroup Shares on issue other than those held directly or indirectly by Mr Todd Zani and Mr Zaffer Soemya;

- the total number of iCash Shares on issue prior to completion of the Merger is 76,784,631. On completion of the Merger, the total number of iCash Shares on issue will be 240,534,739, with existing iCash Shareholders holding 28.73% of iCash's issued share capital; and

- as at the date of the Notice of Meeting, no existing iCash Shareholder, apart from Mr Zani and Mr Soemya indirectly[14], is to be issued any iCash Shares the subject of this resolution.

[14] Mr Zani indirectly holds 20,000 iCash Shares. Mr Soemya indirectly holds 40,000 iCash Shares.

iCash has engaged an independent expert to value the iCash Shares and the Stargroup Shares. His first report appears as Annexure B. iCash Shareholders are encouraged to read the report in full.

On the bases set out in the report, the independent expert has valued iCash Shares at 3.5 cents each and Stargroup Shares at 4.24 cents each on the assumption that Stargroup's capital raising is completed in full.

**Recommendation**

Your Directors unanimously recommend that you **VOTE IN FAVOUR** of the resolution. The chair intends to vote undirected proxies in favour of resolution 2.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by a person who may participate in this issue, and his associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of iCash Shares, if the resolution is passed and his or her associates. However, iCash need not disregard this vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 3. iCash Share issue to Mr Todd Zani, a related party

As part of the Merger, it is intended that Mr Todd Zani, who is currently Executive Chairman and Chief Executive Officer of Stargroup, will become iCash's Executive Chairman and Chief Executive Officer. As it is intended that Mr Zani will hold this office in the merged iCash on completion of the Stargroup acquisition, he and an entity associated with Mr Zani, Tomialcocl Pty Ltd as trustee for the Tomialcocl Family Trust, are under s228(6) regarded as related parties of iCash for the purpose of Chapter 2E of the *Corporations Act 2001* but are not regarded as related parties to whom ASX LR 10.11 applies and the Company relies on listing rule 10.12 exception 6 for the purpose of this resolution.

Section 208 of the *Corporations Act 2001* prohibits the giving of a financial benefit to a related party of a public company, such as iCash, without the approval of its shareholders by ordinary resolution, on which the votes of the related party and his associates are not to be counted. Mr Zani has advised that he and Michelle Zani as trustees for the Zani Superannuation Fund currently hold 20,000 iCash Shares and that they will not be voting on this resolution.

In addition to the information set out elsewhere in this Explanatory Statement, particularly under headings 1, 2 and 3, the following information is provided to shareholders as required by ASX LR 7.3:

- the maximum number of iCash Shares to be issued as contemplated by this resolution is 17,428,571 or 7.25% of iCash's diluted share capital on completion of the Merger;

- the iCash Shares will be issued no later than three months after the date of EGM and at a fixed implied issue price of 3.5 cents per iCash Share;

- the iCash Shares will be issued on completion of this aspect of the Merger, on 31 July 2015, and in consideration for the transfer by Tomialcocl Pty Ltd to iCash of 6,100,000 Stargroup Shares;

- no funds will be raised by the issue;

- Mr Zani and Michelle Zani as trustees for the Zani Superannuation Fund currently hold 20,000 iCash Shares; and

- the iCash Shares to be issued will rank equally with all other iCash Shares then on issue.

For the purposes of Chapter 2E, shareholders should note, on the bases set out in his first report that appears as Annexure B, the independent expert has valued iCash Shares at 3.5 cents each and Stargroup Shares at 4.24 cents each on the assumption that the Stargroup capital raising completes.

**Notice to ASIC**

Shareholders should be aware that in accordance with s218 of the *Corporations Act 2001*, copies of proposed resolution 3 as part of the Notice of Meeting, this Explanatory Statement and all accompanying documents were lodged with ASIC before being sent to iCash Shareholders and that ASIC has not required iCash to issue to its shareholders a separate statement by ASIC, as it may do so for such a resolution.

**Recommendation**

Your Directors unanimously recommend that you **VOTE IN FAVOUR** of the resolution. The chair intends to vote undirected proxies in favour of resolution 3.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by Mr Zani and his associates. However, iCash need not disregard any such vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

- it is not cast on behalf of Mr Zani or any of his associates.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 4. iCash Share issue to Mr Zaffer Soemya, a related party

Mr Soemya is a Non-executive Director of Stargroup. As part of the Merger, it is intended that Mr Zaffer Soemya will become an iCash Non-executive Director. As such, Mr Soemya and his associated entities, Meiktila Pty Ltd and Soemya Super Pty Ltd as trustee for the Soemya Super Fund, are under s228(6) regarded as related parties of iCash for the purpose of Chapter 2E of the *Corporations Act 2001* but are not regarded as related parties to whom ASX LR 10.11 applies and the Company relies on listing rule 10.12 exception 6 for the purpose of this resolution.

Section 208 of the *Corporations Act 2001* prohibits the giving of a financial benefit to a related party of a public company, such as iCash, without the approval of its shareholders by ordinary resolution, on which the votes of the related party and his associates are not to be counted. Mr Soemya has advised that he, through Meiktila Pty Ltd, currently holds 40,000 iCash Shares.

In addition to the information set out elsewhere in this Explanatory Statement, particularly under headings 1, 2 and 3, the following information is provided to iCash Shareholders as required by ASX LR 7.3:

- the maximum number of iCash Shares to be issued as contemplated by this resolution is 8,571,429 or 3.56% of iCash's diluted share capital on completion of the Merger;
- the iCash Shares will be issued no later than three months after the date of the EGM and at a fixed implied issue price of 3.5 cents per iCash Share;
- the iCash Shares will be issued as part of completion of this aspect of the Merger on 31 July 2015, and in consideration for the transfer by Mr Soemya or his nominee to iCash of 3,000,000 Stargroup Shares;
- no funds will be raised by the issue;
- Mr Soemya, through Meiktila Pty Ltd, currently holds 40,000 iCash Shares and will not be voting on this resolution; and
- the iCash Shares to be issued will rank equally with all other iCash Shares then on issue.

For the purposes of Chapter 2E, iCash Shareholders should note , on the bases set out in his first report that appears as Annexure B, the independent expert has valued iCash Shares at 3.5 cents each and Stargroup Shares at 4.24 cents each on the assumption that the Stargroup capital raising completes

### Notice to ASIC

Shareholders should be aware that in accordance with s218 of the *Corporations Act 2001*, copies of this proposed resolution 4 as part of the Notice of Meeting, this Explanatory Statement and all accompanying documents were lodged with ASIC before being sent to iCash Shareholders and that ASIC has not required iCash to issue to its shareholders a separate statement by ASIC, as it may do so for such a resolution.

### Recommendation

Your Directors unanimously recommend that you **VOTE IN FAVOUR** of the resolution. The chair intends to vote undirected proxies in favour of resolution 4.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by Mr Soemya and his associates. However, iCash need not disregard any such vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

- it is not cast on behalf of Mr Soemya or any of his associates.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 5. iCash Share issue to NeoICP

As part of the Merger and in order to provide iCash with further cash and cash equivalent holdings and to establish a cross-shareholding as between iCash and its principal supplier, NeoICP, the parties have agreed that NeoICP subscribe $500,000 in cash for the issue of 14,285,714 iCash Shares to NeoICP. NeoICP also wishes to increase the cash resources available to iCash to better assure the future of iCash, its exclusive Australian and New Zealand distributor, which aligns with the Directors' own wish to supplement its cash resources following the reduction in recent years of dividends flowing to iCash from its interest in NeoICP.

iCash is and will on completion of the Merger be a minority shareholder in NeoICP. The proposed iCash Share issue to NeoICP will result in iCash and NeoICP having cross-shareholdings in each other. On completion of the iCash Share issue contemplated by this resolution, NeoICP will hold 5.94% of iCash's issued share capital. NeoICP will also as part of the Merger be issued 2,000,000 Performance Shares should the issue be approved by iCash Shareholders pursuant to resolution 6.4.

In addition to the information set out elsewhere in this Explanatory Statement, the following information is provided to iCash Shareholders as required by ASX LR 7.3:

- the maximum number of iCash Shares to be issued as contemplated by this resolution is 14,285,714;

- the iCash Shares will be issued for cash no later than three months after the date of the EGM and at a fixed issue price of 3.5 cents per iCash Share – on the current timetable, the issue is scheduled to occur at the same time as completion of the buy-back, on 31 August 2015;

- the funds raised by the issue will be used by iCash for general working capital purposes; and

- the iCash Shares to be issued will rank equally with all other iCash Shares then on issue.

**Recommendation**

iCash directors Mr Jong Ho (Jay) Kim and Mr Gji Jin Kim each hold interests in and is a director of NeoICP, and have accordingly declined to make a recommendation to iCash Shareholders on this resolution. Mr Sungkon Kim holds no such office or interest. Mr Sungkon Kim, including having had regard to the independent expert's first report, recommends that you **VOTE IN FAVOUR** of the resolution. The chair intends to vote undirected proxies in favour of resolution 5.

**Voting exclusion**

iCash will disregard any votes cast on this resolution by a person who may participate in this issue, and his associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of iCash Shares, if the resolution is passed and his or her associates. However, iCash need not disregard this vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 6. Performance Share issues

By resolutions 6.1 to 6.4, the Company seeks iCash Shareholders' approval for the issue of 10,000,000 Performance Shares to iCash's post-Merger Directors and to NeoICP as follows:

- Mr Todd Zani, 4,000,000 Performance Shares;
- Mr Shaun Sutton, 2,500,000 Performance Shares;
- Mr Zaffer Soemya, 1,500,000 Performance Shares; and
- NeoICP, 2,000,000 Performance Shares;.

Each of Mr Zani, Mr Sutton and Mr Soemya is intended on completion of the Merger to be an iCash Director and therefore each of them is now a related party of iCash for the purposes of Chapter 2E of the *Corporations Act 2001*. As such related parties, the issue of Performance Shares to them or their associates is under Chapter 2E of the *Corporations Act 2001* required to be approved by iCash Shareholders. Related parties and their associates are precluded from voting on these resolutions as set out in the Notice of Meeting. The issues to Mr Zani (who, if approved, intends to hold his Performance Shares through Tomialcocl as trustee for the Tomialcocl Family Trust), Mr Sutton (who, if approved, intends to hold his Performance Shares in his own name) and Mr Soemya (who, if approved, intends to hold his Performance Shares through Meiktila Pty Ltd) are each also to be submitted to members for approval for the purposes of ASX LR 7.1. In each case, approval is not required under ASX Listing Rule 10.11

as the Company is able to rely on exception 6 in ASX Listing Rule 10.12 as each of the persons concerned is a related party by reason only of the transaction under consideration and the application of s228(6) of the *Corporations Act 2001*.

The issue of Performance Shares to NeoICP need only be approved for the purposes of ASX Listing Rule 7.1.

By the issue of the Performance Shares to the new iCash Directors, iCash is seeking to incentivise its senior leadership to achieve operational and revenue growth following the merger of the current iCash and Stargroup operations and executive teams. The issue of Performance Shares to NeoICP is to give NeoICP an incentive to assist iCash in the enhancement of its Australian operations.

It is proposed that there will be on issue four classes of Performance Share, each comprising 2,500,000 Performance Shares of that class, to be issued in the same proportions as the aggregate number of Performance Shares stated above. Each class of Performance Share will be issued in all respects on the same terms other than the performance targets specified, the dates by which the specified performance targets are to be met and the dates by which they are to be converted into iCash Shares. The terms of the proposed four classes of Performance Share are set out in Appendix A to this Explanatory Statement.

The four classes of Performance Shares and the referable performance targets are as follows:

- 2,500,000 2016 Performance Shares, convertible into 2,500,000 iCash Shares upon deployment by or through the Group of a total of 250 ATMs in Australia or overseas and the achievement of $2,500,000 annualised revenue (measured over a rolling three months term) by iCash by 31 December 2016;

- 2,500,000 2017 Performance Shares, convertible into 2,500,000 iCash Shares upon deployment by or through the Group of a total of 500 ATMs in Australia or overseas and the achievement of $5,000,000 annualised revenue (measured over a rolling three months term) by iCash by 30 June 2017;

- 2,500,000 2018 Performance Shares, convertible into 2,500,000 iCash Shares upon deployment by or through the Group of a total of 750 ATMs in Australia or overseas and the achievement of $10,000,000 annualised EBITDA (measured over a rolling three months term) by iCash by 30 June 2018; and

- 2,500,000 2019 Performance Shares, convertible into 2,500,000 iCash Shares upon deployment by or through the Group of a total of 1,000 ATMs in Australia or overseas and the achievement of $15,000,000 annualised EBITDA (measured over a rolling three months term) by iCash by 30 June 2019.

The following information, including for the purposes of s208 of the *Corporations Act 2001* and ASX LR 7.1 is provided for the assistance of iCash Shareholders:

- the Directors' holdings and relevant interests in iCash Shares pre- and post- the Merger are set out below; and

- the Directors' respective roles, Performance Share allocation and other remuneration and directors' fees, if any, on completion of the Merger, are also set out below.

| Name | Holding pre-Merger* | Holding post-Merger* | Role | Performance Share allocation / valuation | Annual salary inclusive of superannuation / directors' fees |
|---|---|---|---|---|---|
| Todd Zani | 20,000 | 17,428,571 (7.25%) | CEO / Executive Chairman | 1,000,000 of each of 2016, 2017, 2018 and 2019 Performance Shares / $73,000 | $218,783 / Nil |
| Shaun Sutton | Nil | Nil | COO / Executive Director | 625,000 of each of 2016, 2017, 2018 and 2019 Performance Shares / $42,625 | $164,250 / Nil |
| Zaffer Soemya | 40,000 | 8,571,429 (3.56%) | Non-executive Director | 375,000 of each of 2016, 2017, 2018 and 2019 Performance Shares / $23,375 | Nil / $27,375 |

** Holdings are direct or indirect as otherwise disclosed.*

- no consideration will be payable to acquire the Performance Shares;
- the Performance Shares on achievement of the relevant deployment and revenue or EBITDA targets will be converted into an equal number of iCash Shares;
- no issue price is payable on issue of the Performance Shares and no amount is payable on their conversion;
- no loans will be made by the Company in relation to the Performance Shares;
- the Company intends to issue on 31 July 2015 all the Performance Shares as part of the completion of the Merger, and in any event no later than three months after the date of the EGM;
- iCash does not have any employee incentive scheme in place or in contemplation;
- the terms of each class of Performance Share has been reviewed by ASX, who have confirmed that they are appropriate and equitable for the purposes of ASX LR 6.1;

- should the Merger fully complete and all Performance Shares be issued, all performance targets be met and all Performance Shares converted into iCash Shares and the issued share capital of iCash not otherwise change, iCash's issued share capital would on completion of all conversions increase from 240,534,739 iCash Shares to 250,534,739 iCash Shares, diluting other iCash Shareholders' holdings by approximately 4.0%; and
- the independent expert, in his second report, has ascribed to the Performance Shares a value of 4.7 cents per share.

**Notice to ASIC**

Shareholders should be aware that in accordance with s218 of the *Corporations Act 2001*, copies of proposed resolutions 6.1 to 6.4, this Explanatory Statement and all accompanying documents were lodged with ASIC before being sent to iCash Shareholders and that ASIC has not required iCash to issue to its shareholders a separate statement by ASIC, as it may do so for such a resolution.

**Recommendation**

Your Directors recommend that you **VOTE IN FAVOUR** of the resolution. The chair intends to vote undirected proxies in favour of resolutions 6.1 to 6.4.

**Voting exclusions**

Please see the Notice of Meeting for the voting exclusions applicable to resolutions 6.1 to 6.4.

## 7. Financial assistance

The purpose of resolution 7 is for iCash Shareholders to approve the giving of financial assistance by iCash to Stargroup's wholly-owned subsidiary, Star Payment Systems, in respect of the acquisition by iCash of all the Stargroup Shares on issue in consideration for the issue of iCash Shares to Stargroup Shareholders. The resolution must be passed as a special resolution; that is, the resolution must be passed by at least 75% of the votes cast by iCash Shareholders entitled to vote on the resolution. **Like all the Shareholder resolutions, this resolution and therefore the Merger is conditional on the passage of all the Shareholder Resolutions. Should any Shareholder Resolution not be passed by the requisite majority, the Merger will not proceed.**

This section, as required by the *Corporations Act 2001*, sets out all information known to iCash that is material to a decision on how to vote on resolution 7, other than information that would be unreasonable to require the Company to disclose because the Company has previously disclosed that information to iCash Shareholders.

As part of the Merger, it is proposed that Star Payment Systems' current and future indebtedness and obligations under their Master Hire Purchase Agreement dated 22 May 2014 with iCash be released on and from completion of the Stargroup Sale and Purchase Agreement and that title to the 27 ATMs supplied under the Master Hire Purchase Agreement be vested in Star Payment Systems, without further payment. The indebtedness and obligations in question comprise hire purchase instalments, interest on unpaid instalments and all other indebtedness and obligations of Star Payment Systems, present or future, actual or contingent, under and in connection with the Master Hire Purchase Agreement. Additionally, iCash has agreed that any registration on the Personal Property Securities Register of any security interest created to secure those obligations and at indebtedness, whether over those ATMs or otherwise over any of the assets and undertaking of Star Payment Systems, be withdrawn. As at 5 June 2015, the monetary value of such a release and vesting of ownership was assessed to be in the order of $142,560.

The financial assistance, if approved, may not be given until at least 14 days after the passage of this resolution. On the current timetable, the assistance would be given on or about 13 August 2015.

**Financial assistance prohibition**

This release and vesting of ownership constitute financial assistance in connection with the acquisition of iCash Shares by Stargroup Shareholders, as contemplated by Part 2J.3 of the *Corporations Act 2001*.

Section 260A(1)(b) of the *Corporations Act 2001* provides, amongst other things, that a company may financially assist a person to acquire shares in it only in specified limited purposes, including where the assistance is approved by shareholders under s260B.

Section 260B(1)(a) of the *Corporations Act 2001* requires that shareholder approval be given by, as an alternative, a special resolution of the company, with no votes cast in favour of the resolution by the person acquiring the shares or by their associates.

**Reasons for giving the financial assistance**

iCash's agreement to give the financial assistance is an agreed part of the commercial negotiations for the Merger, the major element of which is iCash's acquisition of all Stargroup Shares on issue. It was determined that it would be preferable that there be no inter-company debt as between iCash and what would become its wholly-owned subsidiary on completion of the Merger, and that Stargroup Payment Systems and for Stargroup Payment Systems own, unencumbered, the 27 ATMs in question.

**Disadvantages of giving the financial assistance**

Your Directors consider it unlikely that the giving of financial assistance as contemplated by this resolution will disadvantage the Company when viewed as part of the overall Merger.

**Notice to ASIC**

iCash Shareholders should be aware that in accordance with s260B(5) of the *Corporations Act 2001*, copies of proposed resolution 7 and this Explanatory Statement were lodged with ASIC before being sent to iCash Shareholders.

**Recommendation**

Your Directors unanimously recommend that you **VOTE IN FAVOUR** of the resolution. The chair intends to vote undirected proxies in favour of resolution 7.

**Voting exclusion**

A person acquiring iCash Shares, and his or her associates, may not vote on this resolution.

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## 8. Name change

Section 157(1)(a) of the *Corporations Act 2001* provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 8 seeks the approval of iCash Shareholders for the Company to change its name to Stargroup Limited. If the resolution is passed – as a special resolution, to be passed the resolution must be supported by at least 75% of the votes cast on the resolution – the name change will take effect on and from the date that ASIC alters the Company's registration to reflect the change.

On the current timetable, the Company intends to lodge a copy of the special resolution on 31 July 2015, contemporaneously with completion of all the other steps involved in the completion of the Merger.

Completion of the Merger and the effective date of the name change will be announced to ASX. From completion of the Merger, the Company will trade under the ASX code ASX: STL.

**Recommendation**

Your Directors unanimously recommend that you **VOTE IN FAVOUR** of the resolution. The chair intends to vote undirected proxies in favour of resolution 8.

**Voting**

All iCash Shareholders may vote on this resolution.

## GLOSSARY

In these shareholder materials, words and terms defined in *ITAA 1936* and *ITAA 1997* have the meanings there given and the following terms have the following meanings:

| | |
|---|---|
| **ASIC** | Australian Securities and Investments Commission |
| **ASX** | ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange operated by ASX Limited, as the context requires |
| **ASX LR** | ASX Listing Rule |
| **ATM** | automatic teller machine |
| **ATO** | Australian Taxation Office |
| **Board** | Board of Directors |
| **Buy-Back Agreement** | an agreement sent to iCash Shareholders under which iCash Shareholders will have their iCash Shares bought back |
| **Buy-Back Offer** | a buy-back offer sent to iCash Shareholders to buy back their iCash Shares |
| **Company** | iCash |
| **Director** | a director of the Company |
| **EBITDA** | earnings before interest, taxes, depreciation and amortisation |
| **EGM** | Extraordinary General Meeting of iCash Shareholders |
| **Explanatory Statement** | the explanatory statement that is part of this Notice of Meeting, including its annexures |
| **Group** | the Company and its wholly-owned subsidiaries |
| **Heads of Agreement** | the Heads of Agreement entered into by the Company and Stargroup on 24 December 2014 whereby the Company agrees to acquire all the issued capital in Stargroup |
| **iCash** | iCash Payment Systems Limited ABN 87 061 041 281 |
| **iCash Share** | a fully paid ordinary share issued by iCash |
| **iCash Shareholder** | a holder of an iCash Share |
| **ITAA 1936** | *Income Tax Assessment Act 1936* |
| **ITAA 1997** | *Income Tax Assessment Act 1997* |
| **Merger** | the acquisition of Stargroup (and its subsidiaries) by the Company in accordance with the Heads of Agreement |

| | |
|---|---|
| **NeoICP** | NeoICP (Korea), Inc., incorporated in the Republic of Korea (South Korea) |
| **NeoICP Share** | a unit of common stock in NeoICP |
| **NeoICP Shareholder** | a holder of a NeoICP Share |
| **Notice of Meeting** | this notice of extraordinary general meeting including the Explanatory Statement and the Proxy Form |
| **Performance Shares** | performance shares of various classes to be issued in the capital of the Company as contemplated by resolutions 6.1 to 6.4 |
| **Shareholder Resolution** | each resolution set out in the Notice of Meeting |
| **Star Payment Systems** | Star Payment Systems Pty Ltd ABN 65 165 514 205 |
| **Stargroup** | Stargroup Limited ACN 166 089 149 |
| **Stargroup Share** | a fully paid ordinary share in Stargroup |
| **Stargroup Shareholders** | all holders of Stargroup Shares as at Completion, currently scheduled for 31 July 2015 |

# ANNEXURE A – 2016, 2017, 2018 AND 2019 PERFORMANCE SHARE TERMS

**iCash Payment Systems Limited (ACN 061 041 281)**

**2016 Performance Shares**

The terms and conditions of the 2016 Performance Shares are as follows:

**Rights attaching to the 2016 Performance Shares**

(a) (**2016 Performance Shares**) Each 2016 Performance Share is a share in the capital of the Company.

(b) (**General Meetings**) The 2016 Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.

(c) (**No Voting Rights**) The 2016 Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the *Corporations Act 2001* or the ASX Listing Rules where such rights cannot be excluded by these terms.

(d) (**No Dividend Rights**) The 2016 Performance Shares do not entitle the Holder to any dividends.

(e) (**Rights on Winding Up**) Upon winding up of the Company, the 2016 Performance Shares may not participate in the surplus profits or assets of the Company, unless and only to the extent that each 2016 Performance Share has converted into a Share.

(f) (**Transfer**) The 2016 Performance Shares are not transferable.

(g) (**Reorganisation of Capital**) In the event that the Company is admitted to the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.

(h) (**Application to ASX**) The 2016 Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the official list of the ASX, upon conversion of the 2016 Performance Shares into Shares in accordance with these terms, the Company must within seven days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.

(i) (**Participation in Entitlements and Bonus Issues**) Holders of 2016 Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.

(j) (**Amendments required by ASX**) The terms of the 2016 Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.

(k) (**No Other Rights**) The 2016 Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

**Conversion of the 2016 Performance Shares**

(a) (**Conversion of 2016 Performance Shares if milestone achieved**) Each 2016 Performance Share will convert into one Share upon deployment by or through the Group of a total of 250 ATMs in Australia or overseas and $2.5 million Annualised Revenue achieved by the Company by 31 December 2016.

(b) (**Conversion of 2016 Performance Shares if milestone not achieved**) If the milestone set out in paragraph (a) above is not satisfied within the stipulated timeframe, all of the 2016 Performance Shares held by each Holder will automatically convert into one Share (in total).

(c) (**After Conversion**) The Shares issued on conversion of the 2016 Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

(d) (**Conversion Procedure**) The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the 2016 Performance Shares into the Shares.

(e) (**Ranking of Shares**) The Shares, into which the 2016 Performance Shares will convert, will rank *pari passu* in all respects with the Shares on issue at the date of conversion.

**Definitions**

**Annualised Revenue** means, at any time, the gross revenue of the Group including GST on a consolidated basis for the three completed calendar months prior to that date, multiplied by four; to give a 12 month or annualised figure;

**ATM** means automated teller machine;

**Company** means iCash Payment Systems Limited (ACN 061 041 281);

**Group** means the Company and its wholly-owned subsidiaries; and

**GST** means goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999*.

**iCash Payment Systems Limited (ACN 061 041 281)**

**2017 Performance Shares**

The terms and conditions of the 2017 Performance Shares are as follows:

**Rights attaching to the 2017 Performance Shares**

(a) (**2017 Performance Shares**) Each 2017 Performance Share is a share in the capital of the Company.

(b) (**General Meetings**) The 2017 Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.

(c) (**No Voting Rights**) The 2017 Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the *Corporations Act 2001* or the ASX Listing Rules where such rights cannot be excluded by these terms.

(d) (**No Dividend Rights**) The 2017 Performance Shares do not entitle the Holder to any dividends.

(e) (**Rights on Winding Up**) Upon winding up of the Company, the 2017 Performance Shares may not participate in the surplus profits or assets of the Company, unless and only to the extent that each 2017 Performance Share has converted into a Share.

(f) (**Transfer**) The 2017 Performance Shares are not transferable.

(g) (**Reorganisation of Capital**) In the event that the Company is admitted to the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.

(h) (**Application to ASX**) The 2017 Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the official list of the ASX, upon conversion of the 2017 Performance Shares into Shares in accordance with these terms, the Company must within seven days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.

(i) (**Participation in Entitlements and Bonus Issues**) Holders of 2017 Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.

(j) (**Amendments required by ASX**) The terms of the 2017 Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.

(k) (**No Other Rights**) The 2017 Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

**Conversion of the 2017 Performance Shares**

(a) (**Conversion of 2017 Performance Shares if milestone achieved**) Each 2017 Performance Share will convert into one Share upon deployment by or through the Group of a total of 500 ATMs in Australia or overseas and $5.0 million Annualised Revenue achieved by the Company by 30 June 2017.

(b) (**Conversion of 2017 Performance Shares if milestone not achieved**) If the milestone set out in paragraph (a) above is not satisfied within the stipulated timeframe, all of the 2017 Performance Shares held by each Holder will automatically convert into one Share (in total).

(c) (**After Conversion**) The Shares issued on conversion of the 2017 Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

(d) (**Conversion Procedure**) The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the 2017 Performance Shares into the Shares.

(e) (**Ranking of Shares**) The Shares, into which the 2017 Performance Shares will convert, will rank *pari passu* in all respects with the Shares on issue at the date of conversion.

**Definitions**

**Annualised Revenue** means, at any time, the gross revenue of the Group including GST on a consolidated basis for the three completed calendar months prior to that date, multiplied by four; to give a 12 month or annualised figure;

**ATM** means automated teller machine;

**Company** means iCash Payment Systems Limited (ACN 061 041 281);

**Group** means the Company and its wholly-owned subsidiaries; and

**GST** means goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999*.

**iCash Payment Systems Limited (ACN 061 041 281)**

**2018 Performance Shares**

The terms and conditions of the 2018 Performance Shares are as follows:

**Rights attaching to the 2018 Performance Shares**

(a) (**2018 Performance Shares**) Each 2018 Performance Share is a share in the capital of the Company.

(b) (**General Meetings**) The 2018 Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.

(c) (**No Voting Rights**) The 2018 Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the *Corporations Act 2001* or the ASX Listing Rules where such rights cannot be excluded by these terms.

(d) (**No Dividend Rights**) The 2018 Performance Shares do not entitle the Holder to any dividends.

(e) (**Rights on Winding Up**) Upon winding up of the Company, the 2018 Performance Shares may not participate in the surplus profits or assets of the Company, unless and only to the extent that each 2018 Performance Share has converted into a Share.

(f) (**Transfer**) The 2018 Performance Shares are not transferable.

(g) (**Reorganisation of Capital**) In the event that the Company is admitted to the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.

(h) (**Application to ASX**) The 2018 Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the official list of the ASX, upon conversion of the 2018 Performance Shares into Shares in accordance with these terms, the Company must within seven days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.

(i) (**Participation in Entitlements and Bonus Issues**) Holders of 2018 Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.

(j) (**Amendments required by ASX**) The terms of the 2018 Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.

(k) (**No Other Rights**) The 2018 Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

**Conversion of the 2018 Performance Shares**

(a) (**Conversion of 2018 Performance Shares if milestone achieved**) Each 2018 Performance Share will convert into one Share upon deployment by or through the Group of a total of 750 ATMs in Australia or overseas and $10 million Annualised EBITDA achieved by the Company by 30 June 2018.

(b) (**Conversion of 2018 Performance Shares if milestone not achieved**) If the milestone set out in paragraph (a) above is not satisfied within the stipulated timeframe, all of the 2018 Performance Shares held by each Holder will automatically convert into one Share (in total).

(c) (**After Conversion**) The Shares issued on conversion of the 2018 Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

(d) (**Conversion Procedure**) The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the 2018 Performance Shares into the Shares.

(e) (**Ranking of Shares**) The Shares, into which the 2018 Performance Shares will convert, will rank *pari passu* in all respects with the Shares on issue at the date of conversion.

**Definitions**

**Annualised EBITDA** means, at any time, the earnings before interest, tax, depreciation and amortisation of the Group including GST on a consolidated basis for the three completed calendar months prior to that date, multiplied by four; to give a 12 month or annualised figure;

**ATM** means automated teller machine;

**Company** means iCash Payment Systems Limited (ACN 061 041 281);

**Group** means the Company and its wholly-owned subsidiaries; and

**GST** means goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999*.

**iCash Payment Systems Limited (ACN 061 041 281)**

**2019 Performance Shares**

The terms and conditions of the 2019 Performance Shares are as follows:

**Rights attaching to the 2019 Performance Shares**

(a) (**2019 Performance Shares**) Each 2019 Performance Share is a share in the capital of the Company.

(b) (**General Meetings**) The 2019 Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.

(c) (**No Voting Rights**) The 2019 Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the *Corporations Act 2001* or the ASX Listing Rules where such rights cannot be excluded by these terms.

(d) (**No Dividend Rights**) The 2019 Performance Shares do not entitle the Holder to any dividends.

(e) (**Rights on Winding Up**) Upon winding up of the Company, the 2019 Performance Shares may not participate in the surplus profits or assets of the Company, unless and only to the extent that each 2019 Performance Share has converted into a Share.

(f) (**Transfer**) The 2019 Performance Shares are not transferable.

(g) (**Reorganisation of Capital**) In the event that the Company is admitted to the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.

(h) (**Application to ASX**) The 2019 Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the official list of the ASX, upon conversion of the 2019 Performance Shares into Shares in accordance with these terms, the Company must within seven days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.

(i) (**Participation in Entitlements and Bonus Issues**) Holders of 2019 Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.

(j) (**Amendments required by ASX**) The terms of the 2019 Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.

(k) (**No Other Rights**) The 2019 Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

**Conversion of the 2019 Performance Shares**

(a) (**Conversion of 2019 Performance Shares if milestone achieved**) Each 2019 Performance Share will convert into one Share upon deployment by or through the Group of a total of 1,000 ATMs in Australia or overseas and $15 million Annualised EBITDA achieved by the Company by 30 June 2019

(b) (**Conversion of 2019 Performance Shares if milestone not achieved**) If the milestone set out in paragraph (a) above is not satisfied within the stipulated timeframe, all of the 2019 Performance Shares held by each Holder will automatically convert into one Share (in total).

(c) (**After Conversion**) The Shares issued on conversion of the 2019 Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

(d) (**Conversion Procedure**) The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the 2019 Performance Shares into the Shares.

(e) (**Ranking of Shares**) The Shares, into which the 2019 Performance Shares will convert, will rank *pari passu* in all respects with the Shares on issue at the date of conversion.

**Definitions**

**Annualised EBITDA** means, at any time, the earnings before interest, tax, depreciation and amortisation of the Group including GST on a consolidated basis for the three completed calendar months prior to that date, multiplied by four; to give a 12 month or annualised figure;

**ATM** means automated teller machine;

**Company** means iCash Payment Systems Limited (ACN 061 041 281);

**Group** means the Company and its wholly-owned subsidiaries; and

**GST** means goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999*.

Stantons International Securities

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 42 128 908 289
AFS Licence No: 448697
www.stantons.com.au

9 June 2015

The Directors
iCash Payment Systems Limited
Unit 7
15-17 Chaplin Drive
LANE COVE NSW 2066

Dear Sirs,

**RE: VALUATION OF ICASH PAYMENT SYSTEMS LIMITED ("ICP" OR THE "COMPANY"), NEOICP (KOREA), INC. ("NEOICP") AND STARGROUP LIMITED ("STARGROUP") FOR THE PURPOSES OF ASCRIBING VALUES TO BE INCLUDED AS PART OF THE NOTICE OF EXTRAORDINARY GENERAL MEETING TO BE SENT TO ALL ICP SHAREHOLDERS IN JUNE 2015 INCLUDING ON THE ACQUISITION OF 100% OF THE ISSUED CAPITAL OF STARGROUP**

**FAIRNESS AND REASONABLENESS ON THE ISSUE OF 157,142,857 SHARES IN ICP TO ACQUIRE ALL OF THE SHARES IN STARGROUP LIMITED**

## 1. Background

1.1 We have been requested by the Directors of ICP to prepare an Independent Expert's Report on the fair value of an ICP ordinary share (an "ICP share"), the fair value of a unit of NeoICP common stock (which, for ease of reference, we will refer to in this report as a "NeoICP share") and the fair value of a Stargroup ordinary share (a "Stargroup share") in relation to the potential acquisition by ICP of all of the shares on issue in Stargroup (Resolutions numbered 2, 3 and 4 as part of 11 resolutions to be put to ICP shareholders). Contemporaneously, and as part of a potential merger, is to be an equal access scheme to buy back shares in ICP, the consideration for which is to be the transfer of NeoICP shares. Further, it is proposed that performance shares (of four different classes) be issued to the ICP directors who are to be in office as ICP directors on completion of the merger (Resolutions numbered 6.1 to 6.4). Accordingly, for the purposes of these resolutions, a fair value by an Independent Expert needs to be ascribed to an ICP share, a NeoICP share, a Stargroup share and to each class of performance share on the basis that all the transactions the subject of resolutions set out in the Notice of Meeting for the upcoming EGM proceed. This report addresses the transactions the subject of Resolutions 2, 3 and 4. A separate report has been prepared by us in relation to the performance shares.

In addition, we have been requested to report on the fairness and reasonableness of the proposal for ICP to issue 157,142,857 shares to the shareholders of Stargroup to acquire all of the issued capital of Stargroup (collectively the Stargroup shareholders will obtain a collective interest in the expanded issued capital of ICP after all of the proposals have been consummated of approximately 65.33%).

A **The Buy-Back**: Under the proposed equal access scheme buy-back (the "Buy-Back"), ICP is to buy back from existing ICP shareholders 7,678,463 ICP shares in exchange for 463,356 NeoICP shares (refer details below) pursuant to a buy-back offer to be sent to existing ICP shareholders.

Under the Buy-Back, ICP proposes to allow any ICP shareholder accepting a buy-back offer to receive NeoICP shares held by ICP in consideration for the buy-back and cancellation of a portion of their ICP shares. The cancellation of ICP shares in consideration for shares in NeoICP is, under the Corporations Act 2001, an equal access scheme regulated by Part 2J.1, Division 2 of that Act. ICP shareholders do not have to accept the buy-back offer and may retain all their ICP shares if they so choose. The buy-back is not required to be approved by ICP shareholders as it does not exceed the 10% in 12 month limit set for these purposes.

Under the Corporations Act 2001, an equal access scheme requires that buy-back offers relate only to ordinary shares, that buy-back offers are made to all holders of ordinary shares and that they have a reasonable opportunity to participate in the scheme, without accepting and processing buy-back offers under the scheme until a specified time for acceptance of offers has closed.

Under the Buy-Back, offers are proposed to be made to all ICP shareholders on the record date, which on the current timetable is to be in June 2015. At the date of this report, ICP shareholders collectively hold 76,784,631 ICP shares. The total number of ICP shares that may be bought back under the scheme is to be limited to 7,678,463 ICP shares, representing approximately but less than 10.0% of ICP's issued share capital. It is proposed that offers under the scheme be made prior to completion of the Stargroup acquisition in July 2015. Further detail concerning the Buy-Back is set out in section 2 of the Explanatory Statement to Shareholders ("ES") accompanying the Notice.

Under the Buy-Back, each individual ICP shareholder must individually agree to accept the buy-back offer made. Thus, ICP cannot compel an individual shareholder to transfer its ICP shares back to the Company, resulting in their cancellation. ICP shareholders can elect to have up to 10.0% of their individual shareholding bought back by the Company. Additionally, in the event that all ICP shareholders do not elect to have 10.0% of their shareholding bought back, the resulting shortfall in acceptances would allow individual ICP shareholders to nominate to have a greater percentage of their ICP shares (i.e., more than 10.0% of their holding) bought back so that the Company reaches a target buy-back of 7,678,463 ICP shares.

<u>Please note that we will not be reporting, nor are we (nor is ICP) required to report, on the fairness or the reasonableness of the Buy-Back. Rather, in this respect we will as required be reporting on the value of ICP shares and NeoICP shares respectively.</u>

B **The Acquisition, the Stargroup Capital Raising and the ICP Capital Raising**: As part of the proposed merger, and in addition to the Buy-Back discussed above, ICP is to issue 157,142,857 ICP shares ("Consideration Shares") to acquire 100% of the issued capital of Stargroup, a company that owns Star Payment Systems Pty Ltd ("SPS"), StarATM Pty Ltd (non-operating) and StarPOS Pty Ltd (non-operating). SPS operates Stargroup's Automatic Teller Machine ("ATM") business (acquiring ATM's and entering into ATM Placement Agreements with merchants and service providers). There are a number of conditions precedent for the acquisition of Stargroup to be completed, including, amongst other things, Stargroup itself raising $3,000,000 ("Stargroup Capital Raising") by the issue of 30,000,000 shares in Stargroup at 10 cents each. The Stargroup Capital Raising as at the date of this report has raised and issued shares totalling approximately $488,000, with a further $2,552,000 to be raised.

The proposal, contemplated by Resolutions 2, 3 and 4, to acquire all of the shares in Stargroup in exchange for the issue of ICP shares, is for the purposes of this report known as the "Acquisition".

Mr Todd Zani, currently a director and indirect shareholder of Stargroup, is to be issued 17,428,571 Consideration Shares as part of the Acquisition and become the CEO and Executive Chairman of ICP on completion of the Acquisition.

Mr Zaffer Soemya, currently also a director and shareholder of Stargroup, will be issued 8,571,429 Consideration Shares as part of the Acquisition and become an ICP Director on completion of the Acquisition.

As a further part of the merger, NeoICP will subscribe for 14,285,714 ICP shares ("Capital Raising Shares") at 3.5 cents per share, for ICP to raise a gross $500,000 (the "Capital Raising"), which is to be used by ICP for working capital purposes.

We have been requested to report on the fairness or the reasonableness of the Acquisition the subject of Resolutions 2, 3 and 4. In this respect we will be required to value the ICP shares and Stargroup shares respectively in forming our opinion on fairness and reasonableness of issuing 157,142,857 Consideration Shares to the collective shareholding of Stargroup.

1.2 **On what ICP shareholders are being asked to vote**: ICP shareholders are being asked to vote on a number of proposals that require approval by them either under the ASX Listing Rules or the Corporations Act 2001. This report is principally concerned with the proposals that are required to be approved under the Corporations Act 2001, as explained below.

The proposals for the Buy-Back, the Capital Raising and the Acquisition are together known as the “Proposals” for the purposes of this report. They are part of a merger. All of the Proposals are inter-conditional and the merger will not proceed on the present basis unless all the Proposal’s individual aspects that require shareholder approval are approved.

1.3 The Corporations Act 2001, under Sections 257B and 257C, requires companies who undertake an equal access scheme buy-back that would exceed the “10/12 Limit” (being 10% of the smallest number, at any time during the last 12 months, of votes attaching to the voting shares of a company) to obtain shareholder approval and as part of the approval process must include with the buy-back offers sent a statement setting out all information known to the company that is material to a shareholder’s decision whether or not to accept the offer. The share buy-back here, however will be under the 10/12 limit and will not require shareholder approval. The buy-back is, however an integral part of the merger and, accordingly the ICP Directors have decided to assist shareholders by providing them with the disclosure that they would receive were the share buy-back required to be approved by shareholders. The Company has requested Stantons International Securities Pty Ltd to prepare an Independent Expert’s Report to determine the values of ICP shares, NeoICP shares and Stargroup shares respectively for the purposes of assisting ICP shareholders to determine whether to approve the Proposals by voting in favour of Resolutions 2 to 4 inclusive.

1.4 None of the Resolutions set out in the Notice, including Resolutions 2, 3 and 4, seeks shareholder approval under Item 7 of Section 611 of the Corporations Act 2001 to the acquisition by the Vendors (shareholders) of Stargroup shares of a relevant Interest in any of the Consideration Shares upon their issue.

1.5 Mr Todd Zani is an indirect shareholder and director of Stargroup and will become Executive Chairman and CEO and a shareholder in ICP (his interests will hold 17,428,571 ICP shares or 7.25% of the expanded ICP following completion of the merger). As he is to become an ICP director, a result is that Chapter 2E of the *Corporations Act 2001* applies to the issue of Consideration Shares for his controlled entity’s shares in Stargroup. An Independent Expert’s Report is required as to the value of the Stargroup shares to be acquired, under ASIC Regulatory Guide 76, paragraph RG76.104, and comparing the value of those shares to the ICP shares to be issued to him in consideration.

A similar position pertains to Mr Zaffer Soemya. He is an indirect shareholder and director of Stargroup and will become a director and a shareholder in ICP (his interests will hold 8,571,429 ICP shares or 3.56% of the expanded ICP following completion of the merger).

1.6 As these two related party acquisitions, the subject of Resolutions 3 and 4, form part of the consideration for the Acquisition, we assess the value of a Stargroup share and compare that value to the value of an ICP share to assist ICP shareholders in determining whether or not to vote in favour of Resolutions 3 and 4.

The collective shareholdings of the Vendors could reach approximately 65.33% if the Buy-Back proceeds to its maximum (7,678,463 ICP shares bought back and cancelled) and the Capital Raising of 14,285,714 ICP shares proceeds). The Company is not seeking the approval of shareholders under Section 611 (Item 7) of the Corporations Act 2001 because, at the time of issue of the Consideration Shares, the Vendors are not considered associates of one another.

However, notwithstanding that there is no legal requirement, the Directors of ICP have requested that we conclude on the fairness and reasonableness of the proposal for ICP to issue 157,142,857 Consideration Shares (as noted in Resolutions 2, 3 and 4) as consideration to acquire 100% of the issued capital of Stargroup.

1.7 The balance of our report is organised under the following headings:

- Summary of our opinions
- Background and implications of the Proposals
- Basis of valuation of ICP, NeoICP and Stargroup shares
- Valuations of NeoICP, ICP and Stargroup shares
- Conclusions as to fair values of NeoICP, ICP and Stargroup shares
- Pro-forma balance sheet post-merger
- Fairness and reasonableness of the proposal to issue Consideration Shares to acquire all of the shares in Stargroup
- Conclusion on fairness and reasonableness of issuing Consideration Shares to acquire all of the shares in Stargroup
- Shareholder decision
- Sources of information

Appended to our report is a statement of our independence and an indemnity (Appendix A) and our Financial Services Guide (Appendix B).

**Summary of our opinions**

1.8 In determining the fair value of an ICP share, a NeoICP share, and a Stargroup share, we have had regard to the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 110. We have also had regard to ASIC Regulatory Guide 76. Regulatory Guide 110 requires an independent expert to opine on the fair value of a share of the entity in which a buy-back is to occur. Please note that we are not opining on the fairness and reasonableness of the Buy-back offers and the Acquisition; rather, we are opining on the fair value of ICP, NeoICP and Stargroup shares.

Accordingly, our report relating to the share buy-back is concerned with ascribing values to an ICP share and a NeoICP share, whilst our report relating to Resolutions 2, 3 and 4 is concerned with ascribing a value to an ICP share and a Stargroup share.

1.9 **In our opinion, as set out in paragraph 7.1 of this report, for the purposes of considering the Buy-Back, the fair value of an ICP share amounts to 3.5 cents and the fair value of an NeoICP share approximates 60 cents at the date of this report.**

**In our opinion, as set out in paragraph 7.1 of this report, for the purposes of considering the proposal the subject of Resolutions 2, 3 and 4, concerning the Acquisition and the issue of 157,142,857 ICP shares, the fair value of a Stargroup share, before the proposed Stargroup capital raising referred to in paragraph 6.3 below, approximates 4.24 cents at the date of this report.**

It is noted that:

- if Stargroup does not raise the total sum of $3,000,000 (refer paragraph 6.3 below) the value of a Stargroup share would approximate **0.524 cents**; and
- as set out in the Notice and ES, the merger will not proceed in its present form if the Stargroup capital raising has not been fully subscribed.

**In addition, it is our opinion, on the assumption that the Buy-Back proceeds along with the $500,000 Capital Raising and $3,000,000 gross placement by Stargroup, the proposal for ICP to issue a total of 157,142,857 Consideration Shares (ordinary shares) as consideration to acquire all of the share capital in Stargroup is not fair but reasonable.**

The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

## 2. Background and implications of the Proposals

### 2.1 Background on ICP

ICP is a technology company listed on the Australian Securities Exchange ("ASX"). ICP provides integrated financial solutions by designing, manufacturing, installing and maintaining automated teller machines (ATM's). ICP operates predominantly in two markets, being Australia and South Korea. The Company, through its 36.2% interest in NeoICP, provides end-to-end cash handling solutions including reconciliation machines and provides settlement and management platforms. Based on the adjusted 30 April 2015 unaudited financial consolidated statements of ICP (refer paragraph 5.1 below), the Company had cash and cash equivalents of approximately $336,000, a net working capital deficiency of $170,000 and net assets of $2,322,000.

### 2.2 Background on NeoICP

NeoICP is the major asset that contributes to the financial results of ICP, notwithstanding that ICP has an investment in Sonic Global Solutions, which is largely negligible in the generation of the Company's financial results for any year. Thus, in order to calculate the value of an ICP share, one must examine the value, and thus results, from ICP's interest in NeoICP, its 36.2% owned investment. NeoICP's results, which are integrated into ICP, can be summarised as follows over the past two financial years (using an exchange rate of 1$AUD = 1,000KWN):

| NeoICP | Revenue in $AUD | Result in $AUD | Equity in $AUD |
|---|---:|---:|---:|
| | | | |
| 30 June 2012 | 36,739,815 | 3,599,389 | 24,530,827 |
| 30 June 2013 | 17,317,769 | (6,020,131) | 18,648,306 |
| 30 June 2014 | 18,623,815 | 529,560 | 21,854,565 |

NeoICP in 2012, whilst recording an overall profit in 2012, started suffering from a general downturn in economic conditions in South Korea. Its 2013 profit dipped dramatically to $3,599,389, partly due to the downturn and due to revenue from hardware ceasing as a result of a dispute with Lotte (settled in 2013). The 30 June 2013 result for NeoICP reflected capital investment in new product development and associated marketing expenses, the compounding effect of the dispute with Lotte as well as continuing weak economic conditions in South Korea. It is noted that NeoICP achieved a positive result for 30 June 2014, with a net profit after tax of $529,560.

For the purposes of this report, NeoICP and its financial effect have been considered as part of ICP, and therefore have been included in the net asset backing at paragraph 5.1.

### 2.3 Background on Stargroup

Stargroup was formed in October 2013. Stargroup is a public unlisted group of companies and consists of the parent entity Stargroup Limited and its three wholly-owned entities, StarATM Pty Ltd, Star Payment Systems Pty and StarPOS Pty Ltd. Star Payment Systems Pty Ltd is the entity that operates the ATM business by acquiring ATMs and entering into agreements with merchants and service providers. ATMs are placed in convenience locations (principally, service stations, licensed venues and stores). Revenue is typically earned by end customers using the ATMs for which they are charged a fee. ATMs are placed with merchants and service providers for a lease term of approximately 5 to 7 years for an annual fee. Stargroup presently has 50 ATMs in various locations, with a view to expanding their network of ATMs to approximately 1,730 by 30 June 2019.

2.4 ICP as at 21 May 2015 has 76,784,631 shares on issue (was 104,757,842 ordinary shares on issue before a buy-back of shares occurring in early 2014). Its significant registered shareholders as at 21 May 2015, based on the top 20 shareholders list were disclosed as follows:

| | **No. of fully paid shares** | **% of issued fully paid shares** |
|---|---|---|
| Citicorp Nominees Pty Ltd | 17,819,740 | 23.21 |
| Ghi Jin Kim* | 3,730,350 | 4.86 |
| Robert and Elizabeth Gaal | 3,050,000 | 3.97 |
| Renlyn Bell Investments Pty Ltd | 2,350,882 | 3.06 |
| | 26,950,972 | 35.10 |

**Includes personal and other family shareholdings*

The top 20 ICP shareholders at 21 May 2015 owned approximately 61.81% of the issued share capital of the Company.

2.5 The Buy-back involves the buy-back and cancellation of up to 7,678,463 ICP shares from a total of 76,784,631 shares on issue at 21 May 2015 to 69,106,168 ICP shares, representing approximately but less than 10.0% of the issued share capital of the Company as at 21 May 2015. After the Capital Raising (involving an issue of 14,285,714 ICP shares) and the Acquisition (an issue of 157,142,857 ICP shares), the total number of ICP shares on issue would increase to 240,534,739.

2.6 The overall effect on the capital of the Company of the Buy-back, the Capital Raising and the Acquisition would therefore be as follows:

| Shares | Number |
|---|---|
| Shares on issue as at 21 May 2015 | 76,784,631 |
| Less: Shares cancelled pursuant to the Buy-back | (7,678,463) |
| Capital Raising (Resolution 5) | 14,285,714 |
| Consideration Shares (Resolutions 2, 3 and 4) | 157,142,857 |
| Total Shares upon completion of the Buy-back, Capital Raising and Acquisition | 240,534,739 |

2.7 The Company also proposes (subject to ICP shareholder approval – Resolutions 6.1 to 6.4) to issue performance shares (up to 10,000,000 in total) to former Stargroup directors who will be ICP post-Merger directors and NeoICP, which over time on achievement of specified targets, would convert to ICP ordinary shares on the following basis:

- 2,500,000 shares on achievement of 250 ATMs in Australia or overseas and $2,500,000 annualised revenue (measured over a rolling three months term) being achieved by ICP by 31 December 2016;
- 2,500,000 shares on achievement of 500 ATMs in Australia or overseas and $5,000,000 annualised revenue (measured over a rolling three months term) being achieved by ICP by 30 June 2017;
- 2,500,000 shares on achievement of 750 ATMs in Australia or overseas and $10,000,000 annualised earnings before interest, taxes depreciation and amortisation ("EBITDA") (measured over a rolling three months term) being achieved by ICP by 30 June 2018; and
- 2,500,000 shares on achievement of 1,000 ATM's in Australia or overseas and $15,000,000 annualised EBITDA (measured over a rolling three months term) being achieved by ICP by 30 June 2019.

2.8 The Proposals will result in the aggregate number of shares held by continuing ICP shareholders decreasing, with their individual voting powers decreasing by varying amounts. Assuming the Buy-Back offers are taken up by all shareholders pro-rata, the significant shareholders after completion of all Proposals, before the issue of any performance shares, will obtain total voting power as set out below:

| | ICP % shares held before Proposals | No. of ICP shares after Proposals | ICP shares held after Proposals |
|---|---|---|---|
| Citicorp Nominees Pty Ltd | 23.121 | 10,653,937 | 7.30 |
| Ghi Jin Kim* | 4.86 | 2,230,274 | 1.53 |
| Robert and Elizabeth Gaal | 3.97 | 1,823,512 | 1.25 |
| Renlyn Bell Investments Pty Ltd | 3.06 | 1,405,528 | 0.96 |
| | 35.10 | 16,113,251 | 11.04 |

**Includes personal and other family shareholdings*

The top 20 shareholders at 21 May 2015, assuming completion of the Proposals, would own 11.04% of the ordinary issued capital of the Company. The above table assumes no ICP shares (other than ICP shares issued as part of the Capital Raising and Acquisition) are issued between the date of this report and the completion of the Proposals. The ES provides further details of the relationships of the continuing ICP shareholders with the Company.

2.9 The financial effect of the Buy-back, will reflect that up to a maximum of $268,746 of capital will be returned to shareholders (using an assessed fair value of an ICP share of 3.5 cents) by distributing up to 463,355 of the total 3,554,846 shares held by ICP in NeoICP that as at 30 April 2015 had a total carrying value (not fair value) of $3,704,040 in the books of ICP (the Buy-Back does not involve a cash outlay by the Company), in return for the cancellation of 7,678,463 ICP shares. Using a 21 May 2015 share price of an ICP share of 4.1 cents, the buy-back consideration would approximate $1,265,965.

2.10 The current Board of Directors is expected to change on completion of the merger. The Board is currently composed of Jong Ho Jay Kim, David Sungkon Kim, Kyung Shik (Steave) Ham and Ghi Jin Kim. The Company Secretary is Sungki Lee. Messrs Todd Zani (to be appointed the Executive Chairman and CEO), Zaffer Soemya and Shaun Sutton will become directors of ICP following the completion of the merger. It is expected that Kyung Shik (Steave) Ham, David Sungkon Kim and Ghi Jin Kim will resign as directors of ICP at that time. Mr Long Ho Jay Kim and Tae Jin Kim will be ICP directors post merger with Stargroup.

2.11 Stargroup will become a direct wholly-owned subsidiary of ICP and if all offers under the Buy Back are accepted up to the maximum limit, ICP will hold 3,091,491 NeoICP shares. Currently, ICP owns approximately 34.24% of NeoICP. ICP's final percentage shareholding in NeoICP will be 29.86% if the maximum number of ICP shares are bought back under the Buy-Back.

2.12 Additionally, ICP currently is indebted to NeoICP in the sum of approximately $1.16 million. This debt is secured by an equity share pledge over 1,630,256 NeoICP shares held by ICP, which are enforceable at a share price of 500 Korean Won per share. It is planned that NeoICP will buy-back 1,934,7653 of its common stock (shares) held by ICP to satisfy an amount owing by ICP to NeoICP of around $1.16 million.

**3. Basis of valuation of NeoICP, ICP and Stargroup shares**

3.1 To assist ICP shareholders in considering whether or not to vote in favour of Resolutions 2, 3, and 4, we have sought to determine if the fair value of the Buy-Back consideration (NeoICP shares) and the Acquisition consideration price is less than the fair value of the shares in ICP currently on issue.

3.2 The Buy-Back proposal would be fair to ICP's existing shareholders if the Buy-Back consideration were equal to or greater than the fair value per ICP share currently on issue. Accordingly, we have sought to determine a theoretical fair value that could reasonably be placed on ICP shares (and NeoICP shares) for the purposes of this part of the Proposal and this report. However, we do not report on the fairness or reasonableness of the Buy-Back Proposal, given that neither we nor ICP is required to do so under ASIC Regulatory Guide 110.

Similarly, the ICP share issues the subject of Resolutions 2, 3 and 4 would be fair to the existing non-associated ICP shareholders if the value of the ordinary shares in Stargroup being acquired by ICP were greater than the implicit value of the ICP shares being issued as consideration. Accordingly, to assist shareholders in deciding on how to vote on Resolutions 2, 3 and 4, we have sought to determine a theoretical fair value that could reasonably be placed on ICP shares (and Stargroup shares). As noted above, we have been requested to report on the fairness or reasonableness of the Acquisition,

3.3 There are a number of methodologies that can be used to value an entity or business. The most common are:

- Market based valuations;
- Discounted cash flows;
- Takeover bid prices;
- Capitalised maintainable earnings; and
- Net asset backing and goodwill.

In light of the above, each of these five methodologies will be considered below to ascribe a value to NeoICP shares, ICP shares and Stargroup shares.

Market based valuation methods

Market based valuation methods are undertaken with reference to comparable transactions that have actually taken place in the market for similar assets. Valuing businesses on the basis of comparable market transactions is a useful method as it affords a relatively higher degree of objectivity, reliability and "hard evidence" of the fair market value of a business (being the price at which willing but not anxious parties dealing at arm's length are prepared to transact).

Discounted cash flow analysis

The discounted cash flow analysis ("DCF") has a strong theoretical basis, valuing an entity/business on the net present value of its future cash flows. It requires an assessment of an appropriate discount rate, an analysis of the future cash flows, the capital structure and costs of capital and an assessment of the residual value of the entity or business remaining at the end of the forecast period. This method of valuation is particularly appropriate for entities and businesses of a start up nature where there is little historical basis for normalising the earnings of the entity or business, or where it is anticipated that an entity or business will have a finite life.

Takeover bid prices

We understand from discussions with a Director of ICP that no discussions have been or are being held with non-related parties who may be interested in acquiring the business or the Company's shares. We have therefore not used takeover bid/market price methodologies.

Capitalisation of future maintainable earnings

A valuation based on the capitalisation of future maintainable earnings requires the determination of three key features: future maintainable earnings, an appropriate capitalisation rate and the value of surplus assets. Future maintainable earnings are that level of earnings which (on average) the entity or business can expect to maintain in real terms, notwithstanding the vagaries of the economic cycle.

Future maintainable earnings are based on historical information, adjusted for non-recurring and other items and also take into account likely future events. In most circumstances more weighting is given to more recent results.

The capitalisation of earnings methodology is commonly used in valuing entities or businesses and is appropriate where earnings of the entity/business are regular and sufficient to justify a value exceeding the value of the underlying assets.

Net asset backing and goodwill

Asset based valuations are normally used as a secondary method of valuation and as a cross-check on the reasonableness of the level of goodwill implied in an earnings based valuation. The view that an entity or business is worth no less than the sum of its individual asset values less its liabilities does not necessarily have a direct impact on the value of an entity or business generally as a going concern. From the shareholders'/owners' point of view, the value of an entity/business is derived from its ability to earn profits and pay dividends. The realisable value of net assets is, however, relevant in most valuations prepared on an earnings basis as it assists in confirming the quality of earnings and enables the value of goodwill to be calculated. In determining net asset values for a going concern it is important to establish the fair values and not use the book values of assets as the book values may not reflect, for example, appropriate depreciation rates or provisions for obsolescence. In the case of ICP, we consider that the net asset backing of the Company is the most appropriate valuation methodology.

## 4. Valuation of NeoICP shares

All the valuation methodologies that could be used to value NeoICP are considered below.

NeoICP is an unlisted company incorporated in South Korea. Accordingly, there is no readily available market to value a NeoICP share. We are not aware of any comparable business sales and thus we believe that a market based valuation approach does not provide a reasonable basis for valuing a NeoICP share.

The discounted cash flow methodology is not an appropriate methodology to value NeoICP, as it is not of a start up nature, whilst it has limited reliable cash flows and it appears that the company's products and technologies do not appear to have a finite life. Furthermore the past three years of results have fluctuated (results range approximately from a profit for the year ended 30 June 2012 of $3,599,000 to a loss of approximately $6,020,000 for the year ended 30 June 2013, and a subsequent profit of approximately $530,000 for the year ended 30 June 2014 and a projected (annualised) result for the year ended 30 June 2015 (based upon results to 30 April 2015) of approximately $782,000.

Future maintainable earnings is considered to be a good corroborative indicator to ascribe a value to NeoICP. With the earnings levels of NeoICP having not been regular and having fluctuated over the past three years, a cross-check using future maintainable earnings may ultimately, but is not presently, be useful in ascribing a value to NeoICP.

Accordingly, we consider the net asset backing of NeoICP to be the best present indicator of the value of a NeoICP share. Reference will also be made in this report to the last share price issue of a NeoICP share as a check on the value of NeoICP shares.

### 4.1 Net asset backing of NeoICP

The assets and liabilities disclosed below have been taken from NeoICP's unaudited statement of financial position as at 30 April 2015 after converting from Korean Won to Australian dollars at approximately 1AUD = 860KRW as at 21 May 2015.

| | 30 April 2015 $000's |
|---|---|
| **Current Assets** | |
| Cash and cash equivalents | 4,534 |
| Trade and other receivables | 2,491 |
| Inventory | 5,041 |
| | 12,066 |
| **Non Current Assets** | |
| Plant and equipment at written down values | 11,121 |
| Intangibles | 139 |
| Other receivables | 363 |
| Investments | 2,770 |
| | 14,393 |
| **Total assets** | 26,459 |
| **Current Liabilities** | |
| Trade and other payables | 1,646 |
| Short-term borrowings | 1,163 |
| | 2,809 |
| **Non Current Liabilities** | |
| Long-term borrowings | 6,118 |
| Employee entitlements and other payables | 1,832 |
| | 7,950 |
| **Total Liabilities** | 10,759 |
| **Net Assets** | **15,700** |
| **Equity** | |
| Issued capital | 6,019 |
| Retained earnings including capital surplus | 9,681 |
| **Total Equity** | **15,700** |

The above book values as at 30 April 2015 are unaudited. The above statement of financial position is based on the business continuing as a going concern. Unless otherwise indicated, we have accepted the above balances at face value. In considering fair values, we have also assumed and observe the following:

- Trade and other receivables (both current and non-current) exist, are stated at their realisable values and are not past due or impaired;
- Inventory consists of ATMs, coin deposit machines etc. and is in a saleable condition and is stated at its net realisable value and is not considered obsolete;
- Plant and Equipment, which comprises inter alia computer equipment, exist and are depreciated at rates which are consistent with their economic useful lives. Also within Plant and Equipment is a building of approximately $6.093 million and land of $4.244 million. It is assumed that this is the current fair market value of the property;
- Other financial assets belong to the company and are considered fully collectible;
- We have accepted the intangible balance, which includes capitalised software costs, development costs and patent costs. We have assumed that these costs are reviewed annually and are amortised in line with their useful lives;
- Investments comprise of investments in five companies, all of which were last fair valued at 30 April 2015. We have assumed that these investments reflect current market value, and do not require impairment;
- Current and non-current loans are stated at their fair values and that there are no off-balance sheet arrangements which have not been brought to account. We do note that borrowings are secured over land and buildings;
- There are no other trade creditors, payroll liabilities and accruals, other than as stated in the above unaudited statements of financial position, including tax liabilities, both domestic and foreign;
- There are no other loans to third parties or otherwise outstanding as at 30 April 2015; and

- The 30 April 2015 figures do not include any estimated tax liability to 30 April 2015 We have not checked the tax calculation but have no reason to believe that it is not a fair calculation of the tax liability.

The number of NeoICP shares on issue, inclusive of preference shares, total 10,352,304 (9,804,104 ordinary shares and 548,200 preference shares) reflecting an unaudited net tangible asset backing as at 30 April 2015 amounting to $1.52 per NeoICP share.

4.2 Future maintainable earnings of NeoICP

The capitalisation of earnings methodology is commonly used in valuing businesses and is appropriate where earnings of the business are regular and sufficient to justify a value exceeding the value of the underlying assets. It is noted from a review of operating results to 30 June 2014 that the established business has incurred a mixture of profits and losses over the past three financial years (based upon audited financial statements) and thus the income does not justify a value exceeding those of the underlying assets and therefore the maintainable earnings methodology is not considered presently appropriate. Notwithstanding this, it is useful to consider this methodology.

Below is a table outlining the Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) of NeoICP for the last three financial years and, in addition, the annualised forecasted result for the year ending 30 June 2015.

| (in Korean Won) | **30 June 2015*** | **30 June 2014** | **30 June 2013** | **30 June 2012** |
|---|---|---|---|---|
| **Net Profit after Tax** | 356,956,000 | 529,560,418 | (6,020,131,992) | 3,599,388,495 |
| Add back: | | | | |
| Interest Income | (19,777,333) | (92,375,638) | (313,277,278) | (403,407,663) |
| Less: | | | | |
| Interest Expense | 247,522,000 | 162,319,910 | 49,937,698 | 88,243,563 |
| Depreciation | 290,115,000 | 230,324,675 | 184,905,742 | 219,382,240 |
| Amortisation | 132,294,000 | 478,218,201 | 632,040,993 | 716,376,898 |
| Taxes | (78,451,120)** | 59,664,440 | - | 861,768,476 |
| **EBITDA of NeoICP** | 928,298,547 | 1,367,712,006 | (5,466,524,837) | 5,081,752,009 |
| **In AUD** | 1,069,343 | 1,422,420 | (5,247,864) | 4,319,489 |

***Assumes an estimation of tax payable of net income using an average rate of taxation being 22%*

Average EBITDA for the above four years approximates $390,847. Using multiples of earnings, which are common in the technology industry of between 2 and 5, the value ascribed to NeoICP on a future maintainable earnings methodology, would approximate between $781,694 and $1,954,235, with a midpoint of approximately $1,367,965. Based upon a total of 10,352,304 NeoICP shares on issue, this correlates to a value of approximately 24.56 cents per NeoICP share. Just using the forecasted EBITDA for the year ended 30 June 2015 would result in a share price of between approximately 7.6 cents and 18.9 cents.

4.3 Conclusion as to the valuation of a NeoICP share

NeoICP shares were issued to third party investors in March 2015 at a price of 500 KRW per share (approximately 60 cents per NeoICP share using an exchange rate of 1AUD = 860KRW), with a total number of 532,153 NeoICP shares being issued (which represented approximately 5.14% of the then total NeoICP shares on issue).

We understand that in May 2014, NeoICP's shares were traded by ICP to third party investors by selling 1,600,000 shares at 1,000 Korean Won per share (approximately $1.16 per share using a 12 March 2015 exchange rate) to four separate investors. Furthermore, a sale of 700,000 NeoICP shares was facilitated in September 2014 for approximately 100 Japanese Yen per share (roughly equating to AUD$1.07 per NeoICP share).

Given the above noted share valuations for NeoICP on a net asset backing basis of $1.52 per NeoICP share (refer to paragraph per 4.1) and based upon the future maintainable earnings valuation of 13.25 cents per share, the true value of a NeoICP share lies in this range. Greater weighting should be given to the recent ICP share sales, which show the true price a willing investor is prepared to pay to acquire a NeoICP share. Accordingly, based on a hybrid of all three values, we ascribe a value of 60 cents ($0.60) per NeoICP share.

**4.3.1 In conclusion, for the purposes of ascribing a value to NeoICP, the value of a NeoICP share amounts to 60 cents ($0.60) per share (as outlined in paragraph 4.3 of this report).**

## 5. Valuation of ICP shares

All the valuation methodologies used to value ICP are considered below.

As ICP is listed on the ASX, we can compare the market value of an ICP share to that of the consideration price as an indicator, providing an orderly market exists for the shares of ICP. We recognise trading in ICP shares is very thin, thus perhaps the market price may not be the best indicator of a value of ICP shares and ICP as a whole. Notwithstanding this, it is useful to compare the value of ICP shares to the underlying value of ICP as a guide. We are not aware of any comparable business sales. Thus we believe that a market based approach in this instance is a useful indicator of the value of an ICP share.

The discounted cash flow methodology is not appropriate to value ICP, as it is not of a start-up nature, it has limited reliable cash flows and it appears that the company's products and technologies do not appear to have a finite life. Furthermore the past three years of results have been negative (audited losses range approximately $12.232 million for the year ended 30 June 2012, $11.272 million for the year ended 30 June 2013 and $2.742 million for the year ended 30 June 2014).

The future maintainable earnings methodology is not considered to be a good indicator to ascribe a value to ICP. The earnings levels of ICP have not been regular 30 April 2015 the established business income does not justify a value exceeding those of the underlying assets and therefore the maintainable earnings methodology is not considered appropriate.

Accordingly, we consider the net asset backing of ICP to be the best indicator of a value of an ICP share. Reference will also be made to the listed share price of an ICP share as a check on value.

### 5.1 Net asset backing of ICP

The assets and liabilities disclosed below have been taken from ICP's unaudited statement of financial position as at 30 April 2015 but adjusting for our assessed fair value for NeoICP.

| | 30 April 2015 $000's |
|---|---|
| **Current Assets** | |
| Cash and cash equivalents | 336 |
| Trade and other receivables | 188 |
| Inventory | 590 |
| | 1,114 |

| | 30 April 2015 $000's |
|---|---|
| **Non Current Assets** | |
| Plant and equipment at written down values | 223 |
| Trade and other receivables | 136 |
| Investments (at our assessed fair value) | 2,133 |
| | 2,492 |
| **Total assets** | 3,606 |
| **Current Liabilities** | |
| Trade and other payables | 1,231 |
| Employee Benefits | 53 |
| | 1,284 |
| **Total Liabilities** | 1,284 |
| **Net Assets** | **2,322** |
| **Equity** | |
| Issued capital | 51,726 |
| Accumulated losses/reserves | (49,404) |
| **Total Equity** | **2,322** |

The above book values as at 30 April 2015 are unaudited. The above statement of financial position is based on the business continuing as a going concern. Unless otherwise indicated, we have accepted the above balances at face value. In considering fair values (before the share buy-back), we have also assumed and observe the following:

- That the Korean investment, NeoICP, has been accounted for using a percentage of 36.2% shareholding interest in accordance with the percentage of beneficial economic ownership by ICP. Initially valued at cost (approximately $3.704 million), the holding has been revalued based upon ICP's beneficial holding of 34.24% of the total NeoICP shares on issue (being 10,352,304). Using the fair value of a NeoICP share, we have reached of 60.0 cents per NeoICP share as set out in paragraph 4.3.1, we arrive at an aggregate fair value of ICP's NeoICP shares of $2,132,908 (10,352,304 shares on issue in NeoICP multiplied by a fair value of 60 cents per NeoICP share multiplied by beneficial shareholding percentage of 34.24%);
- ICP's cash at bank balance has been taken on face value;
- Trade and other receivables (both current and non-current) exist, are stated at their realisable values and are not past due or impaired;
- Inventory consists of ATMs, coin deposit machines etc. and is in a saleable condition and is stated at its net realisable value and is not considered obsolete;
- Plant and equipment, which comprises inter alia computer equipment, exist and are depreciated at rates which are consistent with their economic useful life;
- Other financial assets belong to the Company and are considered fully collectible;
- The Employee Benefits have been calculated in accordance with domestic and foreign labour laws;
- There are no other trade creditors, payroll liabilities and accruals, other than as stated in the above unaudited statement of financial position, including tax liabilities both domestic and foreign;
- There are no other loans to third parties or otherwise outstanding as at 30 April 2015; and
- The adjusted 30 April 2015 figures do not include any estimated tax liability to 30 April 2015. We have assumed tax losses and thus no tax liability is outstanding.

The number of ICP shares on issue, before the Buy-Back and as at 21 May 2015 is 76,784,631, reflecting an adjusted unaudited net tangible asset backing as at 30 April 2015 of 3.02 cents per ICP share.

5.2 Market price of ICP shares

We set out below a summary of the prices paid for ICP shares on the ASX from 1 April 2014 to 21 May 2015.

| 2014 | High Cents | Low Cents | Last Sale Cents | Volume Trade (000's) |
|---|---|---|---|---|
| April | 8.3 | 6.3 | 6.3 | 7,659 |
| May | 6.9 | 5.5 | 9.3 | 1,632 |
| June | 9.3 | 5.0 | 17.0 | 1,701 |
| July | 9.2 | 5.5 | 5.7 | 695 |
| August | 5.7 | 5.0 | 5.0 | 7 |
| September | 7.8 | 4.3 | 4.5 | 1,018 |
| October | 4.5 | 3.0 | 4.5 | 387 |
| November | 6.6 | 3.0 | 6.6 | 1,614 |
| December | 6.6 | 5.0 | 5.0 | 40 |
| January **2015** | 7.7 | 4.2 | 4.2 | 1,514 |
| February 2015 | 7.4 | 7.0 | 7.3 | 2,125 |
| March 2015 | 7.3 | 5.0 | 6.5 | 209 |
| April 2015 | 6.5 | 4.1 | 4.1 | 177 |
| May (to 21 May 2015) | 4.5 | 4.0 | 4.1 | 428 |

The share price has fluctuated over the past six months depending on, amongst other things, market announcements but in particular the state of the market in general, with a high of 7.7 cents per share and a low of 4.0 cents per share. It is noted that volumes have been relatively thin, and thus using the market price to value the ICP shares is not considered appropriate as an orderly market is not present.

5.2.1 The underlying value of ICP and the future share price of an ICP share is, inter alia, dependent on:

- Restructuring ICP and the success of the potential integration of Stargroup to establish new distribution channels in Australia to allow ICP to generate its own income stream;
- The future commercialisation of the existing integrated financial solutions and sales and installation of ATMs as well as seeking new strategic partnerships to sell existing products;
- Developing opportunities to generate new revenue streams through new distribution partners;
- The state of the South Korean and Australian economies and associated foreign exchange rates;
- The Cash position of the merged ICP;
- The state of Australian and overseas stock markets;
- Membership and control of the Board and quality of management;
- General economic conditions; and
- Liquidity of shares in ICP.

It is noted that the adjusted pro-forma book net asset backing per share as at 30 April 2015 approximates 3.02 cents per share.

Generally, the market is a fair indicator of what a share is worth, as it is assumed that the market is fully informed, however a theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. In the case of ICP, current liquidity is not strong and, as noted above, the net cash position is negligible. Arguably, based on recent price history from 1 October 2014 to 21 May 2015, the market value of an ICP share lies in the range of 3.0 cents to 7.7 cents but unless the Company has success in completing the proposed merger with Stargroup and/or furthering the distribution of NeoICP's to be commercialised ATM and integrated financial solution technology, the share price may fall below the 20 February 2015 share price of 7.3 cents. From 1 February 2015 to 21 May 2015, a share in ICP as traded on ASX has traded between 4.0 cents and 7.4 cents with the last sale price being 4.1 cents per share.

5.2.2 The closing share price as at 21 May 2015, being 4.1 cents per ICP share, does not necessarily reflect fair values of the Company's shares. If the proposed merger of Stargroup with ICP progresses, applicable agreements are signed by Stargroup with third party suppliers and future distribution of NeoICP's to be commercialised and existing solutions and new technologies proves successful, then arguably the fair value of an ICP share may be in excess of the 4.1 cent price per share as at 21 May 2015. It is considered that the market, which is fully informed, is a good indicator of the current value of an ICP share. The market has had the opportunity to digest the recent announcements and results (those announced from 1 April 2014 through to 21 May 2015) of ICP. There is an argument that as ICP shares are relatively thinly traded and the primary assets are the investment in NeoICP, trade receivables and inventory, it may be more appropriate to value an ICP share on a technical net asset backing basis.

As a result we have, however, decided to put weight on a combination of both the market value as well as the net asset backing approach in light of the relatively thin trade in ICP shares. In our view, for the purposes of ascribing a value to an ICP share for the purposes of arriving at a conclusion on the fair value of an ICP share, the fair market value of an ICP share lies in the range of 3.0 cents (being the low range of the market value of an ICP share) and 7.7 cents (being the high range of value of an ICP share in the period from 1 August 2014 to 21 May 2015), whilst the unaudited adjusted net tangible asset backing per share reflects 3.02 cents.

Taking into account share prices over the past three months but using the net asset backing as the preferred methodology, we believe the preferred fair value is 3.5 cents per ICP share. It is noted that this preferred fair value is currently lower than the actual last share sale price of 4.1 cents per share as at 21 May 2015 but is above the net asset backing value of 3.02 cents per share based upon adjusted 30 April 2015 balances.

We have been informed that it is not the Directors' current intention to wind up ICP and thus we have not valued the shares in the Company on a wind up basis.

Furthermore, it is noted that the adjusted net asset backing on a cents per ICP share basis of 3.02 cents per share is in the main less than the ASX share values of an ICP share between 3.0 cents and 7.8 cents per share and is also less than the last share price at 21 May 2015 of 4.1 cents per share.

5.2.3 **In conclusion, for the purposes of ascribing a fair value to ICP, the fair value of an ICP share amounts to 3.5 cents per share (as set out in paragraph 5.2.2 of this report).**

## 6. Valuation of Stargroup shares

6.1 We have considered all of the valuation methodologies appropriate to value shares in Stargroup.

Using a market based valuation methodology with respect to valuing Stargroup is not considered appropriate as we are not aware of any recent comparable market transactions and have therefore not used this valuation basis. However, we do note that Ezeatm Limited, an ASX listed company, sold its ATM business to a Canadian firm, DirectCash Payments Inc., in October 2014 for approximately $14.1 million. Ezeatm at the time of sale had approximately 1,150 ATMs throughout Australia, whilst Stargroup at this time has only 50 ATMs (though we understand that this is planned to change significantly in the next few years following the merger). Accordingly, the present difference in the scale of operations between Stargroup and Ezeatm does not allow for a like-for-like comparison, and thus this valuation methodology is not considered appropriate.

Discounted cashflow methodology is considered appropriate where companies are of a start-up nature and have a finite life. With respect to the valuation of Stargroup, we do not believe this basis would be appropriate as the consolidated entity that is Stargroup, whilst having commenced operations in October 2013, has limited reliable cash flows and it appears that the company's services, products and technologies (that is the provision of ATM services to end customers) do not appear to have a finite life.

Stargroup has prepared extensive discounted cashflows, using market based discount rates, but they are predicated upon Stargroup signing significant agreements with suppliers, which would potentially underpin the said future cashflows. As agreements have not been signed to date (though they may be likely in the near future), we have chosen not to apply this methodology. Notwithstanding this, should future agreements be signed, discounted cashflow valuations may be considered appropriate. For information purposes, the discounted cashflows provided for examination by Stargroup notes that the year ending 30 June 2016, will be the first year for which a positive net present value (NPV) will be generated of approximately $122,000 (assuming the total number of its ATMs increases from approximately 50 to 650 by 30 June 2016 and using a discount rate of 14.17%). The expected net present value for the years ending 30 June 2017, 2018 and 2019 are expected to be approximately $322,000, $1,011,000 and $1,152,000 respectively, based upon 1,010, 1,370 and 1,730 ATM's respectively. The terminal value assessed is $8,086,000, thus providing a total NPV of approximately $10,200,000.

We have been informed that Stargroup have signed a memorandum of understanding ("MOU") with Onecash Limited ("Onecash"), an unlisted public company which has approximately 500 ATM's and has developed a switching and processing server for the Onecash ATM network, for Stargroup to purchase Onecash Limited based on a multiple of 5 times the annualised EBITDA of Onecash's ATM network in addition to a payment of $2,000,000 (together the Valuation). The said Valuation payment of $2,000,000 plus the earning multiple is to be satisfied by the issue of 60% of the Valuation in ICP fully paid ordinary shares issued a value of 10 cents per ICP share, with the remaining 40% of the Valuation being satisfied by a payment of cash on completion of the deal. A number of conditions precedent are required to complete Stargroup's acquisition of Onecash including, inter alia, the consummation of the ICP/Stargroup deal as well as Stargroup raising a total of $3,000,000 by 31 August 2015.

We understand that, apart from ICP, no discussions have been or are being held with non-related parties who may be interested in acquiring Stargroup or the Stargroup's shares. We have therefore not used the takeover bid/market price methodologies.

Future maintainable earnings are based on historical information, adjusted for non-recurring and other items and also take into account likely future events. In most circumstances more weighting is given to the more recent results. Stargroup only began operations in October 2013, and due to the lack of trading history, this valuation methodology is not considered suitable to value the shares of Stargroup at this point of time (but noting there is potential upside).

The valuation methodology most appropriate to value Stargroup shares at this point in time appears to be net asset backing. As discussed in paragraph 3, net asset backing valuations are normally used as a secondary method of valuation and as a cross-check on the reasonableness of the level of goodwill implied in an earnings based valuation. In the absence of the overriding appropriateness of the methodologies discussed above, we have decided to use net asset backing to value the Stargroup shares.

6.2 Net asset backing of Stargroup

The assets and liabilities disclosed below have been taken from the unaudited consolidated statement of financial position of Stargroup as at 30 April 2015.

| | **April 2015**<br>**$000's** |
|---|---|
| **Current Assets** | |
| Cash and cash equivalents | 14 |
| Trade and other receivables | 76 |
| Other assets (prepayments) | 20 |
| | 110 |

| | April 2015 $000's |
|---|---|
| **Non Current Assets** | |
| Plant and equipment | 637 |
| Less: accumulated depreciation | (148) |
| | 489 |
| **Total assets** | 599 |
| | |
| **Current Liabilities** | |
| Trade and other payables | 228 |
| Employee benefits | 51 |
| Financial liabilities | 134 |
| | 413 |
| **Total Liabilities** | 413 |
| **Net Assets** | **186** |
| | |
| **Equity** | |
| Issued capital | 2,163 |
| Accumulated losses | (1,977) |
| **Total Equity** | **186** |

The above book values as at 30 April 2015 are unaudited. The above statement of financial position is based on the business continuing as a going concern. Unless otherwise indicated, we have accepted the above balances at face value. In considering fair values, we have also assumed and observe the following:

- Trade and other receivables (both current and non-current) exist, are stated at their realisable values, and are not past due or impaired;
- Inventory consists of ATM machines, coin deposit machines etc. and is in a saleable condition and is stated at the net realisable value and is not considered obsolete;
- Plant and equipment, which comprises inter alia computer equipment, exist and are depreciated at rates which are consistent with their economic useful life;
- Other assets (prepayments) belong to Stargroup and are fairly stated;
- Employee benefits have been calculated in accordance with domestic labour laws;
- There are no other trade creditors, payroll liabilities and accruals, other than as stated in the above unaudited statement of financial position, including tax liabilities;
- All financial liabilities are fairly stated including those of a hire purchase nature; and
- There are no loans to third parties or otherwise outstanding as at 30 April 2015.

The number of shares on issue in Stargroup as at the date of this report is 35,530,000. Based upon an unaudited net tangible asset backing of $186,000, as at 30 April 2015, the price per Stargroup share amounts to approximately 0.5 cents (actual, approximately 0.524 cents per Stargroup share).

From the Notice and ES, as part of the overall $3,000,000 capital raising, Stargroup is proposing to issue a further 25,520,000 shares to raise approximately $2,552,000 in conjunction with the proposed merger with ICP, at a price of 10 cents per share in late May or June 2015. It has raised $448,000 and accordingly has issued 4,480,000 Stargroup shares. On a post-Stargroup capital raising basis, assuming capital raising costs of say $150,000 are taken into account, the adjusted net tangible asset backing of Stargroup would amount to $2,588,000 with an adjusted 61,050,000 Stargroup shares on issue. The post Stargroup capital raising adjusted price per Stargroup share would thus amount to 4.24 cents per Stargroup share.

We are instructed that the merger, the subject of the Notice and the ES**, will not proceed** in its present form unless the Stargroup capital raising is fully subscribed and all 25,520,000 Stargroup shares part of the raising are issued. Accordingly, it is appropriate for the assistance of ICP shareholders to value the Stargroup shares on the basis as if the capital raising were to have been completed. Accordingly, we have determined a valuation of 4.24

cents per Stargroup share (based on the adjusted net asset backing after the Stargroup capital raising).

**6.3 In conclusion, for the purposes of ascribing a value to Stargroup as at the date of this report and assuming the Stargroup capital raising successfully proceeds, the value of a Stargroup share amounts to 4.24 cents per Stargroup share (as set out in paragraph 6.2 of this report). The net assets would approximate $2,588,000.**

However, it is noted that if Stargroup is not successful in completing the remaining part of the $3,000,000 capital raising (amounting to approximately $2,552,000), the net asset backing may approximate 0.524 cents per share.

## 7. Conclusion as to fair values of ICP, NeoICP and Stargroup shares

7.1 **In our opinion, for the purposes of ICP shareholders' evaluation of the Proposal the subject of Resolutions 2, 3 and 4 in the Notice, the fair values, at the date of this report, ascribed to an ICP share is 3.5 cents, the fair value of a NeoICP share 60.0 cents ($0.60) and the fair value of a Stargroup share is 4.24 cents.**

It is noted that if Stargroup raises the sum of $3,000,000 (refer paragraph 6.3 above) the value of a Stargroup share may approximate 4.24 cents, whilst if the capital raising is not successful, the fair value of a Stargroup share may approximate 0.524 cents per share.

## 8. Pro-forma Balance Sheet post-merger

We have been asked to provide a pro-forma balance sheet assuming that the Proposals have been effectuated by the shareholders and Stargroup has completed its capital raising of $3,000,000, but before the performance shares have converted into ICP ordinary shares.

Accordingly, the following four balance sheets represent the adjusted balances of ICP (Column A) as per paragraph 5.1 of this report to 30 April 2015, prior to the Proposals being put to shareholder vote and implemented, but adjusted for the fair value of ICP's investment in NeoICP.

Column B assumes the balances per column A noted above, and assumes the Buy-Back has been effected in full.

Column C reflects the adjustments as per column B (noted above) and in addition assumed the $500,000 capital raising from NeoICP.

Column D reflects column C (as noted above) with the merger of Stargroup, pursuant to Resolutions 2, 3 and 4 and assumes the full success of the Stargroup capital raising of $3,000,000 and capital raising costs of $150,000 (an additional $2,552,000 to raise). The 157,142,857 Consideration Shares are deemed to be issued at 3.5 cents each (refer below) at a total cost of $5,500,000 and goodwill on consolidation approximates $2,812,000.

Accordingly, the pro-forma balance sheets of ICP post the Proposals are as follows:

| | (A) Adjusted ICP 30 April 2015 $000's | (B) After Buy-Back 30 April 2015 $000's | (C) After Capital Raising from NeoICP 30 April 2015 $000's | (D) after merger with Stargroup 30 April 2015 $000's |
|---|---|---|---|---|
| **Current Assets** | | | | |
| Cash and cash equivalents | 336 | 336 | 836 | 3,252 |
| Trade and other receivables | 188 | 188 | 188 | 264 |
| Inventory | 590 | 590 | 590 | 590 |
| Other assets | - | - | - | 20 |
| | 1,114 | 1,114 | 1,614 | 4,126 |
| **Non Current Assets** | | | | |
| Plant and equipment at written down values | 223 | 223 | 223 | 712 |
| Trade and other receivables | 136 | 136 | 136 | 136 |
| Goodwill on Acquisition | - | - | - | 2,812 |
| Investments (at our assessed fair value) | 2,133 | 1,864 | 1,864 | 1,864 |
| | 2,492 | 2,223 | 2,223 | 5,524 |
| **Total assets** | 3,606 | 3,337 | 3,837 | 9,650 |
| **Current Liabilities** | | | | |
| Trade and other payables | 1,231 | 1,231 | 1,231 | 1,459 |
| Employee Benefits | 53 | 53 | 53 | 104 |
| Financial Liabilities | - | - | - | 134 |
| | 1,284 | 1,284 | 1,284 | 1,697 |
| **Total Liabilities** | 1,284 | 1,284 | 1,284 | 1,697 |
| **Net Assets** | **2,322** | **2,053** | **2,553** | **7,953** |
| **Equity** | | | | |
| Issued capital | 51,726 | 51,457 | 51,957 | 57,507 |
| Accumulated losses/reserves | (49,404) | (49,404) | (49,404) | (49,554) |
| **Total Equity** | **2,322** | **2,053** | **2,553** | **7,953** |
| No. of Shares on Issue | 76,784,631 | 69,106,168 | 83,391,882 | 240,534,739 |
| **Adjusted Net Asset Backing per ICP Share (cents per share)** | **3.02** | **2.97** | **3.06** | **3.31** |

The above balance sheets show the adjusted net asset backing per ICP share after the Proposals have been effectuated, and assumes Stargroup will raise a remaining amount of $2,552,000 and incur capital raising costs of $150,000 prior to the merger with ICP.

It is additionally noted that those ICP shareholders who accept buy-back offers under the Buy-Back will collectively be giving up 7,678,463 ICP shares worth approximately $268,746 (at 3.5 cents per ICP share) and will collectively be receiving 463,356 NeoICP shares deemed to be worth $278,014 (at $0.60 per NeoICP share).

## 9. Fairness and Reasonableness of the proposal to issue 157,142,857 Consideration Shares to acquire all of the shares in Stargroup

### Fairness issues

9.1 The proposal pursuant to Resolutions 2 to 4 is believed fair to ICP's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in Stargroup to be acquired.

9.2 Owing to the nature of the business of Stargroup, valuations depend on the value placed on the business interests of the company. Valuing future profitability and cash flows is extremely subjective because it involves assumptions regarding future events that are not capable of independent substantiation. As noted above, we have assessed the fair value of Stargroup to approximate $2,588,000.

9.3 Based on the assessed value of a share in ICP post the Share Buy-Back and $500,000 Capital Raising (these need to occur or the Acquisition of Stargroup does not occur) of 3.06 cents results in a consideration payable by ICP for all of the shares in Stargroup of $5,500,000. This compares with the assessed fair value of Stargroup after it has raised the remaining net $2,552,000 of $2,588,000.

### Reasonableness issues

<u>Advantages</u>

9.4 Notwithstanding losses to date by Stargroup, preliminary forecasts indicate that Stargroup will become profitable in the near future (refer section 6.1 of this report) but we cannot assure profitability. If Stargroup meets preliminary forecasts, the share price of an ICP share may increase from its assessed fair value of around 4.24 cents (after Share Buy-Back and the Capital Raising) and recent share prices. Shareholders will benefit from an increased value in the Company's shared.

9.5 The Company may be better placed to raise further funds by way of share equity as a result of acquiring all of the shares in Stargroup. Following the proposed Acquisition and if commercial success is achieved by Stargroup, ICP may be able to raise further funds for expansion of the Stargroup business.

9.6 There is an incentive to ICP and Stargroup, to successfully exploit the business of Stargroup as the Stargroup shareholders will collectively have significant shareholding interests in ICP.

9.7 Should the Acquisition not proceed, with its proposed injections of additional working capital, ICP may not be able to continue as a going concern and ICP will default under its secured financing facility extended by NeoICP.

9.8 In order to succeed in the implementation of its strategy and to accelerate Australian ATM deployments, ICP requires more experienced and proven management on board as well as an additional capital injection. Among other options, the ICP directors formed the view that a merger with Stargroup would deliver for ICP both these elements: both experienced management and new capital. The proposed merger provided a ready-made solution and a shortened path for ICP to achieve these goals. The EM refers to the proposed new Directors of ICP following the Acquisition completion.

9.9 Following completion of the Acquisition (of Stargroup), ICP will be a relatively larger and consolidated participant in the Australian ATM industry. Its greater presence is likely to provide the merged entity with greater opportunities to service larger Australian ATM networks and the expanded ICP will be the only ASX-listed specialist ATM deployer and on completion of the Acquisition will be in a position to consider to acquire and aggregate smaller ATM deployers.

9.10 With a greater number of persons constituting the ICP shareholder base post-Acquisition, it is anticipated that there will be more interest from investors and potential investors in ICP, and therefore greater liquidity in ICP shares on ASX.

9.11 There is currently some duplication between ICP and Stargroup. Increased synergy is expected as a result, leading to cost savings for the expanded ICP.

9.12 Post the Acquisition, there will be a higher proportion of Australian situated assets held by the expanded ICP than presently held by ICP. This may lead to greater understanding by investors and potential investors of the investment opportunity afforded by the merged entity, perhaps leading to a higher ASX share price.

Disadvantages

9.13 Shareholdings will collectively be diluted on completion of the Acquisition of Stargroup. The shareholders will collectively hold a substantial minority (28.73%) (34.67% including the Capital Raising Shareholders) of ICP on completion of the Acquisition, should the Share Buy-Back be fully taken up, whereas they presently hold all ICP shares on issue. Their existing influence over the operations and affairs of ICP will correspondingly diminish. ICP's influence over NeoICP would also diminish, including by the termination of the NeoICP Shareholders Agreement. However, it is noted that in addition to the share buy-back, NeoICP will buy-back 1,934,753 of its common stock (shares) to satisfy a debt due by ICP to NeoICP of around $1.16 million and this will alleviate the debt position of the expanded ICP Group post merger with Stargroup.

9.14 There will be a change in the majority number of the Board of directors of ICP, with the majority, post-Merger, being presently associated with Stargroup.

9.15 A greater proportion of the assets of ICP will be in the proposed Australian ATM deployment, operation and maintenance business, which will largely be in start-up operational phase, with lesser exposure to NeoICP's ATM and cash handling solution research and development, manufacturing and sales businesses, which have a greater exposure to potential scalability in Asian markets.

9.16 ICP's financial success over time will be more dependent on the success of its Australian management and Australian business than presently is the case.

**Conclusion on fairness and reasonableness of the Acquisition**

9.17 **In our opinion, the proposal to issue 157,142,857 Consideration Shares to the shareholders of Stargroup to acquire 100% of Stargroup is not fair (see paragraph 9.3 above) but on balance is considered reasonable to the non associated shareholders of ICP at the date of this report**.

## 10. Shareholder decision

10.1 Stantons International Securities Pty Ltd has been engaged to prepare an Independent Expert's Report setting out the values of a share in ICP, NeoICP and Stargroup. A separate report has been prepared addressing the values of the respective classes of performance share. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolutions 1 to 8, and in particular the Proposals the subject of Resolutions 2, 3 and 4 (in respect of the Proposals principally the subject of this report). The responsibility for whether or not to make such a voting recommendation lies with the directors of ICP. However, we are reporting on whether the proposals pursuant to Resolutions 2 to 4 are fair and reasonable.

10.2 In any event, the decision whether to vote in favour or not of Resolutions 1 to 8 is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their own particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to how they should vote on Resolutions 1 to 8, shareholders should consult their own professional advisers.

10.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in ICP. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent of whether to vote in favour of or against Resolutions 1 to 8. Shareholders should again consult their own professional advisers in this regard.

**11. Sources of Information**

11.1 In making our assessment as to the values of an ICP share, a NeoICP share and a Stargroup share (and report on the fairness and reasonableness on the Acquisition), we have reviewed relevant published available information and other unpublished information of ICP, NeoICP and Stargroup that is relevant to the current circumstances. In addition, we have held discussions with the management of ICP about the present and future operations of ICP, including on completion of the merger involving Stargroup. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of ICP.

11.2 There have been made available to us copies of the following documents:

- The audited financial report for the years ended 30 June 2013 and 30 June 2014, the unaudited (but audit reviewed) consolidated financial statements for ICP for the 6 months ended 31 December 2014, and the unaudited 30 April 2015 consolidated trial balance;
- The audited financial report as at 30 June 2013 and 30 June 2014 and the unaudited 30 April 2015 consolidated financial statements for NeoICP;
- The audited financial report as at 30 June 2014 and the unaudited 31 December 2014 consolidated financial statements for Stargroup;
- A draft offer document and buy-back agreement for the Buy-Back;
- NeoICP share sale transaction records
- ASX announcements of ICP from January 2013 to 8 June 2015;
- Share prices of ICP shares as traded on ASX between January 2014 and 21 May 2015);
- Discussions with Mr Sungki Lee, a Director and Company Secretary of ICP and Mr Todd Zani, a Director of Stargroup;
- Share Register of ICP as at 21 May 2015;
- Cash flow forecasts of ICP and NeoICP for 2015;
- Discounted cash flow forecasts for Stargroup current at January 2015; and
- Draft Stargroup information memoranda (January and February 2015);

11.3 The author independence statement and indemnity (Appendix A) and our Financial Services Guide (Appendix B) form part of this report.

Yours faithfully
**STANTONS INTERNATIONAL SECURITIES PTY LTD**
**(Trading as Stantons International Securities)**

Martin Michalik

**Martin Michalik - ACA**
**Director**

**APPENDIX A**

## AUTHOR INDEPENDENCE AND INDEMNITY

### AUTHOR INDEPENDENCE

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd trading as Stantons International Securities dated 9 June 2015, relating to valuation of a share in each of ICP, NeoICP and Stargroup (and on the fairness and reasonableness of the proposed Acquisition of Stargroup) so ICP shareholders can evaluate the merits of Resolutions 2, 3 and 4 and Resolutions 6.1 to 6.4 set out in the Notice of Meeting of Shareholders of ICP.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposed Buy-Back, the acquisition of Stargroup or any other aspect of the Proposals or the merger with Stargroup as discussed in our report. There are no relationships with ICP, NeoICP or Stargroup other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out-of-pocket expenses and is estimated not to exceed $25,000 (excluding GST). The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities Pty Ltd nor Martin Michalik has received nor will or may they receive any pecuniary or other benefit, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities Pty Ltd and its parent entity Stantons International Audit and Consulting Pty Ltd or any directors of Stantons International Securities Pty Ltd and Stantons International Audit and Consulting Pty Ltd do not hold any securities in ICP, NeoICP or Stargroup. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the value of the shares in ICP, NeoICP and Stantons International Securities Pty Ltd and Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice of Meeting.

### QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services (AFS) Licence No. 448697 under the Corporations Act 2001 relating to advice and reporting on mergers, takeover and acquisitions that involve securities. A number of the Directors of Stantons International Audit and Consulting Pty Ltd are also Directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd and Stantons International Audit and Consulting Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Martin Michalik, CA, the person responsible for the preparation of this independent expert report, has extensive experience in the preparation of valuations for companies and in advising corporations on mergers and reconstructions generally and in particular on the valuation and financial aspects thereof, including the fair value of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

### DECLARATION

This report has been prepared at the request of ICP to assist the Company with its equal access scheme buy-back offer and its acquisition of Stargroup and other transactions and issues as set out in the Notice of Meeting and the Explanatory Statement to be sent to shareholders in June 2015. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that is has carried out any form of audit on the accounting or other records of ICP, NeoICP or Stargroup. Neither the whole nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

**DUE CARE AND DILIGENCE**

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fair value of an ICP, NeoICP and Stargroup share (and the fairness and reasonableness of the Acquisition) before deciding on how to vote on Resolutions 2, 3 and 4 set out in the Notice of Meeting and discussed in the Explanatory Statement. Each individual shareholder may make up their own opinion as to whether to vote for or against those Resolutions.

**DECLARATION AND INDEMNITY**

Recognising that Stantons International Securities Pty Ltd may rely on information provided by ICP, NeoICP and Stargroup (save where it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd's experience and qualifications), ICP, NeoICP and Stargroup has agreed:

a) to make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which ICP, NeoICP and Stargroup or any shareholder may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by ICP, NeoICP and Stargroup; and

(b) to indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from ICP, NeoICP and Stargroup or their directors or management providing Stantons International Securities with any false or misleading information or in the failure of ICP, NeoICP and Stargroup in providing material information, except where the claim has arisen as a result of fraud, wilful misconduct, breach of statutory duty or negligence by Stantons International Securities Pty Ltd.

**APPENDIX B**

**FINANCIAL SERVICES GUIDE**

**FOR STANTONS INTERNATIONAL SECURITIES PTY LTD**
**(Trading as Stantons International Securities)**
**Dated 9 June 2015**

1. Stantons International Securities Pty Ltd ABN 42 128 908 289 and Australian Financial Services (AFS), Licence No. 448697 ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as an Australian financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence No. 448697;
- remuneration that we and/or our staff and any associate receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. **Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receives any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. **Remuneration or other benefits received by our employees**

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. **Associations and relationships**

SIS is ultimately a wholly-owned subsidiary of Stantons International Audit and Consulting Pty Ltd, a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audits, corporate services, internal audits as well as probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. **Complaints Resolution**

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge its receipt within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly as detailed below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Stantons International Securitie

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 42 128 908 289
AFS Licence No: 448697
www.stantons.com.au

9 June 2015

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

Dear Sirs

At the request of Sungki Lee on behalf of iCash Payment Systems Limited (the "Company" or 'iCash") received on 2 February 2015, Stantons International Securities hereby set out our technical valuations of the following performance shares ("Performance Shares") to be granted to the Stargroup's Nominated Key Management Personnel and to NeoICP (Korea), Inc as follows:

- Mr Todd Zani, 4,000,000 Performance Shares;
- Mr Shaun Sutton, 2,500,000 Performance Shares;
- Mr Zaffer Soemya, 1,500,000 Performance Shares; and
- NeoICP (Korea), Inc – 2,000,000 Performance Shares

The grant of the above Performance Shares is subject to approval by shareholders at a forthcoming extraordinary general meeting to be held planned to be held in July 2015.

By the issue of the Performance Shares, iCash is seeking to incentivise its senior leadership, compromising its Board on completion of the merger to be considered at the EGM, to achieve operational and revenue growth following the merger of the current iCash and Stargroup operations and executive team.

It is proposed that there will be on issue four classes of Performance Share, each comprising 2,500,000 Performance Shares of that class and issued to the Directors in the same proportions as the aggregate number of Performance Shares stated above. Each class of Performance Share will be issued in all respects on the same terms other than the performance targets specified, the dates by which the specified performance targets are to be met and the dates by which they are to be converted into iCash Shares.

**The four classes of Performance Share to be granted**

1. Subject to shareholder approval, the Performance Shares will be issued on and as part of the completion of the merger, vest and convert into iCash ordinary shares subject to the following performance hurdles:

(a) 2,500,000 2016 Performance Shares, which will be convertible into 2,500,000 iCash Shares on the deployment of 250 ATMs in Australia and overseas and the achievement of $2,500,000 annualised revenue (measured over a rolling three months term) by iCash by 31 December 2016;

(b) 2,500,000 2017 Performance Shares, which will be convertible into 2,500,000 iCash Shares on the deployment in Australia and overseas of 500 ATMs and the achievement of $5,000,000 annualised revenue by iCash by 31 December 2017;

(c) 2,500,000 2018 Performance Shares, which will be convertible into iCash Shares on the deployment in Australia and overseas of 750 ATMs and the achievement of $10,000,000 annualised EBITDA (measured over a rolling three months term) by iCash by 31 December 2018; and

(d) 2,500,000 2019 Performance Shares, which will be convertible into iCash Shares on the deployment in Australia and overseas of 1,000 ATMs and the achievement of $15,000,000 annualised EBITDA by iCash by 31 December 2019.

2. The Performance Shares will vest into iCash ordinary shares in the Company upon the satisfaction of vesting conditions that are non- market based vesting conditions as disclosed above.

   In respect of a class of Performance Share, the Performance Shares in question will if the referable milestone set out in paragraph 1(a) to (d) above is not satisfied within the stipulated timeframe, all of the Performance Shares of that class will automatically convert into one iCash ordinary share (in total) per holder.

3. The Performance Shares will be issued no later than one month after the date of the EGM (or such later date as permitted by any ASX waiver). Each Performance Share will vest as one iCash ordinary share and on the vesting date if the relevant milestone has been achieved.

   Should the annualised deployment revenue or EBITDA targets be reached for the relevant year, no other consideration will be payable by the Directors to acquire the Performance Shares issued to them.

4. The Performance Shares will be issued for nil cash consideration. Accordingly, no funds will be raised from the issue of the Performance Shares.

5. The shares as converted in the event of vesting of the Performance Shares shall rank pari-passu in all respects with other fully paid ordinary shares in the Company.

6. In effect, the initial undiscounted value of the Performance Shares is the value of an underlying share in the Company as traded on ASX at the date of issue of the Performance Shares. For the purpose of this valuation based on a deemed date of the grant of 9 June 2015 we have used 4.7 cents. This valuation is made for the purpose of its inclusion in the Notice of Meeting and Explanatory Statement for the EGM, hence these Performance Shares will need to be re-valued on their actual grant date, expected in July 2015.

7. As the Performance Shares will have no market-based conditions as mentioned above, no market based discount is applied. However, arguably a discount should be applied for their non-listed status and transferability restrictions. However, we have not applied any such discount. If a discount was to be applied, a discount of between 20% and 30% would not be unreasonable.

8. In effect, the initial undiscounted value of the Performance Shares is the value of an underlying share in the Company as traded on ASX at the date of issue of the Performance Shares. For the purpose of this valuation based on deemed date of the grant being 9 June 2015 we have used 4.70 cents. Under IFRS, the Company's Directors at the date of issue of the Performance Shares will need to estimate the date when each non-market based performance condition will be met and account for the value over the period from their date of issue to the date the non-market based performance conditions will be met (the longest applicable period being the period ending on the date the non-market based conditions need to be achieved for each class of Performance Share).

   In this case, the Directors may need to estimate the number of non-market-based Performance Shares that may vest and then multiply 4.70 cents by that number and account for the value of the estimated vesting period.

9. We conclude that the undiscounted value of one Performance Share based on a last underlying share price as at 9 June 2015, is 4.70 cents.

Should you wish to discuss the above, do not hesitate to contact me.

Yours faithfully
**STANTONS INTERNATIONAL SECURITIES PTY LTD**
**(Trading as Stantons International Securities)**

**John Van Dieren- FCA**
**Director**

# STARGROUP LIMITED

**ABN 99 166 089 149**

## Financial Report
## for the financial period ended
## 30 June 2014

# Financial report
# for the financial period ended 30 June 2014

# Corporate Directory

## Directors:

| | |
|---|---|
| Todd Zani | Executive Chairman |
| Shaun Sutton | Executive Director |
| Zaffer Soemya | Non-Executive Director |

## Company Secretary:

Henko Vos

## Registered Office

c/ - Nexia Perth
Level 3
88 William Street
PERTH
WESTERN AUSTRALIA 6000
Telephone: +61 (08) 9463 2463

## Principle place of Business

Unit 1, 25 Montgomery Way
MALAGA
WESTERN AUSTRALIA 6090
Telephone: +1300 286 7827

## Auditor:

Bentleys
Level 1, 12 Kings Park Road
PERTH
WESTERN AUSTRALIA 6005
Telephone: (08) 9226 4500

## Directors' report

The directors of Stargroup Limited submit herewith the annual financial report of the Company and its subsidiaries (together "the Group") for the financial period ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

## Information about directors

The names and particulars of the directors of the Company during or since the end of the financial period and up to the date of this report are:

| Name | Particulars |
| --- | --- |
| Todd Zani | *Executive Chairman (appointed 13 October 2014)*<br>Mr Todd Zani is a Chartered Accountant with over 20 years' experience and is the sole director and owner of Ezetax Pty Ltd, an accounting firm he founded in 1999 and which specialises in creating wealth by providing financial, accounting and taxation services to clients involved in various industries.<br>Mr Zani was the co-founder of Ezeatm Limited which listed on the ASX in October 2011 and which was the third most successful float on ASX in 2011. He was the Chief Executive Officer of Ezeatm Limited until June 2013 and during which time the business grew from a predominantly Western Australian business with 86 ATMs, valued at $4 million to become the largest ASX listed ATM business with more than 1,800 ATMs and a market capitalisation of $37 million. |
| Shaun Sutton | *Executive Director (appointed 16 May 2014)*<br>Mr Shaun Sutton is a highly experienced National Operations Manager responsible for overseeing the operational side of the ATM deployment business for Stargroup Limited.<br>Mr Sutton was previously the National Logistics Manager with Ezeatm Limited from 2012 during which time he oversaw significant growth as part of the national expansion of the company's operations from principally a Western Australian based ATM Deployer to being the largest ASX listed Australian ATM Deployer. |
| Zaffer Soemya | *Non-Executive Director (appointed 02 October 2013)*<br>Mr Zaffer Soemya graduated from the University of Western Australia with a Bachelor of Engineering Degree (Civil) in 1983. He has over 20 years' experience in project management of major infrastructure and mining projects in Western Australia.<br>Since 2005 he has been General Manager for a medium size engineering company specialising in the installation, maintenance and design of bulk materials handling and processing equipment in Western Australia.<br>Mr Zaffer Soemya was a director of Ezeatm Limited from its listing in October 2011 until November 2012 during which time he oversaw significant growth in the company's operations. |
| Arthur Ognesis | *Non-Executive Director (appointed 18 March 2014, resigned 13 October 2014)* |
| George Seth | *Non-Executive Director (appointed 10 February 2014, resigned 16 May 2014)* |
| Blanche Gunst | *Non-Executive Director (appointed 3 February 2014, resigned 18 March 2014)* |
| Mike Fairclough | *Non-Executive Director (appointed 2 October 2013, resigned 31 January 2014)* |
| Ian MacLiver | *Non-Executive Director (appointed 19 December 2013, resigned 15 January 2014)* |

**Directors' shareholdings**

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

| Directors | Fully paid ordinary shares Number | Share options Number |
|---|---|---|
| Todd Zani | 6,100,000 | - |
| Shaun Sutton | - | - |
| Zaffer Soemya | 3,000,000 | - |

**Outstanding options**

The Group had no outstanding options at period end or at the date of this report.

**Share options granted to Directors and executives**

There have been no share options granted to directors and executives or shares issued as a result of the exercise of any option during or since the end of the financial period.

## Company Secretary

**Mr Henko Vos** (appointed 18 August 2014)

Mr Vos is a qualified Chartered Secretary and Certified Practicing Accountant with 15 years experience working within public practice, specifically within the area of audit and assurance both in Australia and South Africa. He holds similar secretarial roles in various other listed public companies in both industrial and resource sectors. He is an employee of Nexia Perth, a mid tier corporate advisory and accounting practice.

**Mr Darren Crawte** (appointed 02 October 2013, resigned 10 October 2014)

## Principal activities

The principal activity of the Company is the supply, installation and maintenance of Automatic Teller Machines ('ATM's).

## Operating and financial review

The loss for the Group after providing for income tax amounted to $1,022,702.

The Company was registered on 02 October 2013 after which it commenced procedures to establish a supply, installation and maintenance business of ATM's.

The Company converted from a proprietary company to a public unlisted entity on 20 December 2013.

## Changes in state of affairs

The Company was incorporated on 02 October 2013 as a proprietary company. On 20 December 2013, the Company was converted to a public unlisted entity. There was no other significant change in the state of affairs of the Group during the financial period.

## Subsequent events

In August 2014 the Company received the final instalment of the outstanding $100,000 share application funds receivable at reporting date (refer note 7).

In September 2014 the Company raised a further $70,000 in new equity following the issue of 700,000 ordinary shares at $0.10 per share.

In November 2014 the Company raised a further $175,000 in new equity following the issue of 1,750,000 ordinary shares at $0.10 per share.

In December 2014 the Company raised a further $40,000 in new equity following the issue of 400,000 ordinary shares at $0.10 per share.

In December 2014 the Company signed a binding Heads of Agreement ("HOA") with ASX listed company iCash Payment Systems Limited ("ICP")(ASX code: ICP) whereby ICP will acquire 100% of Stargroup Limited through an equity swap. Under the proposed terms the Company will be required to raise a minimum of $3M through the issue of 30,000,000 ordinary shares at $0.10 each. It is further proposed that the Company will obtain three positions on the ICP board (for a total of 3 out of 5 post transaction). The transaction is subject to mutual due diligence and appropriate shareholder and regulatory approvals. The parties expect the transaction to be completed by 31 March 2015.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the current operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Future developments

Disclosure of information regarding likely developments in the operations of the Group in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

## Environmental regulations

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## Dividends

No dividends have been paid or declared since the start of the financial year. The directors do not recommend the payment of a dividend in respect of the financial period.

## Insurance of officers

During the financial period, the Company entered into a contract insuring the directors and executive officers of the Company and of any related body corporate against a liability incurred as a director or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Indemnification of officers

The Company has agreed to indemnify the directors of the Company and its controlled entities:

(a) against any liability to a third party (other than the Company or a related body corporate) unless liability arises out of conduct involving lack of good faith; and

(b) for costs and expenses incurred in successfully defending civil or criminal proceedings or in connection with an application, in relation to such proceedings, in which relief is granted under the Corporations Act 2001.

No liability has arisen under these indemnities as at the date of this report.

## Directors' meetings

The following table sets out the number of directors' meetings held during the financial period and the number of meetings attended by each director (while they were a director). During the financial period, a total of 8 board meetings were held.

| | Board of directors | |
|---|---|---|
| Directors | Eligible to attend | Attended |
| Todd Zani | - | - |
| Shaun Sutton | 1 | 1 |
| Zaffer Soemya | 8 | 8 |
| Arthur Ognesis | 3 | 3 |
| George Seth | 3 | 2 |
| Blanche Gunst | 1 | 1 |
| Mike Fairclough | 4 | 4 |
| Ian MacLiver | 1 | - |

## Proceedings on behalf of the Company

No persons have applied for leave pursuant to s.237 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of Stargroup Limited.

## Non-audit services

There were no non-audit services provided by the Group's auditor during the period.

## Auditor's independence declaration

The auditor's independence declaration is included on page 5 in the annual report and forms part of this directors' report for the period ended 30 June 2014.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

**Todd Zani**
**Executive Chairman**
Perth, 16 January 2015

Bentleys
THINKING AHEAD

**Bentleys Audit & Corporate (WA) Pty Ltd**
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

To The Board of Directors

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Stargroup Limited for the financial period ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

**BENTLEYS**
**Chartered Accountants**

**DOUG BELL CA**
**Director**

Dated at Perth this 16th day of January 2015

Bentleys
THINKING AHEAD

# Independent Auditor's Report

## To the Members of Stargroup Limited

**Bentleys Audit & Corporate (WA) Pty Ltd**
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

We have audited the accompanying financial report of Stargroup Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the period's end or from time to time during the financial period.

### Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards 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 judgment, 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.

KRESTON

A member of Bentleys, an association of independent accounting firms in Australia. The member firms of the Bentleys association are affiliated only and not in partnership. Liability limited by a scheme approved under Professional Standards Legislation. A member of Kreston International. A global network of independent accounting firms.

Accountants
Auditors
Advisors

## Independence

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

## Opinion

In our opinion:

a. The financial report of Stargroup Limited and Controlled Entities 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 period ended on that date; and

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

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 2.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that the Consolidated Entity incurred a net loss of $1,022,702 during the period ended 30 June 2014. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Bentleys

**BENTLEYS**
**Chartered Accountants**

Doug Bell

**DOUG BELL CA**
**Director**

Dated at Perth this 16th day of January 2015

## Directors' declaration

In the opinion of the directors of Stargroup Limited (the 'Company'):

a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the period then ended; and

   ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors

**Todd Zani**
**Executive Chairman**
Perth, 16 January 2015

## Statement of profit or loss and other comprehensive income for the financial period ended 30 June 2014

| | Note | Consolidated 2014 $ |
|---|---|---|
| Revenue | 4 | 183,442 |
| Cost of sales | | (156,812) |
| Gross profit | | 26,630 |
| | | |
| Other income | 4 | 2,924 |
| Employee benefit expenses | | (502,752) |
| Advertising expenses | | (40,348) |
| Company overhead expenses | | (465,877) |
| Depreciation | 5 | (40,293) |
| Finance costs | | (2,986) |
| | | |
| Loss before tax | 5 | (1,022,702) |
| Income tax benefit | 6 | - |
| **Loss for the period** | | (1,022,702) |
| | | |
| **Other comprehensive income** | | |
| *Items that will not subsequently be reclassified to profit or loss* | | - |
| *Items that may be reclassified to profit or loss* | | - |
| **Other comprehensive income for the period, net of tax** | | - |
| | | |
| **Total comprehensive loss for the period** | | (1,022,702) |
| | | |
| **Loss per share attributable** | | |
| Basic and diluted (cents per share) | 14 | (5.05) |

Notes to the financial statements are included on pages 13 to 33

# Statement of financial position
# As at 30 June 2014

| | Note | Consolidated 2014 $ |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 18(a) | 43,681 |
| Trade and other receivables | 7 | 144,736 |
| Other assets | 8 | 20,670 |
| **Total current assets** | | 209,087 |
| | | |
| **Non-current assets** | | |
| Property, plant and equipment | 9 | 496,093 |
| **Total non-current assets** | | 496,093 |
| **Total assets** | | 705,180 |
| | | |
| **Current liabilities** | | |
| Trade and other payables | 10 | 157,350 |
| Provisions | 11 | 12,099 |
| Borrowings | 12 | 75,535 |
| **Total current liabilities** | | 244,984 |
| | | |
| **Non-current liabilities** | | |
| Borrowings | 12 | 112,898 |
| **Total non-current liabilities** | | 112,898 |
| **Total liabilities** | | 357,882 |
| **Net assets** | | 347,298 |
| | | |
| **Equity** | | |
| Issued capital | 13 | 1,370,000 |
| Accumulated losses | | (1,022,702) |
| **Total equity** | | 347,298 |

Notes to the financial statements are included on pages 13 to 33

## Statement of changes in equity
## for the financial period ended 30 June 2014

**Consolidated**

| | Issued capital $ | Accumulated losses $ | Total $ |
|---|---|---|---|
| **Balance at 2 October 2013** | - | - | - |
| Loss for the period | - | (1,022,702) | (1,022,702) |
| Other comprehensive income | - | - | - |
| **Total comprehensive loss for the period** | - | (1,022,702) | (1,022,702) |
| Issue of shares | 1,370,000 | - | 1,370,000 |
| **Balance at 30 June 2014** | 1,370,000 | (1,022,702) | 347,298 |

Notes to the financial statements are included on pages 13 to 33

## Statement of cash flows
## for the financial period ended 30 June 2014

| | Note | Consolidated 2014 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | | 150,706 |
| Payments to suppliers and employees | | (1,000,415) |
| Interest and other costs of finance paid | | (2,986) |
| Interest received | | 2,924 |
| **Net cash used in operating activities** | 18(d) | (849,771) |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | | (536,386) |
| **Net cash used in investing activities** | | (536,386) |
| **Cash flows from financing activities** | | |
| Proceeds from issued of shares | | 1,240,000 |
| Proceeds from borrowings | | 191,799 |
| Repayment of borrowings | | (1,961) |
| Transaction costs on issue of shares | | - |
| **Net cash from financing activities** | | 1,429,838 |
| **Net increase in cash and cash equivalents** | | 43,681 |
| **Cash and cash equivalents at the beginning of the financial period** | | - |
| **Cash and cash equivalents at the end of the financial period** | 18(a) | 43,681 |

Notes to the financial statements are included on pages 13 to 33

# Notes to the financial statements for the financial period ended 30 June 2014

**1. General information**

Stargroup Ltd (the "Company", and together with its subsidiaries, the "Group") is a for profit public unlisted company operating in Australia.

Stargroup Limited's registered office and its principal place of business are as follows:

| **Registered office** | **Principal place of business** |
|---|---|
| Stargroup Limited | Unit 1, 25 Montgomery Way |
| c/- Nexia Perth, | Malaga WA 6090 |
| Level 3, 88 William Street | |
| Perth WA 6000 | |

The Company was incorporated on 02 October 2013. The principal activity of the Company is the supply, installation and maintenance of Automatic Teller Machines ('ATM's).

**2. Significant accounting policies**

**Basis of preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated.

The financial statements are for the Group consisting of Stargroup Limited and its subsidiaries. The financial report has been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

**Statement of compliance**

The financial report complies with International Financial Reporting Standards ('IFRS'), issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the directors on 16 January 2015.

**Going Concern**

The 30 June 2014 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the period ended 30 June 2014 the Group recorded a net loss of $1,022,702 and had a net working capital deficit of $35,897.

The Group will likely require further funding during the 2015 financial year in order to meet day to day obligations as they fall due and to progress its current operations and planned expansion. Based on the Group's cash flow forecast the Board of Directors is aware of the Group's need to access additional working capital funds in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The Directors are confident that the Group will be successful in raising additional funds through the issue of new equity, as demonstrated by raising $385,000 through the issue of new equity as well as entering into the Heads of Agreement as discussed in Note 26 subsequent to reporting date. The Directors are also aware that the Group has the option, if necessary, to relinquish certain ATM's or to restructure operations in order to maintain its cash funds at appropriate levels. Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report.

In the event that the Group is not successful in raising funds from the issue of new equity, there exists material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments to assets and liabilities that may be necessary if the Group is unable to continue as a going concern.

**2. Significant accounting policies (contd)**

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods. Refer to Note 3 for a discussion of critical judgements made in applying the entity's accounting policies and key sources of estimation uncertainty.

**Adoption of new and revised Accounting Standards**

*Standards and Interpretations applicable to 30 June 2014*
In the period ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

The following is a summary of Standards and Interpretations that have had a material impact on the Company.

- AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interests in Other Entities (2011)

  AASB 10 Consolidated Financial Statements was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements. The group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

  AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

*Standards and Interpretations in issue not yet adopted*
The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2014. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Group.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**(a) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above. When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including,

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

**2. Significant accounting policies (contd)**

**(a) Basis of consolidation (contd)**

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

**(b) Revenue and income recognition**

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) (or similar taxes) payable to the taxation authority to the extent that it is probable that the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The following specific recognition criteria must also be met before revenue is recognised:

*Automatic Teller Machine ("ATM") Transactions*
The Group levies a fee on withdrawal and other transactions undertaken by bank cardholders through its ATMs deployed in third party businesses. The revenue from each transaction is recognised on completion of the transaction on the ATM as there are no further performance obligations for the Group, and the revenue is received by the Group on a daily basis.

*Automatic Teller Machine ("ATM") support services*
The Group provides settlement, communication and other related services to third-party ATM deployer businesses. It charges a fee to such deployers on underlying ATM transactions and for other support services provided. Revenue is recognised on completion of the underlying ATM transaction and is received by the Group on a daily basis.

*Other sales and services*
Revenue from the sales of ATMs, ATM parts and from maintenance services is recognised when the risks and rewards of ownership have passed or the service rendered and recovery of the consideration is probable.

*Interest revenue*
Interest revenue is recognised on an accruals basis using the effective interest rate method.

*Sale of non-current assets*
Income from the sale of assets is measured as the consideration received net of the carrying value of the asset and any costs of disposal.

**(c) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group.

**(d) Foreign currency translation**

The consolidated financial statements are presented in Australian dollars, which is Stargroup Ltd's functional and presentation currency.

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the income statement in the financial year in which the exchange rates change.

**2. Significant accounting policies (contd)**

**(e) Finance costs**

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange differences net of hedged amounts on borrowings, including trade creditors and lease finance charges. Finance costs are recognised as expenses in the period in which they are incurred.

**(f) Trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

**(g) Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date. Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

The carrying amount of deferred income tax assets is reviewed at each balance 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. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

**2. Significant accounting policies (contd)**

**(g) Income tax (contd)**

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(h) Acquisitions of assets**

The acquisition method of accounting is used for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the effective acquisition date unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognized directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

**(i) Trade receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group.

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

**(j) Impairment of tangible and intangible assets other than goodwill**

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future 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 relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

**2. Significant accounting policies (contd)**

**(j) Impairment of tangible and intangible assets other than goodwill (contd)**

Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(k) Cash and cash equivalents**

Cash and short term deposits in the balance sheet comprises of cash at bank, cash on hand and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(l) Property, plant and equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on a diminishing value basis, and adjustments are made to write off the net cost of each item of property, plant and equipment over its expected useful life to the Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives of plant and equipment are as follows:

- ATM's 5 years
- Computer equipment and software 3 years
- Fixtures, fittings and office equipment 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The write down is expensed in the statement of comprehensive income in the reporting period in which it occurs.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

*Leasehold improvements*

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter.

**(m) Leases**

A distinction is made between finance leases (including hire purchase agreements) which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases and hire purchase agreements are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense. The interest components of the lease payments are expensed.

The lease asset is amortised on a straight-line basis over the term of the lease or, where it is likely that the Group will obtain ownership of the asset, the life of the asset.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**2. Significant accounting policies (contd)**

**(n) Provisions**

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance date.

**(o) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(p) Issued Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity are shown as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

**(q) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(r) Other taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST / VAT, unless the GST/ VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST/VAT components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(s) Financial assets**

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

**2. Significant accounting policies (contd)**

**(s) Financial assets (contd)**

*(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

*(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

*(iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*(iv) Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

**(t) Derecognition of financial assets and financial liabilities**

*(i) Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

**2. Significant accounting policies (contd)**

**(t) Derecognition of financial assets and financial liabilities (contd)**

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

*(ii) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(u) Impairment of financial assets**

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

*(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

*(iii) Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

**(v) Parent entity financial information**

The financial information for the parent entity, Stargroup Ltd, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiary entities which are accounted for at cost in the parent entity's financial statements.

**2. Significant accounting policies (contd)**

**(w) Earnings/(loss) per share**

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(x) Comparative figures**

The Company was incorporated on 02 October 2013. Consequently, there are no comparative figures to report.

**3. Critical accounting judgements and key sources of estimation uncertainty**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

*Income Taxes*

The Group is subject to income taxes in Australia. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the periods in which such determination are made. At 30 June 2014 management believe there are no material judgement areas which would result in the actual final outcome differing from the calculated income tax.

*Impairment of trade and other receivables*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

**4. Revenue**

| | Consolidated 2014 $ |
|---|---|
| An analysis of the Group's revenue for the period, from continuing operations is as follows: | |
| **Continuing operations** | |
| ATM network revenue | 183,442 |
| | 183,442 |
| **Other income** | |
| Interest revenue | 2,924 |
| | 2,924 |

**5. Loss for the period**

**Other expenses**
The result for the period includes the following expenses:

| | Consolidated 2014 $ |
|---|---|
| Depreciation | |
| ATM's | 29,581 |
| Computer equipment and software | 9,410 |
| Fixture, fittings and office equipment | 1,302 |
| | 40,293 |
| Legal fees | 151,203 |
| Advertising | 40,348 |
| Share-based payments | |
| Issue of shares to a previous director | 30,000 |

**6. Income taxes**

**a) Recognised in the statement of comprehensive income**

| | Consolidated 2014 $ |
|---|---|
| The major components of the tax benefit are: | |
| Current tax expense | - |
| Deferred tax benefit relating to the origination and reversal of temporary differences | - |
| Total tax benefit attributable to continuing operations | - |

**b) Amounts charged or credited directly to equity**

| | |
|---|---|
| Deferred income tax related to items charged directly to equity | - |
| Income tax expense reported in equity | - |

### 6. Income taxes (contd)

| | Consolidated 2014 $ |
|---|---|
| **c) The prima facie income tax expense/(benefit) on loss before tax reconciles to the income tax expense in the financial statements as follows:** | |
| Loss before income tax expense | (1,022,702) |
| Income tax expense calculated at the tax rate of 30% | (306,811) |
| Foreign tax rate adjustment | |
| Non-deductible expenses | 487 |
| Unrecognised tax assets (net) | 306,324 |
| Income tax benefit | - |

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

| | |
|---|---|
| **d) Deferred tax assets** | |
| Temporary differences | |
| Payables | 15,578 |
| Provisions | 3,630 |
| Other temporary differences | 24,568 |
| Unused tax losses | 268,750 |
| Deferred tax assets not brought to account | (306,324) |
| | 6,202 |

The Group has $895,833 in cumulative unrecognised tax losses and 125,248 in unrecognised temporary differences arising in Australia which are available indefinitely for offset against future taxable profits of the companies in which the losses arose. These losses remains available to the Group to offset against future taxable profits provided it continues to meet the relevant taxation requirements.

| | |
|---|---|
| **e) Deferred tax liability** | |
| Temporary differences | |
| Prepayments | 6,202 |
| | 6,202 |

| | |
|---|---|
| **f) Net deferred tax liability** | |
| Reflected in the statement of financial position as follows: | |
| Deferred tax assets | 6,202 |
| Deferred tax liability | (6,202) |
| Deferred tax asset (net) | - |

| | |
|---|---|
| **g) Current tax liability provided for** | - |

### 7. Trade and other receivables

| | Consolidated 2014 $ |
|---|---|
| Current | |
| Trade receivables | 32,736 |
| Other receivables[(i)] | 112,000 |
| | 144,736 |

(i) Other receivables include $100,000 share application funds receivable at period end. These funds were subsequently received in full by the Company.

**8. Other assets**

| | Consolidated 2014 $ |
|---|---|
| Current | |
| Prepayments | 20,670 |
| | 20,670 |

**9. Property, plant and equipment**

| | Consolidated | | | |
|---|---|---|---|---|
| | ATM's $ | Computer equipment and software $ | Furniture, fixtures and office equipment at cost $ | Total $ |
| **Gross carrying amount** | | | | |
| **Balance at 2 October 2013** | - | | | |
| Additions | 465,601 | 60,075 | 10,710 | 536,386 |
| Disposals | - | - | - | |
| Revaluation | - | - | - | |
| **Balance at 30 June 2014** | 465,601 | 60,075 | 10,710 | 536,386 |
| **Accumulated depreciation/ amortisation and impairment** | | | | |
| **Balance at 2 October 2013** | - | - | - | - |
| Disposals | - | - | - | - |
| Depreciation expense | 29,581 | 9,410 | 1,302 | 40,293 |
| **Balance at 30 June 2014** | 29,581 | 9,410 | 1,302 | 40,293 |
| **Net book value** | | | | |
| As at 30 June 2014 | 436,020 | 50,665 | 9,408 | 496,093 |

**10. Trade and other payables**

| | Consolidated 2014 $ |
|---|---|
| Trade payables(i) | 84,323 |
| Other payables (ii) | 73,027 |
| | 157,350 |

(i) Trade payables are non-interest bearing and are normally settled on 30 day terms.
(ii) The balance includes $10,000 that relates to excess share application funds received by the Company. The amount was refunded subsequent to period end.

**11. Provisions**

| | Consolidated 2014 $ |
|---|---|
| Annual leave | 10,203 |
| Other employee entitlements | 1,896 |
| | 12,099 |

## 12. Borrowings

| | Consolidated 2014 $ |
|---|---|
| **Current** | |
| Hire purchase agreements | 71,280 |
| Less: unexpired interest charges | (12,372) |
| | 58,908 |
| | |
| Premium funding | 18,032 |
| Less: unexpired interest charges | (1,405) |
| | 16,627 |
| | |
| **Total current borrowings** | 75,535 |
| | |
| **Non current** | |
| Hire purchase agreements | 136,620 |
| Less: unexpired interest charges | (23,722) |
| | 112,898 |
| | |
| **Total non current borrowings** | 112,898 |

The Group has entered into hire purchase agreements to fund the acquisition of ATM's and other operating assets. These agreements have fixed interest rates and varying terms, normally 3 years.

## 13. Issued capital

| | Consolidated 2014 $ |
|---|---|
| 27,700,000 fully paid ordinary shares | 1,370,000 |

| Date | Details | No. | $ |
|---|---|---|---|
| | Balance at the beginning of the financial period | - | - |
| 02 Oct 2013 | Issue of shares at $0.01 per share | 20,000,000 | $200,000 |
| 30 Oct 2013 | Issue of shares at $0.001 per share | 50,000,000 | 50,000 |
| 30 Oct 2013 | Issue of shares at $0.01 per share | 25,000,000 | $250,000 |
| | | 95,000,000 | $500,000 |
| 20 Nov 2013 | Share consolidation at 1 share for every 5 shares held | 19,000,000 | - |
| 29 Jan 2014 | Issue of shares at $0.10 per share | 2,500,000 | 250,000 |
| 18 Mar 2014 | Issue of shares at $0.10 per share | 2,300,000 | 230,000 |
| 05 May 2014 | Issue of shares at $0.10 per share | 1,000,000 | 100,000 |
| 16 May 2014 | Issue of shares at $0.10 per share | 900,000 | 90,000 |
| 28 May 2014 | Issue of shares at $0.10 per share | 2,000,000 | 200,000 |
| 30 Jun 2014 | Balance at the end of the financial period | 27,700,000 | $1,370,000 |

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.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

**Share options**

The Company did not have any share options on issue during the period, a position that remains unchanged at the date of this report.

## 14. Loss per share

| | Consolidated |
|---|---|
| | 2014 |
| | Cents per share |
| Basic loss per share attributable to ordinary equity holders of the parent | 5.05 |

**Basic loss per share**

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

| | Consolidated |
|---|---|
| | 2014 |
| | $ |
| Net loss attributable to ordinary equity holders of the parent | (1,022,702) |

| | 2014 |
|---|---|
| | No. |
| Weighted average number of ordinary shares for the purposes of basic loss per share | 20,259,926 |

**Diluted loss per share**

Diluted loss per share is the same as basic loss per share.

## 15. Commitments

Lease commitments – operating

The Group entered into a commercial rental arrangement on land and buildings occupied by the Group. The lease was entered into on 1 September 2013 covering a period of 1 year from that date, with renewal options available to the Group.

The Group did not have any other operating lease commitments at reporting date.

Committed at the reporting date but not recognised as liabilities, payable:

| | Consolidated |
|---|---|
| | 2014 |
| | $ |
| Within one year | 6,000 |
| After one year but not more than five years | - |
| | 6,000 |

Lease commitments – finance

The Group has entered into hire purchase agreements to fund the acquisition of ATM's and other operating assets, as well as a premium funding arrangement in relation to the Group's insurance policies. These agreements have fixed interest rates and varying terms.

Committed at the reporting date and recognised as liabilities, payable:

| | Consolidated |
|---|---|
| | 2014 |
| | $ |
| Within one year | 89,312 |
| After one year but not more than five years | 136,620 |
| Total commitment | 225,932 |
| Less: Future finance charges | (37,499) |
| Net commitment recognised as liabilities | 188,433 |
| | |
| Representing: | |
| Lease liability – current (note 12) | 75,535 |
| Lease liability – non-current (note 12) | 112,898 |
| | 188,433 |

## 16. Contingent liabilities and contingent assets

In the opinion of the directors, there were no contingent assets or liabilities as at 30 June 2014 and no contingent assets or liabilities were incurred in the interval between the period end and the date of this financial report.

### 17. Subsidiaries

| Name of entity | Country of incorporaqtion | | Ownership interest 2014 % |
|---|---|---|---|
| **Legal Parent entity** | | | |
| Stargroup Limited | Australia | | N/A |
| | | | |
| **Legal Subsidiaries** | | | |
| Star Payment Systems Pty Ltd | Australia | | 100% |
| Starpos Pty Ltd | Australia | | 100% |
| Staratm Pty Ltd | Australia | | 100% |

### 18. Notes to the statement of cash flows

**(a) Reconciliation of cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | Consolidated 2014 $ |
|---|---|
| Cash and cash equivalents per statement of cashflows and statement of financial position | 43,681 |

**(b) Non-cash financing and investing activities**

During the current financial period and the prior financial period, there were no non-cash financing or investing activities.

**(c) Financing facilities**

The Group did not have any financing facilities at reporting date, nor at the date of this report.

**(d) Reconciliation of loss for the period to net cash outflows from operating activities**

| | Consolidated 2014 $ |
|---|---|
| **Loss for the period** | (1,022,702) |
| Depreciation and amortisation | 40,293 |
| Share-based payments | 30,000 |
| | |
| **(Increase)/decrease in assets:** | |
| Trade and other receivables | (65,406) |
| **Increase/(decrease) in liabilities:** | |
| Trade and other payables | 155,945 |
| Provisions | 12,099 |
| **Net cash outflow from operating activities** | **(849,771)** |

**(e) Non-cash financing activities**

| | Consolidated 2014 $ |
|---|---|
| Acquisition of assets by means of finance leases (note 9) | 465,601 |

**19. Financial instruments**

**(a) Overview**

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Capital Management

This note presents information about the 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 note and the 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 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 Group's activities. The Group aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**(b) Credit risk management**

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 receivables from customers and receivables due from subsidiaries. The Group has no significant concentrations of credit risk. The Group obtains, where appropriate, relevant guarantees and securities to ensure recoverability of the amounts owed.

The Group has policies in place to ensure that sale of products and services are made to customers with an appropriate credit history. Cash deposits are limited to high credit quality financial institutions. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**(c) Liquidity risk management**

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 to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall 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 6 months, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturities for its non-derivative financial assets and liabilities and have been prepared on the following basis:

- Financial assets - based on the undiscounted contractual maturities including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period; and
- Financial liabilities - based on undiscounted cash flows on the earliest date on which the Group can be required to pay, including both interest and principal cash flows.

| | CONSOLIDATED | | | | | | |
|---|---|---|---|---|---|---|---|
| **2014** | **Less than 1 month $** | **1 - 3 months $** | **3 months to 1 year $** | **1 - 5 years $** | **5+ years $** | **No fixed term $** | **Total $** |
| **Financial assets** | | | | | | | |
| Non-interest bearing | 500 | 144,736 | - | - | - | - | 145,236 |
| Variable interest rate | 43,181 | - | - | - | - | - | 43,181 |
| | 43,681 | 144,736 | - | - | - | - | 188,417 |
| **Financial liabilities** | | | | | | | |
| Non-interest bearing | 147,350 | 10,000 | - | - | - | - | 157,350 |
| Fixed interest rate | 6,756 | 13,513 | 55,266 | 112,898 | - | - | 188,433 |
| | 154,106 | 23,513 | 55,266 | 112,898 | - | - | 345,783 |

The Group did not have any unsettled derivative financial instruments at reporting date (2013: not applicable).

**19. Financial instruments (contd)**

**(d) Market risk**
Market risk is the risk that changes in market prices will affect the Group's income. The Group's activities expose it primarily to the financial risks of changes in interest rate, foreign currency exchange rate prices and exchange rates. The Group does not enter in derivative financial instruments to manage its exposure to these risks.

The Group manages market risks as follows:

Customers - by diversifying supply into different markets.
- by packaging solutions to meet specific needs.

Suppliers - by diversifying, as far as possible, the number of suppliers for any major given product line.
- by entering into supply contracts over short to medium time frames.

**(e) Foreign currency risk management**
Currency risk is the risk that the value of a financial commitment, probable transaction, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group does not undertake any transactions denominated in foreign currencies. All contracts are denominated in Australian dollars.

**(f) Interest rate risk management**
The Group is exposed to interest rate risk and manages this risk by keeping liabilities to a financially tolerable level and taking into account expected movements in interest rates.

Some of the Group's assets are subject to interest rate risk but the Group is not dependent on this income. Interest income is only incidental to the Group's operations and operating cash flows. The Company and Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

<u>Interest rate sensitivity analysis</u>
The sensitivity analyses of the Group's exposure to interest rate risk at the reporting date has been determined based on the change of 50 basis points in interest rates. At reporting date, if interest rates had been 50 basis points higher and all other variables were constant, the Group's net loss would have increased by $726 (2013: not applicable) with a corresponding decrease in equity. Where interest rates decreased, there would be an equal and opposite impact on the loss.

The Group's sensitivity to interest rates has increased during the current period mainly due to the increase in variable cash and cash equivalents and the use of borrowings to finance operations.

**(g) Capital management**
Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, to ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes only ordinary share capital. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market taking into account the level of the Group's operations.

**(h) Fair value measurement**

The following tables detailed the Groups' assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – unobservable inputs for the asset or liability.

| Consolidated – 2014 | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Assets** | | | | |
| | - | - | | |
| **Liabilities** | | | | |
| | - | - | - | - |

There were no transfers between levels during the period. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short term nature.

**20. Share-based payments**

On 18 March 2014 the Company issued 300,000 ordinary shares to a director as a performance incentive. The shares were issued at a deemed issue price of $0.10 per share, which was the issue price of other ordinary shares issued at that time. The Company recognised the share issue as part of its issued capital (note 13) with a share-based payment expense recognised in the statement of profit or loss and other comprehensive income.

**21. Related party transactions**

**(a) Equity interests in related parties**

**Equity interests in subsidiaries**

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note17 to the financial statements.

**(b) Transactions with key management personnel**

**i. Key management personnel compensation**

The aggregate compensation paid to key management personnel of the Group is set out below:

| | Consolidated 2014 $ |
|---|---|
| Short term employee benefits | 185,262 |
| Post employment benefits | 13,246 |
| Share based payments | 30,000 |
| | 228,508 |

**(c) Parent entity**

The parent entity in the Group is Stargroup Limited. Interests in subsidiaries are set out in note 17.

**(d) Loans to key management personnel**

There were no loans advanced to any key management personnel during the current or previous financial periods.

**(e) Other transactions with key management personnel of the Group**

The Company issued 300,000 ordinary shares to Mr G Seth during his tenure as a director as a performance incentive. The shares were issued at a deemed issue price of $0.10 per share, which was the issue price of other ordinary shares issued at that time. (refer note 20).

There were no other transactions with key management personnel.

**(f) Transactions with other related parties**

There were no other transactions entered into with related parties by the Group.

**22. Segment reporting**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker.

The Company operated in one business segment and one geographical segment during the period, namely the ATM industry in Australia. AASB 8 Operating Segments states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, supply, installation and maintenance of ATM's. None of the other operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. Stargroup Limited has therefore decided to aggregate all their segments into one reportable operating segment.

The revenues and results of this segment are those of the Company as a whole and are set out in the statement of comprehensive income. The segment assets and liabilities of this segment are those of the Company and are set out in the statement of financial position.

### 23. Remuneration of auditors

| | Consolidated 2014 $ |
|---|---|
| **Auditor of the Group** | |
| Audit or review of the financial report | 6,500 |
| | 6,500 |

The auditor of Stargroup Limited is Bentleys. Bentleys
did not provide or receive payment for any other services.

### 24. Dividends

The Company did not declare or pay a dividend during the financial period (2013: not applicable).

### 25. Parent entity disclosures

| **Financial position** | Consolidated 2014 $ |
|---|---|
| Assets | |
| Current assets | 136,734 |
| Non-current assets | 1,244,300 |
| Total assets | 1,381,034 |
| Liabilities | |
| Current liabilities | 10,200 |
| Non-current liabilities | - |
| Total liabilities | 10,200 |
| Equity | |
| Issued capital | 1,370,000 |
| Retained Earnings | 834 |
| | 1,370,834 |

**Financial Performance**

| | |
|---|---|
| Profit for the period | 834 |
| Total comprehensive (loss)/income | 834 |

**Guarantees entered into by the parent entity**
There have been no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

**Contingencies of the parent entity**
In the opinion of the directors, there were no contingent assets or liabilities as at 30 June 2014 which related to the parent entity.

**Commitments for the acquisition of property, plant and equipment by the parent entity**
The parent entity had no commitments at 30 June 2014 for the acquisition of property, plant and equipment.

**26. Subsequent events**

In August 2014 the Company received the final instalment of the outstanding $100,000 share application funds receivable at reporting date (refer note 7).

In September 2014 the Company raised a further $70,000 in new equity following the issue of 700,000 ordinary shares at $0.10 per share.

In November 2014 the Company raised a further $175,000 in new equity following the issue of 1,750,000 ordinary shares at $0.10 per share.

In December 2014 the Company raised a further $40,000 in new equity following the issue of 400,000 ordinary shares at $0.10 per share.

In December 2014 the Company signed a binding Heads of Agreement ("HOA") with ASX listed company iCash Payment Systems Limited ("ICP")(ASX code: ICP) whereby ICP will acquire 100% of Stargroup Limited through an equity swap. Under the proposed terms the Company will be required to raise a minimum of $3M through the issue of 30,000,000 ordinary shares at $0.10 each. It is further proposed that the Company will obtain three positions on the ICP board (for a total of 3 out of 5 post transaction). The transaction is subject to mutual due diligence and appropriate shareholder and regulatory approvals. The parties expect the transaction to be completed by 31 March 2015.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the current operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**iCash Payment Systems Limited**
ABN 87 061 041 281

## Lodge your vote:

**By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

## For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

# Proxy Form

**For your vote to be effective it must be received 2.30 pm (Sydney time) on Monday, 27 July 2015**

## How to Vote on Items of Business
All your securities will be voted in accordance with your directions.

### Appointment of Proxy
**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## Signing Instructions
**Individual:** Where the holding is in one name, the securityholder must sign.
**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.
**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## Attending the Meeting
Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

***Turn over to complete the form →***

View your securityholder information, 24 hours a day, 7 days a week:
**www.investorcentre.com**

☑ **Review your securityholding**
☑ **Update your securityholding**

***Your secure access information is:***

**SRN/HIN:**

**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**This Document** is printed on **Greenhouse Friendly™** ENVI Laser Carbon Neutral Paper

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

# Proxy Form

**Please mark ☒ to indicate your directions**

## STEP 1 Appoint a Proxy to Vote on Your Behalf

**I/We being a member/s of iCash Payment Systems Limited hereby appoint**

☐ **the Chairman of the Meeting** **OR** ______________________

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of iCash Payment Systems Limited to be held at The Lady Fairfax Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney NSW 2000 on Wednesday, 29 July 2015 at 2.30 pm (Sydney Time) and at any adjournment or postponement of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| | | For | Against | Abstain |
|---|---|---|---|---|
| 1 | Significant change in scale of activities | ☐ | ☐ | ☐ |
| 2 | Issue of up to 131,142,857 iCash Shares to all Stargroup Shareholders other than related parties | ☐ | ☐ | ☐ |
| 3 | Issue of up to 17,428,571 iCash Shares to Mr Todd Zani | ☐ | ☐ | ☐ |
| 4 | Issue of up to 8,571,429 iCash Shares to Mr Zaffer Soemya | ☐ | ☐ | ☐ |
| 5 | Issue of up to 14,285,714 iCash Shares to NeoICP at $0.035 per iCash Share | ☐ | ☐ | ☐ |
| 6.1 | Issue of 4,000,000 Performance Shares to Mr Todd Zani | ☐ | ☐ | ☐ |
| 6.2 | Issue of 2,500,000 Performance Shares to Mr Shaun Sutton | ☐ | ☐ | ☐ |
| 6.3 | Issue of 1,500,000 Performance Shares to Mr Zaffer Soemya | ☐ | ☐ | ☐ |
| 6.4 | Issue of 2,000,000 Performance Shares to NeoICP | ☐ | ☐ | ☐ |
| 7 | Financial assistance | ☐ | ☐ | ☐ |
| 8 | Name change | ☐ | ☐ | ☐ |

**The Merger will not proceed unless all resolutions are passed by their requisite majorities.**

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

| Individual or Securityholder 1 | Securityholder 2 | Securityholder 3 |
|---|---|---|
| | | |
| Sole Director and Sole Company Secretary | Director | Director/Company Secretary |

Contact Name ______________________ Contact Daytime Telephone ______________________ Date ___ / ___ / ___

I C P 2 0 0 6 6 6 A

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