



STARGROUP LIMITED
(Formerly iCASH PAYMENT SYSTEMS LIMITED)

ABN: 87 061 041 281
and Controlled Entities

APPENDIX 4E

PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2015

STARGROUP LIMITED
(Formerly iCASH PAYMENT SYSTEMS LIMITED)
ABN 87 061 041 281
and Controlled Entities

APPENDIX 4E

ASX INFORMATION – 30 JUNE 2015

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1. **Reporting period:** Year ended 30 June 2015
Previous corresponding period: Year ended 30 June 2014

2. **RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Revenue from continuing operations	Up	61.1%	to	\$589,289 (2014: \$365,697)
Loss from continuing operations after tax	Up	39.2%	to	(\$2,875,564) (2014: (\$2,065,820))
Loss for the year after tax	Up	4.9%	to	(\$2,875,564) (2014: (\$2,742,005))
Loss for the year after tax attributable to members of the parent entity	Up	4.9%	to	(\$2,875,564) (2014: (\$2,742,005))

Dividends/distributions	Amount per security	Franked amount per security
Final and interim dividend	Nil	Nil

On 15 June 2015, the Company announced that it had signed a share purchase agreement for the Company to acquire 100% of the issued shares of Stargroup Investments Limited (formerly Stargroup Limited), subject to shareholder approval. On 29 July 2015 the shareholders of the Company agreed to the resolutions in relation to the merger as between Stargroup Investments Limited and the Company, whereby the Company acquired 100% of Stargroup Investments Limited through the issue of 157,142,857 shares in the Company. The date of acquisition has been assessed as being 29 July 2015, which is the date the Company obtained control of Stargroup Investments Limited. Further, iCash Payments Systems Limited subsequently changed its name to Stargroup Limited and now trades under the ASX code, STL. Stargroup Limited as part of the merger changed its company name to Stargroup Investments Limited.

During the year ended 30 June 2015, CashPod ATM Pty Limited ('CashPod'), a wholly owned subsidiary of Stargroup Limited ('Stargroup') (formerly iCash Payment systems Limited), has been operational to focus on the Group's Australian business.

3. **Explanation for revenue**

The Group's revenue of \$589,289 can be explained by reference to the following two operational areas:

Stargroup – ATM Deployment

The business re-commenced deployment of ATMs in April 2014 via Indue Limited and the strategic placement of ATMs in businesses in Australia. The direct charge revenue received during the year was \$352,445 (2014: \$4,743).

CashPod – ATM, ATM Software and Support Sales

The business recommenced the direct sale of NeoICP Korea, Inc. ('NeoICP') ATM products and services in February 2014 and also signed an ATM Supply Agreement with Indue in June 2014 to allow Indue to resell the NeoICP ATMs to their deployer customers in Australia. The revenue generated from this division was \$236,844 (2014: \$360,954).

The Board still believes that the Group's Recycling ATM ('RATM') which was noted as a strategic product for release in Australia in the 2014 Annual Report will be released in the 2016 year. The RATM was preliminarily tested and approved for deposit taking transactions by Indue in August 2014 but has not been formally certified for deposit acceptance in Australia. The new Board has had the full certification of the device scoped and scheduled for testing by First Data International and an intended release in Australia in the second quarter for the 2016 financial year.

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4. Explanation for loss after tax for the year

Stargroup and CashPod – ATM Deployment and ATM, ATM Software and Support Sales

The Group has made a loss after tax of \$2,875,564 (2014: \$2,742,005). The loss is attributable to the following major expenses:

- A significant impairment of the value of the investment in NeoICP was made during the year to reflect the value of shares which have been issued in Korea to NeoICP shareholders. The impairment during this financial year was \$1,636,746.
- The business commenced negotiations for the acquisition of all of the issued shares of Stargroup and its ATM business in December 2014 and significant legal expenses were incurred during the year in relation as part of the due diligence and preparation of documentation for that acquisitions. Legal costs of \$111,994 were incurred during the year and this acquisition was completed on 7 August 2015.
- There was a significant reduction in the Australian dollar during the financial year. The acquisition of ATMs and ATM related hardware and software from NeoICP was paid for in USD, this lead to a foreign exchange loss during the year of \$170,490.

5. Details of dividend reinvestment plans in operation

No dividend reinvestment plans were in operation at the date of this report.

6. NTA backing	2015 (in cents)	2014 (in cents)
Net tangible asset backing per ordinary share	2.45	6.16

7. Details of associates and investments

During the year ended 30 June 2014, Stargroup sold down 16.29% of its 59.62% of the issued share capital in NeoICP Korea Inc. ('NeoICP') for \$1,686,905. As at the 30 June 2014, Stargroup held a 43.33% equity interest in NeoICP (Refer to Note 5). NeoICP was accounted for as an associate during the year ended 30 June 2014.

During the year ended 30 June 2015, Stargroup disposed of a further 24.01% of NeoICP Korea Inc. Stargroup has a 19.25% holding in NeoICP as at the 30 June 2015.

8. Audit status

This report is based on accounts which are in the process of being audited.

9. Foreign entity accounting standards

There was no foreign subsidiary at the date of this report.

STARGROUP LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated	
	Note	2015	2014
		\$	\$
CONTINUING OPERATIONS			
Revenues from continuing operations	4	589,289	365,697
Cost of Sales	6a	(438,637)	(251,536)
GROSS PROFIT		150,652	114,161
Administrative expenses	6b	(1,352,153)	(2,267,330)
Depreciation, amortisation and impairment expenses	6c	(1,674,913)	(11,529)
LOSS FROM CONTINUING OPERATIONS BEFORE FINANCING ITEMS		(2,876,414)	(2,164,698)
Net financing income	6d	850	98,878
LOSS BEFORE INCOME TAX		(2,875,564)	(2,065,820)
Income tax expense		-	-
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		(2,875,564)	(2,065,820)
DISCONTINUED OPERATIONS			
Loss from discontinued operations after income tax	5(ii)	-	(676,185)
NET LOSS FOR THE YEAR		(2,875,564)	(2,742,005)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Movement in foreign currency translation reserve		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR NET OF TAX		(2,875,564)	(2,742,005)
LOSS ATTRIBUTABLE TO:			
Members of the parent entity		(2,875,564)	(2,742,005)
Non-controlling interests		-	-
TOTAL LOSS FOR THE YEAR		(2,875,564)	(2,742,005)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Members of the parent entity		(2,875,564)	(2,742,005)
TOTAL COMPREHENSIVE LOSS		(2,875,564)	(2,742,005)
EARNINGS PER SHARE			
Basic / Diluted loss per share (in cents)	7	(3.74)	(2.87)
Basic / Diluted loss per share – Continuing Operations (in cents)	7	(3.74)	(2.16)

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

STARGROUP LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

		Consolidated	
	Note	2015	2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	288,935	476,448
Trade and other receivables	9	139,178	111,069
Inventory	10	485,379	693,245
Other assets	11	17,893	69,163
TOTAL CURRENT ASSETS		931,385	1,349,925
NON-CURRENT ASSETS			
Trade and other receivables	9	-	136,620
Other financial assets	12	951,018	12,650
Investment in Associate	13	-	4,425,040
Property, plant and equipment	14	189,545	138,027
TOTAL NON-CURRENT ASSETS		1,140,563	4,712,337
TOTAL ASSETS		2,071,948	6,062,262
CURRENT LIABILITIES			
Trade and other payables	15	170,679	1,301,662
Provisions	16	16,276	28,555
TOTAL CURRENT LIABILITIES		186,955	1,330,217
TOTAL LIABILITIES		186,955	1,330,217
NET ASSETS		1,884,993	4,732,045
EQUITY			
Share Capital	17	51,725,739	51,725,739
Accumulated losses		(49,840,746)	(46,993,694)
Equity attributable to the owners of the parent		1,884,993	4,732,045
TOTAL EQUITY		1,884,993	4,732,045

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital	Reserves	Accumulated Profit/ (Losses)	Parent Entity Interest	Minority Interest	Total Equity
Consolidated	\$	\$	\$	\$	\$	\$
At 1 July 2013	55,362,257	(686,901)	(44,018,631)	10,656,725	4,783,582	15,440,307
Loss for the year	-	-	(2,742,005)	(2,742,005)	-	(2,742,005)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(2,742,005)	(2,742,005)	-	(2,742,005)
Transactions with owners of the Company						
<i>Changes in ownership interests in subsidiaries</i>						
Effect of foreign currency translation of discontinued operation	-	1,454,577	-	1,454,577	-	1,454,577
Effect of disposal of subsidiary	-	(735,453)	(265,281)	(1,000,734)	(4,783,582)	(5,784,316)
<i>Contributions by and distributions to owners of the company</i>						
Share buyback and cancellation	(3,636,518)	-	-	(3,636,518)	-	(3,636,518)
Expiry of share options	-	(32,223)	32,223	-	-	-
At 30 June 2014	51,725,739	-	(46,993,694)	4,732,045	-	4,732,045
At 1 July 2014						
Loss for the year	-	-	(2,875,564)	(2,875,564)	-	(2,875,564)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(2,875,564)	(2,875,564)	-	(2,875,564)
Transactions with owners of the Company						
Prior years adjustments	-	-	28,512	28,512	-	28,512
At 30 June 2015	51,725,739	-	(49,840,746)	1,884,993	-	1,884,993

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		930,414	19,346,289
Cash payments to suppliers and employees		(1,888,232)	(20,952,009)
Interest paid		(333)	(71,342)
Interest received		1,183	98,878
		<hr/>	<hr/>
Net cash from operating activities	18(ii)	(956,968)	(1,578,184)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to purchase property, plant and equipment		(1,545)	(7,768,011)
Net proceeds from the sale of subsidiary		-	(1,284,146)
Payments to purchase investments		-	(284,521)
Proceeds from sale of investments		721,000	-
		<hr/>	<hr/>
Net cash from investing activities		719,455	(9,336,678)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest bearing liabilities		-	5,156,329
Repayment of interest bearing liabilities		-	(52,944)
Payment to share buyback and cancellation		-	(3,636,518)
Loans from Stargroup Investments Limited		50,000	-
		<hr/>	<hr/>
Net cash from financing activities		50,000	1,466,867
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		(187,513)	(9,447,995)
		<hr/>	<hr/>
Cash and cash equivalents at 1 July		476,448	9,924,443
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE	18(i)	288,935	476,448

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

STARGROUP LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1 REPORTING ENTITY

Stargroup Limited (formerly iCash Payment Systems Limited) (the 'Company') is a for-profit company domiciled in Australia and has changed its name to Stargroup Limited and the company's ASX code also changed from ICP to STL, effective from 12 August 2015 as a result of Extraordinary General Meeting of 29 July 2015. The address of the company's registered office is Unit 7, 15-17 Chaplin Drive, Lane Cove, NSW, 2066. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the company and its subsidiaries (together referred to as the "Group"). The Group is a vertically integrated banking technology business specialising in design, manufacture, sale and operating of Automatic Teller Machines (ATMs) and other banking equipment.

2 BASIS OF PREPARATION

a Statement of compliance

The Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A, Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The Preliminary Final Report is presented in Australian dollars and has been prepared on the basis of historical costs except in accordance with relevant accounting policies where assets and liabilities are stated at their values in accordance with relevant accounting policies. The accounting policies adopted in this report are the same as those disclosed in the annual financial report for the year ended 30 June 2015.

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year. Various comparative balances have been reclassified to align with current year presentation. This report is based on accounts which are in the process of being audited. The preliminary consolidated financial statements were approved by the Board of Directors on 28 August 2015.

b Going concern

The Company has incurred a net loss from continuing operations of \$2,875,564. Despite this result the Directors are of the belief that the going concern assumption at the 30 June 2015 is appropriate.

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Board of Directors have considered the following factors in determining the going concern position of the Group:

- The Board announced on the ASX platform on 29 December 2014 that it had entered into a Heads of Agreement to acquire the ATM network and business operated by Stargroup Investments Limited and further announcements were made in relation to the entering into a Share Sale Agreement and the merger was completed on 7 August 2015.

There were a number of conditions precedent to that acquisition but the major components in relation to the going concern of the Group involved both Stargroup Investments Limited and NeoICP, Korea Inc. participating in a capital raise totalling \$3,500,000 at \$0.035 per ICP share and this capital raise was successful and in the case of Stargroup Investments Limited was oversubscribed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2 BASIS OF PREPARATION (continued)

b Going concern (continued)

It also included as a condition the appointments of Mr Todd Zani as the Group's Chief Executive Officer and Executive Chairman and both Mr Zaffer Soemya and Mr Shaun Sutton as Directors of the Board. All of these directors of Stargroup Limited have extensive ATM experience and in particular both Mr Todd Zani and Mr Zaffer Soemya were instrumental in the listing of Ezeatm Limited (ASX : EZA) on the Australian Stock Exchange in 2011 and increasing its market capitalisation from \$4million to a high of \$34million in June 2012.

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

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

c Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

d Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the company's functional currency and the functional currency of the Group.

e Use of estimates and judgment

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

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

- Note 13 – Investment in Associates
- Note 15 – Other Financial Assets
- Note 17 – Property, plant and equipment

3 SIGNIFICANT ACCOUNTING POLICIES

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

a Basis of consolidation

i Subsidiaries

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

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

ii Transactions eliminated on consolidation

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

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

iii Loss of control

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

b Foreign operations

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

c Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation for 2015 and 2014 is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Property, plant and equipment – 20% (2014: 20%)

Impairment

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

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

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

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

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

d Intangible assets

i Goodwill

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

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

Subsequent measurement

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

ii Other intangible assets

Research and development activities

Research

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e Financial instruments (continued)

ii Other intangible assets(continued)

Development activities

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

Other intangible assets

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

e Financial instruments

i Non-derivate financial instruments

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

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

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

Cash and Cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in the component or cash and cash equivalents for the purpose of statement of cash flows. Accounting for finance income and expense is discussed in Note 3(i).

Available-for-sale financial assets

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

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e Financial instruments (continued)

i Non-derivate financial instruments (continued)

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

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

Other

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

ii Ordinary shares

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

iii Compound instruments

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

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

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

f Inventories

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

g Impairment

i Financial assets

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

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

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

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

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

ii Non-financial assets

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

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

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

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

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

h Revenue

i Transaction Fee

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

ii Goods sold

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

iii Services

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

i Finance income and expenses

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

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

j Employee benefits

Short-term benefits

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

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

k Provisions

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

l Income tax

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

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

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

m Other taxes

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

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

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

m Other taxes (continued)

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

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

n Earnings per share

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

o Adoption of new and revised accounting standards

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

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

Standard Name	Impact
AASB 2012-3:Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	No significant changes on adoption of this standard
AASB 2013-3: Recoverable amount Disclosures for Non-Financial Assets	No significant changes on adoption of this standard
AASB 1031: Materiality	No significant changes on adoption of this standard
AASB 2013-5: Investment Entities	No significant changes on adoption of this standard

p Capital management

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

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

q Comparatives

Where necessary, comparatives have been adjusted to reflect current year disclosures.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

r New standards and interpretations not yet adopted

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

Standard Name	Effective Date for Entity	Requirements	Impact
AASB 1031: Materiality - Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 July 2015	- AASB 1013 completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	The Group has not yet assessed the full impact of these amendments.
AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).	30 June 2016	- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; - removing the tainting rules associated with held-to-maturity assets; - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets.	In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010-7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.
AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	- These amendments to AASB 116 and AASB 138 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. - The standard also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.	The Group has not yet assessed the full impact of these amendments.
AASB 2014-9: Equity Method in Separate Financial Statements (Amendments to AASB 127)	1 January 2016	- Amends IAS 27 to permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	The Group has not yet assessed the full impact of these amendments.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

r New standards and interpretations not yet adopted (continued)

Standard Name	Effective Date for Entity	Requirements	Impact
AASB 2014-10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)	1 January 2016	- Amends ASB 10 and AASB 128 to remove the inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	The Group has not yet assessed the full impact of these amendments.
AASB 1056: Superannuation Entities	1 July 2016	- AASB 1056 replaces the existing requirements in AAS 25, and applies to large superannuation entities regulated by the Australian Prudential Regulation Authority (APRA) and to public sector superannuation entities. This Standard is expected to result in significant changes to the recognition, measurement, presentation and disclosures relating to superannuation entity financial statements. Some of the key changes include: - greater level of integration between AASB 1056 and other Australian Accounting Standards - a revised definition of a superannuation entity - revised content/presentation of financial statements (e.g. the introduction of a statement of changes in member benefits and a statement of changes in equity/reserves) - use of fair value rather than net market value for measuring assets and liabilities (subject to certain exceptions) - revised member liability recognition and measurement requirements - New/revised disclosure requirements	The Group has not yet assessed the full impact of these amendments.
AASB 2015-5: Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1 January 2016	- extends the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. - makes related amendments to AASB 10 Consolidated Financial Statements and AASB 1049 Whole of Government and General Government Sector Financial Reporting	The Group has not yet assessed the full impact of these amendments.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

r New standards and interpretations not yet adopted (continued)

Standard Name	Effective Date for Entity	Requirements	Impact
AASB 2015-1: Annual Improvements to Australian Accounting Standards 2012-2014	1 January 2016	<p>AASB 2015-1 makes amendments to various Accounting Standards arising from the IASB's <i>Annual Improvements</i> process, namely:</p> <p>AASB 5 - changes in methods of disposal from sale to distribution</p> <p>AASB 7 – applicability of disclosures to servicing contracts and interim financial statements;</p> <p>AASB 119 – clarifies that the government bond rate used in measuring employee benefits should be those denominated in the same currency.</p> <p>AASB 134 – permits the cross referencing of disclosures elsewhere in the financial report.</p>	The Group has not yet assessed the full impact of these amendments.

4 REVENUE FROM CONTINUING OPERATIONS

2015
\$

2014
\$

Operating Activities

Product revenue	159,449	342,418
Service revenue and transaction fees	429,840	23,279
	589,289	365,697

5 DISCONTINUED OPERATIONS

(i) Details of operations disposed in the previous year

During the year ended 30 June 2014, Stargroup sold down 16.29% of its 59.62% of the issued share capital of NeoICP Korea Inc. ('NeoICP') for KRW 1,600,000,000 (AUD: \$1,686,905). As at the 30 June 2014, Stargroup held a 43.33% equity interest in NeoICP. See Note 5(ii) and 5(iii) for the comparative information. NeoICP was accounted for as an associate during the year ended 30 June 2014. See Note 13 – "Investment in Associates".

During the year ended 30 June 2015, Stargroup disposed of a further 24.01% of NeoICP Korea Inc. Stargroup has a 19.32% holding in NeoICP as at the 30 June 2015 and the investment has been disclosed in Note 12 – "Other financial assets".

Note 5 (iv) shows the movement in the investment during the year ended 30 June 2015.

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

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

	2015	2014
	\$	\$
Revenue	-	18,996,307
Cost of sales	-	(11,848,026)
Gross profit	-	7,148,281
Administrative expenses	-	(5,300,102)
Depreciation, amortisation and impairment	-	(329,890)
Net financing expense	-	(71,342)
Loss from ordinary activities	-	1,446,947
Realisation of FCTR on disposal	-	735,453
	-	2,182,400
Loss on deconsolidation	-	(2,858,585)
Loss from discontinued operations	-	(676,185)

(iii) **Cash flow information of operations disposed**

The net cash flows of the NeoICP Korea Inc. are as follows:

Operating activities	-	1,176,685
Investing activities	-	(8,006,278)
Financing activities	-	7,596,756
Net cash outflow	-	767,163
Net cash inflow on disposal		
Cash and cash equivalents consideration	-	1,686,905
Less cash and cash equivalents disposed of	-	(2,971,051)
Reflected in the consolidated statement of cash flows	-	(1,284,146)

(iv) **Reconciliation of the fair value of the investment in NeoICP during the year ended 30 June 2015.**

During the year ended 30 June 2015, Stargroup sold a further 700,000 shares in NeoICP for \$721,000. Stargroup also settled its outstanding debt with NeoICP by transferring 1,934,753 shares to NeoICP in June 2015 for \$1,129,229. A significant impairment of the value of the investment in NeoICP was made during the year to reflect the value of the shares which have been issued in Korea to NeoICP shareholders at KRW500. The impairment during this financial year was \$1,636,746.

The following reconciliation shows the movement in the investment in NeoICP:

	\$
Fair value of the investment in associate as at 30 June 2014	4,425,040
Proceeds from sale of shares	(721,000)
Settlement of debt with NeoICP	(1,129,229)
Impairment of investment	(1,636,443)
Fair value of the investment as at 30 June 2015	938,368

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6	EXPENSES FROM CONTINUING OPERATIONS	2015	2014
		\$	\$
a	Cost of Sales		
	Cost of goods sold	166,340	244,717
	Cost of services	6,819	6,819
		438,637	251,536
b	Administrative expenses		
	Legal, consulting and accounting, salary and wages, directors fees, travel and selling expenses	1,310,153	2,238,302
	Superannuation expense	42,000	29,028
		1,352,153	2,267,330
c	Depreciation, amortisation and impairment expenses		
	Depreciation and amortisation	38,167	11,529
	<i>Impairment</i>		
	Other financial assets	1,636,746	-
		1,636,746	-
	Total depreciation, amortisation and impairment expenses	1,674,913	11,529
d	Financing income / (cost)		
	Interest received	1,183	98,880
	Interest paid	(333)	(2)
		850	98,878
7	EARNINGS PER SHARE		
	Basic/Diluted loss per share (in cents)	(3.74)	(2.87)
	Basic/Diluted loss per share – continuing operations (in cents)	(3.74)	(2.16)
	Loss used in the calculation of basic and diluted EPS (in \$)	(2,875,564)	(2,742,005)
	Loss used in the calculation of basic and diluted EPS – continuing operations (in \$)	(2,875,564)	(2,065,820)
	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	76,784,631	95,433,438
8	CASH AND CASH EQUIVALENTS		
	Current	\$	\$
	Cash on hand	794	134
	Cash at bank	288,141	476,314
		288,935	476,448

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9 TRADE AND OTHER RECEIVABLES

	2015	2014
Current	\$	\$
Trade receivables	2,558	39,789
Hire purchase receivable (i)	136,620	71,280
	139,178	111,069

(i) The Company ("the lessor") entered into a hire purchase agreement for 27 ATMs with Star Payments Systems Pty Ltd ("the lessee") on the 22nd May 2014.

Non-current

Hire purchase receivable	-	136,620
	-	136,620

10 INVENTORY

Inventory	485,379	693,245
Provision for inventory obsolescence	-	-
	485,379	693,245

11 OTHER ASSETS

Current

Prepayments	10,156	41,204
Others	7,737	27,959
	17,893	69,163

12 OTHER FINANCIAL ASSETS

Available-for-sale

The Group has a 19.25% equity interest in NeoICP Korea, Inc at the end of the year. See Note 13.

Fair value of investments

Fair value of investment 19.25% (2014: 43.33%)	938,368	-
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Other

Guarantee in respect of leased office premises	12,650	12,650
	951,018	12,650

13 INVESTMENTS IN ASSOCIATES

As at the 30 June 2014, the Group had a 43.33% equity interest in NeoICP Korea, Inc. See Note 5 (iv) for reconciliation of the movement in the investment. The investment is shown in Note 12 – "Other Financial Assets" as an available-for-sale financial asset as at 30 June 2015.

Fair Value of investments in associates

Fair value of investment retained (43.33%)	-	4,425,040
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Summarised statement of financial position

	2015	2014
	\$	\$
Current assets	-	11,054,834
Non-current assets	-	11,980,979
	-	23,035,813
Current liabilities	-	2,843,779
Non-current liabilities	-	6,566,157
	-	9,409,936
Total Liabilities	-	9,409,936
Net assets	-	13,625,877

Summarised statement of profit or loss and other comprehensive income

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

14 PROPERTY, PLANT AND EQUIPMENT

Non-Current

Property, plant and equipment

At cost	227,712	172,510
<i>Less:</i> Accumulated depreciation and impairment	(38,167)	(34,483)
	189,545	138,027

Movements in carrying amounts

Plant and equipment

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

Balance at the beginning of year	138,027	851,998
Additions	89,685	3,887,535
Disposals	-	(21,786)
Sale of subsidiary	-	(4,881,941)
Exchange differences	-	703,538
Depreciation from continuing operations	(38,167)	(11,529)
Depreciation from discontinued operations	-	(389,788)
Carrying amount at the end of year	189,545	138,027

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15 TRADE AND OTHER PAYABLES

Current	2015	2014
<i>Unsecured liabilities</i>	\$	\$
Trade creditors – external	965	215,821
Trade creditors – NeoICP Korea, Inc.	-	972,938
Sundry creditors and accrued expenses	169,714	112,903
	170,679	1,301,662

16 PROVISIONS

Current		
Provision for holiday pay	16,276	28,555

Nature and purpose of provisions

Provision for holiday pay

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

17 ISSUED CAPITAL

	Consolidated		Consolidated	
	June 2015	June 2014	June 2015	June 2014
	Shares	Shares	\$	\$
Ordinary shares				
Share capital	76,784,631	76,784,631	51,725,739	51,725,739
Movements during the year				
Balance at beginning of the period	76,784,631	104,757,842	51,725,739	55,362,257
Shares issued during the year	-	-	-	-
Shares cancelled during the year	-	(1,601,280)	-	(208,166)
Shares buyback during the year	-	(26,371,931)	-	(3,428,352)
Balance at the end of the period	76,784,631	76,784,631	51,725,739	51,725,739

Ordinary shares

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

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

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

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18 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

i.	Reconciliation of cash	2015	2014
		\$	\$
	Cash at bank and on hand	288,935	476,448
ii.	Reconciliation of net cash from operating activities		
	Loss for the period	(2,875,564)	(2,742,005)
	<i>Non-cash flows in profit from ordinary activities:</i>		
	Depreciation and amortisation expense	38,167	461,215
	Impairment and write-off of assets	1,636,746	-
	Effect of Foreign exchange	170,491	-
	Loss on measurement of investment in associate to fair value	-	1,612,442
	Realisation of FCTR	-	(735,453)
	Loss on sale of discontinued operations	-	1,246,143
	Loss from sale of PP&E	-	(121,537)
	<i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries</i>		
	Change in trade and term debtors	37,231	(66,715)
	Change in prepayments and other debtors	52,921	(21,348)
	Change in inventory	207,867	(992,922)
	Change in other financial assets	-	51,000
	Change in trade and other creditors	(207,080)	1,261,708
	Change in provisions	(12,280)	(1,530,712)
	Change in other liabilities	(5,467)	-
	Net cash (used in)/from operating activities	(956,968)	(1,578,184)

19 EVENTS OCCURRING AFTER BALANCE DATE

Business Combination

On 15 June 2015, the Company announced that it had signed a share purchase agreement for the Company to acquire 100% of the issued shares of Stargroup Investments Limited, subject to shareholder approval. On 29 July 2015 the shareholders of the Company agreed to the resolutions in relation to the merger as between Stargroup Investments Limited and the Company, whereby the Company acquired 100% of Stargroup Investments Limited through the issue of 157,142,857 shares in the Company. The date of acquisition has been assessed as being 29 July 2015, which is the date the Company obtained control of Stargroup Investments Limited. Further, iCash Payments Systems Limited subsequently changed its name to Stargroup Limited and now trades under the ASX code, STL.

The acquisition is expected to enable the merged group to accelerate Australian ATM deployment, provide more experienced and proven management on the board as well as additional working capital.

The consideration paid by the Company for the acquisition of Stargroup Investments Limited was \$5,500,000, representing 157,142,857 shares in the Company at their assessed fair value of 3.5 cents each. However, the acquisition of Stargroup Investments Limited represents a reverse acquisition in accordance

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with AASB 3 *Business Combinations* as the transaction results in the shareholders of Stargroup Investments Limited holding a majority of the voting rights in the merged group and the board of directors of the merged group comprises a majority of directors appointed by Stargroup Investments Limited (3 of 5 directors post transaction).

Consequently, the estimate of the acquisition date fair value of the consideration transferred is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The net identifiable assets acquired reflect the net assets of the Company as at 30 June 2015, which is the most recently available financial information.

The Company's initial assessment of the fair values of the consideration effectively transferred and the assets and liabilities to be recognised as a result of the acquisition are as follows:

Consideration effectively transferred:	
▪ 157,142,857 fully paid ordinary shares to former Stargroup shareholders	\$1,393,700
Net identifiable assets acquired	\$1,884,993
Discount on acquisition	\$ 511,293

The discount on acquisition reflects the assessment of the independent expert that the assessed fair value of the consideration given by the Company exceeded the assessed fair value of the acquired Stargroup Investments Limited net assets. The discount on acquisition will represent a non-cash gain in the Group's 2016 consolidated income statement.

Total acquisition-related costs are expected to be approximately \$112,000.

As the transaction completed on 7 August 2015, it has been impractical to determine the fair values of all identifiable assets and liabilities acquired. As a result, the accounting for the business combination is incomplete as at the date of this Annual Report and the above amounts have only been determined provisionally.

Issue of Performance Rights

On 29 July 2015, the issue of 10,000,000 Performance Rights was approved by the Company's shareholders as follows:

Name	Number of Performance Rights	Details
Todd Zani	4,000,000	1,000,000 of each 2016, 2017, 2018 and 2019 Performance Rights
Shaun Sutton	2,500,000	625,000 of each 2016, 2017, 2018 and 2019 Performance Rights
Zaffer Soemya	1,500,000	375,000 of each 2016, 2017, 2018 and 2019 Performance Rights
NeoICP	2,000,000	500,000 of each 2016, 2017, 2018 and 2019 Performance Rights
	10,000,000	

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Each tranche of the Performance Rights are convertible into ordinary shares of the Company upon the achievement of the deployment of a fixed number of ATMs as well as EBITDA and NPAT targets in the relevant years.

No consideration will be payable to acquire or on the exercise of the Performance Rights.

20 CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2015.

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CORPORATE INFORMATION

Stargroup Limited (formerly iCash Payment Systems Limited)

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Directors

Mr Todd Zani – Executive Director and Executive Chairman

Mr Shaun Sutton – Executive Director

Mr Zaffer Soemba – Non Executive Director

Mr Jong Ho (Jay) Kim – Non Executive Director

Mr Taejin Kim - Non Executive Director

Company Secretary

Mr Sungki Lee

Registered and Corporate Office

Unit 7, 15-17 Chaplin Drive

Lane Cove NSW 2066

Telephone: +61 (0) 2 9099 2300

Support: +61 1800 227 476

Website: www.starpaymentsystems.com.au

Auditors

Nexia Court & Co.

Chartered Accountants

Level 16, 1 Market Street

Sydney NSW 2000

Telephone: +61 (0) 2 9251 4600

Facsimile: +61 (0) 2 9251 7138

Website: www.nexiacourt.com.au