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# NOTICE OF 2015 ANNUAL GENERAL MEETING

## EXPLANATORY STATEMENT

### PROXY FORM

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TIME: 10.00 am (AEDT)

DATE: Monday, 30 November 2015

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

***This Notice of Meeting should be read in its entirety. If 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 please do not hesitate to contact the Company Secretary on +61 (0)414 650 720.***

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am (Australian Eastern Daylight Time, AEDT) on Monday, 30 November 2015 at:

The Sir James Fairfax Room  
Radisson Blu Hotel  
27 O'Connell Street  
Sydney NSW 2000

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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

**VOTING BY PROXY**

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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 10.00 am (AEDT) on Saturday, 28 November 2015.

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

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## **CHAIRMAN'S LETTER**

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30 October 2015

Dear Shareholders

I am pleased to write to you as Chairman as we approach the 2015 Annual General Meeting of the Company.

The ordinary business of the Annual General Meeting concerns the adoption of the Remuneration Report included in the FY2015 Annual Report and the re-election of directors, Mr Taejin Kim, Mr Shaun Sutton and Mr Zaffer Soemba. All are standing for re-election.

The special business of the meeting concerns the proposed acquisition of a 109 automatic teller machine (**ATM**) network from Cash Pus Australia Pty Limited (**Cash+**) announced to the market on 1 October 2011 and to refresh and increase the company capacity to issue new shares.

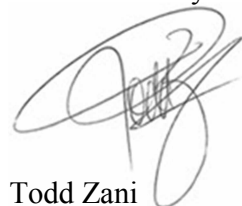
Formally, the first item of special business is for members to approve the issue of 81,250,000 fully paid ordinary shares in the Company to Cash+ at an issue price of \$0.04 per share, as 50% of the agreed \$6.5 million purchase price and consideration to be paid and provided as part of the acquisition, the balance having been paid and being payable in cash. Completion of the acquisition is conditional on the passage of these two ordinary resolutions. The acquisition is projected to result in the group making a profit in the current financial year, and to almost double the size of the STL Australian ATM network. Other elements of the proposed acquisition, including its financial aspects, are presented to shareholders in the accompanying Explanatory Statement for their consideration.

The second item of special business is to seek approval from members by way of special resolution for additional capacity to issue equity securities under ASX Listing Rule 7.1A. In essence, that rule permits eligible entities, of which the Company is one, to issue an additional 10% of its issued capital or other equity securities within the following 12 months or until a significant transaction is next approved at no less than 75% of the volume weighted average market price for its shares over a given period. The Company seeks this approval to allow it greater flexibility to secure favourable acquisition or funding opportunities that may present themselves.

Except where precluded from doing so, your Board unanimously recommends that you **VOTE IN FAVOUR** of all resolutions to be considered at the meeting. Board members and their controlled entities all intend to vote in favour of each resolution.

We look forward to your support of these resolutions and thank you for your continuing support as we continue to build the Stargroup story.

Yours faithfully



Todd Zani  
CEO and Executive Chairman

Sydney, Australia

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the 2015 Annual General Meeting of Stargroup Limited will be held at 10.00 am (AEDT) on Monday, 30 November 2015 at the Sir James Fairfax Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney, New South Wales, Australia.

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

Your directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* that the persons eligible to vote at the Annual General Meeting are those persons who are registered Shareholders of the Company at 7.00pm (AEDT) on Saturday, 28 November 2015.

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

## AGENDA

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### ORDINARY BUSINESS

#### 1. PRESENTATION OF FINANCIAL AND OTHER REPORTS

To present and to consider the financial report of the Company, the directors' report (including the remuneration report) and the auditor's report, for the financial year ended 30 June 2015.

#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

THAT, for the purposes of section 250R(2) of the *Corporations Act 2001*, the remuneration report set out in the Company's financial report for the financial year ended 30 June 2015, be adopted.

**Note:** The vote on this resolution is advisory only and does not bind the directors or the Company.

**Voting exclusion statement:** In accordance with the *Corporations Act 2001*, a vote on this resolution must not be cast in any capacity by or on behalf of a member of the Company's key management personnel, including directors, whose remuneration details are included in the remuneration report, or a closely related party (such as a close family member or a controlled company) of any such person.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy 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 directs.

**3. RESOLUTION 2 – ELECTION OF MR TAEJIN KIM AS A DIRECTOR**

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

THAT Mr. Taejin Kim, retiring as a director in accordance with rule 48.2 of the Company's Constitution and offering himself for re-election, be elected as a director of the Company.

All shareholders may vote on this resolution.

**4. RESOLUTION 3 – ELECTION OF MR SHAUN SUTTON AS A DIRECTOR**

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

THAT Mr. Shaun Sutton, retiring as a director in accordance with rule 48.2 of the Company's Constitution and offering himself for re-election, be elected as a director of the Company.

All shareholders may vote on this resolution.

**5. RESOLUTION 4 – ELECTION OF MR ZAFFER SOEMYA AS A DIRECTOR**

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

THAT Mr. Zaffer Soemya, retiring as a director in accordance with rule 48.2 of the Company's Constitution and offering himself for re-election, be elected as a director of the Company.

All shareholders may vote on this resolution.

**SPECIAL BUSINESS**

**6. RESOLUTION 5 – SHARE ISSUE TO CASH+**

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

THAT, for the purpose of ASX Listing Rule 7.1 and for all other purposes, the issue of up to 81,250,000 Shares to Cash+ at \$0.04 per Share is approved.

**Voting exclusion statement:** The Company will disregard any votes cast on this resolution by Cash+, and its associates, and any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder, if the resolution is passed, and his or her associates. However, the Company 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.

## 7. RESOLUTION 6 – ADDITIONAL PLACEMENT CAPACITY

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

THAT the capacity to issue equity securities under ASX Listing Rule 7.1A as contemplated in the Explanatory Statement is approved.

**Voting exclusion statement:** The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a shareholder, if the resolution is passed, and his or her associates. However, The Company 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.

**Note:** this resolution must be passed as a **special resolution, that is, not less than 75%** of those members who are present and eligible to vote on the resolution, vote in favour of the resolution.

Dated: 30 October 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, you are most welcome to contact the Company Secretary, Mr Sungki Lee, on +61 (0) 414 650 720, 9.00 am to 5.00 pm (AEDT), Monday to Friday, except public holidays.

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## **EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared for the assistance of shareholders in their consideration of the business to be conducted at the 2015 Annual General Meeting of the Company to be held at 10.00 am (AEDT) on Monday, 30 November 2015 in the Sir James Fairfax Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney, New South Wales, Australia.

The purpose of this Explanatory Statement is to provide information which the directors believe to be material to 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 (**ASIC**).

The business of the meeting consists of ordinary and special business.

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## **ORDINARY BUSINESS**

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### **1. FINANCIAL AND OTHER REPORTS**

In accordance with the *Corporations Act 2001*, the first item of ordinary business of the Annual General Meeting consists of the presentation and consideration of the financial reports of the Company (and the Company's controlled entities) for the financial year ended 30 June 2015, the directors' report (including the remuneration report) and the auditor's report.

In accordance with the *Corporations Act 2001*, the Company is no longer required to provide a print copy of the Company's annual financial report to shareholders unless a shareholder has specifically elected to receive a printed copy.

Shareholders may view the Company's 2015 annual financial report on its website at <http://www.starpaymentsystems.com.au> or on the ASX's company announcement platform using the ASX code: STL.

No resolution is required for this item of business, but shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

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### **2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

In accordance with section 250R(2) of the *Corporations Act*, the Company is required to present to its shareholders the remuneration report as disclosed in the Company's 2015 financial report for adoption at the 2015 Annual General Meeting

The vote on this resolution is advisory only and does not bind the directors or the Company. The remuneration report of the Company for the financial year ended 30 June 2015 is set out in the Company's 2015 financial report, and is also available on the Company's website at [www.starpaymentsystems.com.au](http://www.starpaymentsystems.com.au) or on the ASX company announcements platform using the ASX code: STL.

If, however, at least 25% of the votes cast on this resolution are against adoption of the remuneration report, and then again at the 2016 AGM, the Company will be required to put a resolution to the 2017 annual general meeting to approve the calling of an extraordinary general meeting at which to consider a resolution in respect of the future service of the Company's board

**(spill resolution)**. If more than 50% of shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) to be held within 90 days of the 2017 AGM. All of the directors who were in office when the 2017 directors' report was approved, other than the Managing Director, must retire immediately before the end of the spill meeting and may, if desired, stand for re-election at the spill meeting.

### **Voting**

A voting exclusion applies to this resolution in the terms set out in the Notice of Meeting. In particular, members of key management personnel, including any directors there named, must not vote on this resolution and must not cast a vote as proxy, unless the appointment contains a direction as to how to vote, or the proxy is given to the chair and you authorise the chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of key management personnel. In doing so, you will be taken to have directed the chairman to vote in accordance with his stated intention to vote in favour of this resolution.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this resolution.

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### **3. RESOLUTION 2 – ELECTION OF MR TAEJIN KIM AS A DIRECTOR**

As announced to ASX on 7 August 2015, on completion of the iCash/Stargroup merger, Mr Taejin Kim was appointed as a director of the Company on that date. In accordance with rule 48.2 of the Company's Constitution, he is required to retire as a director of the Company at the 2015 AGM.

Being eligible to do so, he seeks re-election as a director of the Company.

Mr 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.

#### **Directors' recommendation**

Apart from Mr Taejin Kim (who abstains from making a recommendation on this resolution), your directors unanimously recommend that you **VOTE IN FAVOUR** of this resolution.

### **Voting**

All shareholders may vote on this resolution.

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### **4. RESOLUTION 3 – ELECTION OF MR SHAUN SUTTON AS A DIRECTOR**

As also announced to ASX on 7 August 2015, Mr Shaun Sutton was on completion of the iCash / Stargroup merger appointed as a director of the Company on that date. In accordance with rule 48.2 of the Company's Constitution, he is required to retire as director of the Company at the 2015 AGM.

Being eligible to do so, he seeks re-election as a director of the Company.



Mr Sutton was the Chief Operating Officer of the unlisted company then named Stargroup Limited before the merger and has continued in that role since the merger. Mr Sutton has extensive experience in running and operating ATM networks in the Australian ATM industry and was the former National Logistics Manager of Ezeatm Limited. In that capacity he oversaw the significant growth and national expansion of the Ezeatm business.

#### **Directors' recommendation**

Apart from Mr Shaun Sutton (who abstains from making a recommendation on this resolution), your directors unanimously recommend that you **VOTE IN FAVOUR** of this resolution.

#### **Voting**

All shareholders may vote on this resolution.

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### **5. RESOLUTION 4 – ELECTION OF MR ZAFFER SOEMYA AS A DIRECTOR**

As further announced to ASX on 7 August 2015, Mr Zaffer Soemya was as part of the iCash / Stargroup merger appointed as a director of the Company on that date. In accordance with rule 48.2 of the Company's Constitution, Mr Soemya is required to retire as a director of the Company at the 2015 AGM.

Being eligible to do so, he seeks re-election as a director of the Company.

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.

#### **Directors' recommendation**

Apart from Mr Zaffer Soemya (who abstains from making a recommendation on this resolution), your directors unanimously recommend that you **VOTE IN FAVOUR** of this resolution.

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### **SPECIAL BUSINESS**

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#### **6. RESOLUTION 5 – SHARE ISSUE TO CASH+**

This resolution, resolution 5, seeks the approval of Shareholders for the issue of the 81,250,000 Shares that will comprise 50% of the consideration to be paid or provided by the Company for the acquisition of the Cash+ Assets under the Asset Sale Agreement.

#### **Background to the Acquisition**

Set out below is further information on the background to, and the key deal points of, the Acquisition.

## **Material terms of the Acquisition and the Cash+ Assets**

On 1 October 2015, the Company announced that it had, through its wholly-owned subsidiary Stargroup Investments Limited (**Investments**), entered into an Asset Sale Agreement to acquire the 109 machine Cash+ ATM network and related support contracts and other assets (the **Acquisition**), which would take the total number of operational Stargroup ATMs in its network to 230 machines, processing some 1.8 million transactions each year. Your directors very much welcome this acquisition opportunity: the Cash+ ATM network is well established and has been in operation for over 10 years.

To also be acquired as part of the Acquisition are all supporting ATM site agreements and modems, supplied and maintained by VComms Connect Limited of New Zealand (**VComms**). The Cash+ brand does not form part of the Acquisition, nor do any existing Cash+ liabilities. The ATMs to be acquired are located in Western Australia, Queensland, New South Wales, South Australia, Tasmania, Victoria and the Northern Territory in what are considered by the Company to be quality sites for the positioning of ATMs.

Under the Asset Sale Agreement, Investments has agreed to pay \$6.5 million for the Cash+ Assets: 50% in cash and the balance in new Stargroup shares (the **Consideration Shares**). The agreed purchase consideration represents a multiple of 5 times annual earnings (EBITDA: earnings before income tax, depreciation and amortisation) on and attributable to the Cash+ Assets. The consideration has been paid and has been agreed to be paid and provided as follows:

- \$325,000 paid in cash as a deposit on entry into the Asset Sale Agreement;
- \$1,500,000 paid in cash on 28 September 2015;
- subject to Shareholder approval, \$3,250,000 worth of (81,250,000) new Shares issued on completion of the Acquisition, at an issue price of \$0.04 per Share; and
- a further \$1,616,246 in cash on completion.

The cash components of the consideration for the Acquisition have and are to be funded as follows:

- the pre-completion cash payments have been paid from the Company's cash holdings; and
- \$1,616,246 on completion, from the proceeds of the fully underwritten rights issue referred to below, which opened on 30 October 2015.

The new Shares to be issued to Cash+ on completion, the Consideration Shares, have been agreed with Cash+ to be issued at an issue price of \$0.04 per Share. Approval under ASX Listing Rule 7.1 for their issue is required and is sought by resolution 5. ASX has determined and advised the Company that the Acquisition itself does not require shareholder approval.

No debt funding is needed to complete the Acquisition.

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

Stargroup's total equity as at 31 August 2015 was \$4,140,307, with cash and cash equivalent holdings of \$1,500,300.

On completion of the Acquisition and Rights Issue, it is envisaged total equity held would at 31 August 2015 be \$10,757,793, with cash and cash equivalent holdings at that date of \$1,617,786.

### ***Pro-forma balance sheets***

Pro-forma balance sheets for the Company as at 31 August 2015 are annexed this Explanatory Statement.

### **Financial effect of the Acquisition and Rights Issue on existing Shareholders**

Should the Acquisition complete as intended and should the Rights Issue be fully subscribed:

- current Shareholders collectively would hold 82.57% of the Company's issued share capital;
- of that 82.57%, current Shareholders who elect not to participate in the Rights Issue would hold a smaller proportion of those shares than they currently hold; and
- Cash+ would hold 19.44% of the Company's issued share capital.

### **Post-Acquisition dividend policy**

As at 30 September 2015, the Company had cash and cash equivalent holdings of \$1,400,000. On completion of the Acquisition and Rights Issue, if fully subscribed, the Company would have cash and cash equivalent holdings of \$1,517,486. After paying the final cash component due on completion of the Acquisition, the Company intends to invest the remaining funds raised under the Rights Issue and any future profits to establish and grow its ATM network with the intention of growing future earnings of the ATM business. Your Board intends to provide Shareholders with a return on their investment in the form of dividend payments once the Company 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**

Apart from as discussed below in respect of resolution 6, your Board anticipates no short-term borrowing or fundraising needs should the Rights Issue be fully subscribed and the Acquisition complete.

### **Taxation considerations<sup>1</sup>**

#### **Taxation considerations – for Stargroup**

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

The Share issue by which the Cash+ Assets are acquired, under Subdivision 124-M of the *ITAA 1997* will result in existing Shareholders being diluted by approximately 17.5%. 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).

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<sup>1</sup> This information is based on Australian income tax legislation as at 21 October 2015. The legislation, its interpretation by the courts and administrative practice may change at any time, and sometimes with retrospective effect.

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.

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.

### **Taxation considerations – for Stargroup Shareholders**

The STL Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares (with attached 2018 Options) or Additional Shares under the Offer. STL, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax advisers should they wish to subscribe for New Shares or Additional Shares, with attaching 2018 Options, under the Offer.

#### ***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.

### **Advantages and disadvantages of the Acquisition**

Set out below is a statement of the principal advantages and disadvantages of the Acquisition. Other advantages and disadvantages may apply in a Shareholder’s own particular circumstances.

The Board, with the input of Mr Dickinson, believes that the Acquisition will be advantageous to the Shareholders and will provide them with the following benefits:

- (a) *return to profitability*: the Acquisition should see STL return to profitability in the current financial year;
- (b) *further experienced Australian management*: Mr Dickinson is regarded as having considerable experience and success in the deployment and growth of Australian ATM networks in an ASX-listed environment. His joining the Stargroup Board is seen as a welcome evolution in the revitalisation of the Company; and
- (c) *greater presence in Australian ATM industry*: the increased ATM network will result in Stargroup being a relatively larger and consolidated participant in the Australian ATM industry. Its greater presence is likely to provide yet further opportunities to service larger Australian ATM networks;

The following may be considered potential disadvantages of the Acquisition:

- (a) *dilution in shareholdings*: current Shareholdings will collectively be diluted on completion of the Acquisition. Current Shareholders who participate in the Rights Issue will on completion of the Acquisition collectively hold 80.56% of Stargroup shares on issue; and
- (b) *transaction costs*: the Acquisition has required the Company to engage lawyers and other advisers 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 Shareholders.

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

### **Risks if Acquisition does not proceed**

If resolution 5 is not passed as an ordinary resolution, then the Acquisition will not proceed. That eventually would expose Stargroup to the following risks:

- (a) *forfeiture of deposit and cash payments*: the cash payments made on entry into the Asset Sale Agreement and on 28 September 2015 are, if the Acquisition does not complete, liable to forfeiture;
- (b) *effect on Rights Issue*: should the Acquisition approval resolutions not be passed, the Rights Issue will not be affected. Alternate acquisition proposals may be considered;
- (c) *transaction costs*: Stargroup has incurred transaction costs in connection with the Acquisition, including in the preparation and negotiation of the transaction documents, the Notice of Meeting and this Explanatory Statement. Stargroup, is responsible for these costs regardless of whether the Acquisition proceeds; and
- (d) *Share price*: if the Acquisition does not proceed, iCash Shares may trade at a lower price on the ASX.

### **Timetable**

Set out below is the currently envisaged Acquisition and Rights Issue timetable:

| <b>Event</b>   | <b>Proposed Date</b> |
|--|----------------------|
| Entry into Sale Agreement  | 1 October 2015       |
| Announcement of transaction and rights offer   | 1 October 2015       |
| Lodgement with ASX of Appendix 3B and s708AA Corporations Act 2001 notice, pre-opening | 22 October 2015      |
| Letter sent to shareholders detailing the rights offer                                 | 23 October 2015      |
| Rights offer ex date   | 26 October 2015      |

|  |                  |
|--|------------------|
| Rights offer record date   | 28 October 2015  |
| Rights Issue Offer Document (including entitlement and acceptance forms) despatched to eligible shareholders and despatch announced to ASX | 30 October 2015  |
| Rights offer opening date  | 30 October 2015  |
| Notice of AGM (including proxy form) and Explanatory Statement despatched to shareholders  | 30 October 2015  |
| Rights offer closing date (5.00 pm (AEST))   | 23 November 2015 |
| Deferred settlement trading  | 24 November 2015 |
| Rights offer shortfall date  | 26 November 2015 |
| AGM proxies close  | 28 November 2015 |
| AGM held and ASX confirmation of passage of resolutions  | 30 November 2015 |
| Issue date, completion of acquisition and new director appointment   | 30 November 2015 |
| Normal trading re-commences  | 1 December 2015  |
| Holding statements despatched to shareholders  | 2 December 2015  |

The timetable may alter at the directors' discretion.

### **Information for the purpose of ASX Listing Rule 7.1**

On the basis that the Rights Issue is fully subscribed, the following further information is provided, including pursuant to ASX Listing Rule 7.3, for the benefit of Shareholders in deciding whether or not to vote in favour of resolution 5:

- the maximum number of Shares to be issued as contemplated by this resolution is 81,250,000 Shares. Their issue is to form part consideration for the transfer to the Company of the Cash+ Assets;
- the issue of the Consideration Shares, the subject of this resolution, is scheduled to occur on completion of the Acquisition. On the current timetable, the Acquisition would complete on 30 November 2015, after the 2015 AGM; the issue in any event will, if approved, occur within 3 months after the date of the 2015 AGM;
- the issue price of the Consideration Shares is \$0.04 per Share;
- the Shares to be issued will be fully paid ordinary shares, ranking in all respects equally with all Shares then on issue;
- if approved, the Consideration Shares will be issued to Cash+ and to Cash+ alone;

- no funds will be raised by the issue; rather, the 81,250,000 Shares to be issued will constitute 50% of the consideration payable and to be provided for the acquisition of the Cash+ Assets. Should the Acquisition not complete (for example, if resolution 5 were not passed), the Consideration Shares will not be issued;
- at the date of the Notice accompanying this Statement there are 240,534,745 Shares on issue;
- on completion of the Share issue to Cash+ as part of the Acquisition and should the Rights Issue be fully subscribed, there would be 417,998,643 Shares on issue, together with 48,106,949 2018 Options on issue; and
- as at the date of the Notice of Meeting, no existing Shareholder is to be issued any Shares the subject of this resolution.

### **Recommendation**

Your directors unanimously recommend that you **VOTE IN FAVOUR** of resolution 5. Your Chairman intends to vote undirected proxies in favour of the resolution. All your directors and their controlled entities also intend to vote in favour of the resolution.

### **Voting exclusion statement**

The Company will disregard any votes cast on this resolution by Cash+, and its associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a Stargroup shareholder, if the resolution is passed, and his or her associates. However, the Company 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.

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## **7. RESOLUTION 6 – ADDITIONAL PLACEMENT CAPACITY**

Resolution 6 seeks approval from members by **special resolution** for additional capacity to issue equity securities under ASX Listing Rule 7.1A. In essence, the listing rule permits eligible entities, of which the Company is one, to issue an additional 10% of its issued capital within the 12 months following the approval or until a significant transaction is next approved by members under ASX Listing Rule 11.1.2. Any equity securities issued in reliance upon this approval must be issued at no less than 75% of their volume weighted average market price (**VWAP**) over the 15 trading days on which trades in the equity securities were recorded on the ASX before either:

- the day on which the price at which the equity securities are to be issued is agreed; or
- if the equity securities are not issued within five trading days of that date, the date on which they are issued.

The Company seeks approval to allow it to issue 10% more Shares, allowing greater flexibility to secure favourable acquisition or funding opportunities that may present themselves over the course of the next year. The giving of such approval does not affect the Company's ability to issue Shares relying on ASX Listing Rule 7.1, or an exception to that rule. It does mean however

that the 15% in 12 months facility provided under ASX Listing Rule 7.1 is supplemented by the further 10% in 12 months facility if resolution 6 is passed.

**A special resolution must be passed to give the approval sought. That is, the resolution must be passed by a majority of not less than 75% of members** who are present and eligible to vote on the resolution and who vote in favour of the resolution.

ASX Listing Rule 7.3A requires that shareholders be provided with specified information in this Explanatory Statement so that they may better consider resolutions of this nature. That information is set out below:

- the minimum price at which Shares may be issued relying on the approval sought by this resolution is 75% of the VWAP for Shares calculated over the 15 trading days on which trades in Shares were recorded immediately before either the date on which the price at which the Shares are to be issued is agreed or, if Shares the subject of this approval are not issued within five trading days after that date, the date on which such Shares are issued;
- as at 20 October 2015 the closing share price to purchase Shares on ASX was \$0.038;
- the Company has not entered into any agreement for the issue of any Shares that could be issued should resolution 6 be passed. Accordingly, it is not possible at this point of time to identify a specific date with reference to which the minimum price is to be calculated and therefore it is not presently possible to calculate that minimum price;
- if however such an agreement had been reached on 21 October 2015, the minimum price at which Shares could be issued under the facility sought would have been \$0.038;
- should resolution 6 be passed as a special resolution and Shares issued in reliance upon the approval thereby given, current Shareholders are at risk of economic and voting dilution. Those risks include:
  - that the market price for Shares may be significantly lower on the issue date than the date approval is given; and
  - that the Shares may be issued at a price that is at a discount to the market price for those Shares on the issue date;
- the date by which Shares may be issued in reliance upon the approval given under resolution 7, if passed, is 12 months after the date of the AGM, that is 30 November 2016. The approval will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2, that is, a proposed changes to the nature or scale of activities of the Company, or under rule 11.2, a change involving the Company's main undertaking;
- should the approval sought be given, the Company will be in a position of greater flexibility to fund or provide Share-based consideration or to raise moneys for further expansion, for working capital purposes or for appropriate acquisitions;
- an allocation policy for the issue of any such Shares has not yet been determined; the policy will depend on the particular transaction presented for consideration at the relevant time; and
- the Company has not previously sought approval to issue equity securities under ASX Listing Rule 7.1A.



The table on the following page is provided by way of illustration. The table illustrates the potential for dilution of existing Shareholders should the Company issue Shares, with the Company's currently issued share capital, in reliance upon the issue facility sought in the different scenarios contemplated by ASX Listing Rule 7.1A.2:

### **Recommendation**

Your Directors unanimously recommend that you **VOTE IN FAVOUR** of resolution 6. Your Chairman intends to vote undirected proxies in favour of this resolution. Your Board and the entities that they control have all indicated that they intend to vote in favour of the resolution.

**Voting exclusion statement:** The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Stargroup shareholder if the resolution is passed, and his or her associates. However, the Company 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.

| Dilution table – ASX Listing Rule 7.1A.2          |                  |  |   |                        |  |
|---|------------------|--|---|------------------------|--|
|   |                  |  | \$0.0175<br>50% decrease in Issue Price | \$0.035<br>Issue Price | \$0.07<br>100% increase in Issue Price |
| Variable 'A' in Listing Rule 7.1A.2               |                  |  |   |                        |  |
|   |                  |  |   |                        |  |
| Current<br>240,534,745 Shares                     | Number of Shares |  | 24,053,475                              | 24,053,475             | 24,053,475                             |
|   | Funds raised     |  | \$420,936                               | \$841,872              | \$1,83,743                             |
| 50% increase in Variable A<br>360,802,118 Shares  | Number of Shares |  | 36,080,212                              | 36,080,212             | 36,080,212                             |
|   | Funds raised     |  | \$631,404                               | \$1,262,807            | \$2,525,615                            |
| 100% increase in Variable A<br>481,069,490 Shares | Number of Shares |  | 48,106,950                              | 48,106,950             | 48,106,950                             |
|   | Funds raised     |  | \$841,872                               | \$1,683,743            | \$3,367,487                            |

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## **GLOSSARY**

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In these shareholder materials, the following terms have the following meanings:

|                             |  |
|-----------------------------|--|
| <b>2018 Option</b>          | the listed option offered as part of the Rights Issue giving a holder the right (but not the obligation) to buy one Share on the basis of every two New Shares subscribed for, at a nil issue price and with an exercise price of \$0.05, and exercisable at any time by the holder within three years after the date of their issue |
| <b>Acquisition</b>          | the acquisition by Investments of the Cash+ Assets under the Asset Sale Agreement  |
| <b>AEDT</b>                 | Australian Eastern Daylight Time   |
| <b>AGM or 2015 AGM</b>      | the 2015 Annual General Meeting of the Company convened to be held on 30 November 2015, and the subject of these shareholder materials   |
| <b>Asset Sale Agreement</b> | the agreement so entitled between Cash+ as seller and Investments as buyer dated 1 October 2015  |
| <b>ASX</b>                  | ASX Limited ABN 98 008 624 691   |
| <b>ATM</b>                  | automatic teller machine   |
| <b>Cash+</b>                | Cash Plus Australia Pty Ltd ACN 132 882 690  |
| <b>Cash+ Assets</b>         | the assets agreed to be sold by Cash + to Investments under the Asset Sale Agreement, principally comprising Cash+'s 109 machine Australian ATM network and related support contracts  |
| <b>Company</b>              | Stargroup  |
| <b>Consideration Shares</b> | the Shares to be issued by the Company to Cash+ as part of the consideration to be paid and provided by Investments for the Cash+ Assets   |
| <b>EBITDA</b>               | earnings before income tax, depreciation and amortisation  |
| <b>Eligible Shareholder</b> | has the meaning given in the Rights Issue Offer Document   |
| <b>Existing Shares</b>      | has the meaning given in the Rights Issue Offer Document   |
| <b>Group</b>                | Stargroup and its subsidiaries   |
| <b>Investments</b>          | Stargroup Investments Limited ACN 166 089 149  |
| <b>NeoICP</b>               | NeoICP (Korea), Inc, incorporated in the Republic of South Korea, the Company's major supplier, a shareholder of the Company and in which the Company has a minority holding   |
| <b>New Shares</b>           | has the meaning given in the Rights Issue Offer Document   |

|                                    |   |
|------------------------------------|---|
| <b>Notice</b>                      | the Notice of Meeting that forms part of these shareholder materials  |
| <b>Offer</b>                       | see Rights Issue  |
| <b>Performance Shares</b>          | the performance shares approved to issue at the 29 July 2015 extraordinary general meeting, subsequently issued to their intended holders   |
| <b>Rights Issue</b>                | the offer to Eligible Shareholders of up to 96,213,898 New Shares at an issue price of \$0.035 per New Share on the basis of two (2) New Shares for every five (5) Existing Shares and up to 48,106,949 attaching 2018 Options at a nil issue price and exercisable at a price of \$0.05 per option within a period of three years from the date of issue of the option on the basis of one (1) 2018 Option for every two (2) New Shares subscribed for, as announced to the ASX on 1 October 2015, to raise up to \$3,367,486 before issue costs |
| <b>Rights Issue Offer Document</b> | the Non-Renounceable Rights Issue Offer Document issued by the Company on or about 30 October 2015 and which sets out details of the Rights Issue   |
| <b>Share</b>                       | a fully paid ordinary share in the Company  |
| <b>Shareholder</b>                 | a registered holder of a Share  |
| <b>Stargroup or STL</b>            | Stargroup Limited ABN 87 061 041 281 (formerly iCash Payment Systems Limited)   |
| <b>VComms</b>                      | VComms Connect Limited of New Zealand   |
| <b>VWAP</b>                        | volume weighted average market price  |

ANNEXURE

PRO-FORMA BALANCE SHEETS AS AT 31 AUGUST 2015

| (Unaudited) Proforma Consolidated Balance Sheet |                                |   |  |  |
|---|--------------------------------|---|--|--|
|   |                                |   |  |  |
|   | Actual<br>31-Aug-15<br>(A\$'s) | Proforma<br>31-Aug-15<br>Assuming<br>Rights Issue<br>Fully<br>Subscribed<br>(A\$'s) |  | Proforma<br>31-Aug-15<br>Assuming<br>Rights Issue<br>Fully<br>Subscribed<br>and Shares<br>Issued on<br>completion<br>(\$A's) |
| <b>CURRENT ASSETS</b>                           |                                |   |  |  |
| Cash and cash equivalents                       | 1,500,300                      | 4,867,786   |  | 1,617,786  |
| Trade and other receivables                     | 151,314                        | 151,314   |  | 151,314  |
| Inventory                                       | 924,987                        | 924,987   |  | 924,987  |
| Other assets                                    | 120,589                        | 120,589   |  | 120,589  |
| <b>TOTAL CURRENT ASSETS</b>                     | <b>2,697,190</b>               | <b>6,064,676</b>  |  | <b>2,814,676</b>   |
| <b>NON-CURRENT ASSETS</b>                       |                                |   |  |  |
| Property, plant and equipment                   | 789,516                        | 789,516   |  | 789,516  |
| Other financial assets                          | 1,266,171                      | 1,266,171   |  | 7,766,171  |
| <b>TOTAL NON-CURRENT ASSETS</b>                 | <b>2,055,687</b>               | <b>2,055,687</b>  |  | <b>8,555,687</b>   |
| <b>TOTAL ASSETS</b>                             | <b>4,752,877</b>               | <b>8,120,363</b>  |  | <b>11,370,363</b>  |
| <b>CURRENT LIABILITIES</b>                      |                                |   |  |  |
| Trade and other payables                        | 567,374                        | 567,374   |  | 567,374  |
| Provisions                                      | 45,197                         | 45,197  |  | 45,197   |
| <b>TOTAL CURRENT LIABILITIES</b>                | <b>612,571</b>                 | <b>612,571</b>  |  | <b>612,571</b>   |
| <b>TOTAL LIABILITIES</b>                        | <b>612,571</b>                 | <b>612,571</b>  |  | <b>612,571</b>   |
| <b>NET ASSETS</b>                               | <b>4,140,307</b>               | <b>7,507,793</b>  |  | <b>10,757,793</b>  |
| <b>EQUITY</b>                                   |                                |   |  |  |
| Share Capital                                   | 56,200,461                     | 59,567,947  |  | 62,817,947   |
| Accumulated losses                              | 52,060,154                     | 52,060,154  |  | 52,060,154   |
| <b>TOTAL EQUITY</b>                             | <b>4,140,307</b>               | <b>7,507,793</b>  |  | <b>10,757,793</b>  |