



NON-RENOUNCEABLE RIGHTS ISSUE

OFFER DOCUMENT

For a non-renounceable pro-rata 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
- 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,

if fully subscribed to raise up to \$3,367,486 before issue costs.

This offer is fully underwritten by Patersons Securities Limited. PAC Partners Pty Ltd and Patersons Securities Limited will act as the Joint Lead Managers. Please refer to section 3.18 of this Offer Document for details regarding the material terms of the Underwriting Agreement.

This offer is being made to Eligible Shareholders at the record date of 5.00 pm (AEDT) on 28 October 2015.

The last date for acceptance and payment in full is 5.00 pm (AEDT) on Monday, 23 November 2015. All monetary references in this document are to Australian Dollars.

IMPORTANT NOTICE

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attached to, the shares and attached options offered.

If you are an Eligible Shareholder, this is an important document and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should take, you should consult your stockbroker or other professional adviser without delay.

HONG KONG WARNING - the contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, then you should obtain independent professional advice.

1. CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder

On behalf of the Board of Stargroup Limited, I am pleased to provide Eligible Shareholders with the opportunity to participate in a non-renounceable rights issue (the **Offer** or the **Rights Issue**). The Offer forms the basis of a capital raising being undertaken by the Company, with the proceeds to in part be used for the acquisition of a 109 machine ATM network or otherwise for general working capital or acquisition purposes.

The Rights Issue will provide Eligible Shareholders with the opportunity to subscribe for two (2) New Shares for every five (5) Shares held by them on the Record Date at a price of \$0.035 per Share. Attached to this offer is a one (1) for two (2) listed option (a **2018 Option**) to acquire one Share (for every two (2) New Shares subscribed for), issued 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.

If fully subscribed, STL intends to issue 96,213,898 New Shares (with attached 2018 Options) and the Offer will raise \$3,367,486, before issue costs. The Rights Issue is fully underwritten. This Offer Document of which this letter forms part sets out the details of the Offer.

Details of the proposed acquisition, if approved, were announced to the Australian Securities Exchange (**ASX**) on 1 October 2015 and are further described below.

As the Offer is non-renounceable, your Entitlement is not transferable and cannot be traded on the ASX or any other exchange, nor is otherwise assignable. Therefore, if you choose not to take up your Entitlement under the Offer, whether in full or in part, then you will not receive any value in respect of the Entitlement that you do not take up.

The Company has put in place a Top-Up Facility that allows Eligible Shareholders to apply for Additional Shares with attaching 2018 Options in excess of their Entitlement, at the same price of \$0.035 per Share with options.

Your Directors unanimously support the Rights Issue and all Directors that hold Shares intend to take up their Entitlement under the Rights Issue in full.

The proposed acquisition and Rights Issue raising issue are consistent with the Company's announced growth strategy. In our 30 July 2015 Merger Update announcement we informed the market of "... a well defined 5 point plan to deliver growth in the new merged company ...". A central plank in that 5 point plan is to target smaller unlisted ATM deployers for mergers and acquisitions. Doing so should ensure both that the total growth of product sales is satisfactory and that the Company increases its market share.

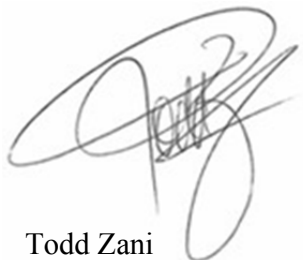
I encourage you to read the Offer Document and the accompanying Entitlement and Acceptance Form in their entirety before deciding whether or not to participate in the Offer.

The Closing Date for acceptances is 5.00 pm (AEDT) on Monday, 23 November 2015. If you wish to participate, then please complete and sign the Entitlement and Acceptance Form and ensure that your form and payment are received by our share registry, Computershare Investor Services Pty Limited, by this time.

If you have any enquiries about the Rights Issue, then please contact the Company on 1800 286 782 (within Australia) or +61 2 9099 2300 (outside Australia).

I look forward to your support of the Offer.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Todd Zani', written over a light grey rectangular background.

Todd Zani
CEO and Executive Chairman

2. IMPORTANT DATES AND IMPORTANT NOTES

2.1 Important dates

The proposed timetable for the Rights Issue is set out below:

Event	Date
Announcement of Rights Issue	1 October 2015
Lodgment of documents associated with the Rights Issue (Lodgment of Appendix 3B and Cleansing Notice with ASX)	22 October 2015
Rights Issue Ex-Date (Shares quoted on 'ex basis' on ASX.)	26 October 2015
Rights Issue Record Date (The date for determining entitlements of Eligible Shareholders to participate in the Rights Issue)	5:00 pm (AEDT), 28 October 2015
Despatch of Offer Document to Eligible Shareholders (Despatch of Offer Document and Entitlement and Acceptance Form)	30 October 2015
Rights Issue Opening Date (The first day for receipt of acceptances under the Rights Issue including applications under the Top-Up Facility)	30 October 2015
Rights Issue Closing Date (The last day for receipt of acceptances including last day to apply under the Top-Up Facility)	5:00 pm (AEDT), Monday, 23 November 2015
Deferred Settlement Trading (New Shares (with attached 2018 Options) issued under the Rights Issue expected to commence quotation on ASX on a deferred settlement basis)	24 November 2015
Rights Issue Shortfall Date (Allocation of shares under the Top-Up Facility allocated and announcement made to ASX. Announcement made to ASX of any shortfall under the Rights Issue after take-up under the Top-Up Facility.)	26 November 2015
Issue of Shares under the Rights Issue (Issue date for New Shares and 2018 Options allotted under the Rights Issue (including shares under the Shortfall Facility) and New Shares and 2018 Options commence trading on ASX on a normal settlement basis)	30 November 2015
Normal Trading (New Shares (with attached 2018 Options) issued under the Rights Issue expected to commence quotation on ASX on a normal T + 3 basis.)	1 December 2015

This timetable is indicative only and subject to change. The Company, in conjunction with the Underwriter, reserves the right to amend this indicative timetable at any time, subject to the provisions of the *Corporations Act 2001* and of the *ASX Listing Rules*.

Eligible Shareholders are encouraged to submit their Entitlement and Acceptance Forms as soon as possible after the Rights Issue opens.

You cannot, in most circumstances, withdraw your Application once it has been lodged. No cooling off period or rights apply to the Offer.

2.2 Important notes

2.2.1 Notice

This Offer Document is dated 30 October 2015.

Section 708AA of the *Corporations Act 2001*, as modified by ASIC Class Order [CO 08/35], allows ASX-listed companies to make pro-rata rights issue offers of securities to existing shareholders without a disclosure document. The Offer to which this Offer Document relates complies with the requirements of the section as modified by ASIC Class Order [CO 08/35] and accordingly, this Offer Document is not required to be lodged or registered as a prospectus or other disclosure document with ASIC.

This Offer Document has been prepared in accordance with section 708AA of the *Corporations Act 2001*. The Offer Document is provided for information purposes only and is not a prospectus or other disclosure document for the purposes of the *Corporations Act 2001*. Accordingly, the Offer Document does not contain all of the information that a prospective investor may require or otherwise reasonably expect to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document.

Before applying for any New Shares, each Applicant should consider whether such an investment, and the information contained in this Offer Document, is appropriate to their particular needs, investment objectives and financial circumstances. The Offer Document has been prepared without taking into account the investment objectives, financial or taxation situation or particular needs of any Applicant. It does not constitute general or specific financial product advice.

By returning the Entitlement and Acceptance Form, or lodging an Entitlement and Acceptance Form with your stockbroker and arranging for payment of your New Shares, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer and you agree to all of the terms and conditions set out in this Offer Document.

2.2.2 No representations other than as set out in this Offer Document

No person is authorised by the Company to give information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied upon as having been authorised by the Company in connection with the Rights Issue.

2.2.3 *Regular reporting and disclosure*

The Company is a disclosing entity for the purposes of the *Corporations Act 2001* and as such is subject to regular reporting and disclosure obligations under both the *Corporations Act 2001* and *ASX Listing Rules*. All announcements made by the Company are available at www.asx.com.au (ASX code: STL) and www.starpaymentsystems.com.au. The contents of any ASIC or ASX filing are not incorporated in this Offer Document. This Offer Document should be read in conjunction with publicly available information in relation to the Company which has been notified to ASX. Investors should have regard to publicly available information in relation to the Company before making a decision whether or not to invest.

2.2.4 *Forward-looking statements*

Some of the statements appearing in this Offer Document may be in the nature of forward-looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward-looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Actual outcomes may differ materially from the events, intentions or results expressed or implied in any forward-looking statement in this Offer Document. To the full extent permitted by law, the Company, none of the persons named in this Offer Document and any person involved in the preparation of this Offer Document makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any intentions or outcomes expressed or implied in any forward-looking statement, other than that they are based on reasonable grounds. You are cautioned not to place undue reliance on any forward-looking statement having regard to the fact that any stated outcome may not be achieved.

2.2.5 *Restrictions on distribution*

Hong Kong

The Company to which this Offer Document relates has not been and will not be authorised by Hong Kong's Securities and Futures Commission (SFC) for public marketing in Hong Kong. Nor has this Offer Document been authorised by the SFC in connection with an invitation to the public of Hong Kong to acquire or subscribe for New Shares or 2018 Options. Further this Offer Document has not been delivered for registration as a prospectus in Hong Kong pursuant to section 342C(7) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (**C(WIMP)O**). This Offer Document does not constitute or form any part of an offer, solicitation or invitation to the public in Hong Kong to acquire or subscribe for New Shares or 2018 Options.

Accordingly, the New Shares and 2018 Options may not be offered or sold in Hong Kong, by means of this or any other document, other than (a) to a Professional Investor as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (SFO) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the C(WIMP)O or which do not constitute an offer to the public within the meaning of that Ordinance; nor may any person issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Shares and the 2018 Options, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares and the 2018 Options which are or are intended to be disposed of only to persons outside Hong Kong or only to a Professional Investor as defined in the SFO and any rules made under that Ordinance.

New Zealand

This Offer Document has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. The New Shares (with attached 2018 Options) are being offered to existing Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (NZ). This Offer Document does not constitute an offer in any place where, or to any person to whom it would not be lawful to make such an offer. No action has been taken to lodge this Offer Document in any jurisdiction or to otherwise permit a public offering of New Shares (with attached 2018 Options) under the Offer in any jurisdiction other than Australia and New Zealand. This Offer Document is not to be distributed in, and no offer of Shares is to be made in countries other than, Australia and New Zealand. The distribution of this Offer Document outside Australia and New Zealand may be restricted by law.

Singapore

This Offer Document and any other materials relating to the Offer and the New Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of the New Securities, may not be issued, circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except under and in accordance with the exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Finance Act, Chapter 289 of Singapore (the SFA), or otherwise under, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Document has been given to you on the basis that you are: (i) an existing holder of the Company's shares; (ii) an 'institutional investor' (as defined in the SFA); or (iii) a 'relevant person' (as defined in section 275(2) of the SFA). If you are not an investor falling within any of the categories set out above, then please return this Offer Document immediately. You may not forward or circulate this Offer Document to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire the New Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

2.2.6 *Offer Document availability*

The Offer Document is available in electronic form at www.starpaymentsystems.com.au. Persons who access the electronic version of this Offer Document must ensure that they download and read the entire Offer Document. If you download an electronic version of this document and wish to participate in the Offer, then please contact the Company's Share Registry to obtain an Entitlement and Acceptance Form.

A printed copy of this Offer Document is available free of charge by calling the Company on 1800 286 782 (within Australia) or +61 2 9099 2300 (outside Australia), during normal business hours.

2.2.7 Defined words and expressions

Some words and expressions used in this Offer Document have defined meanings set out in the Glossary in section 6.

2.2.8 No financial product advice

The information provided in this Offer Document and the accompanying Entitlement and Acceptance Form does not constitute financial product advice and has been prepared without taking into account your personal investment objectives, financial circumstances or particular needs, and should not be considered to be comprehensive or to comprise all the information which a Shareholder may require in order to determine whether or not to subscribe for New Shares.

If you are in any doubt as to the course you should follow, then we suggest that you should consult your stockbroker, accountant or other independent professional adviser before deciding whether to take up your Entitlement.

Prospective investors should conduct their own independent investigation and assessment of the Offer and the information contained in, or referred to in, this Offer Document. An investment in the Company is subject to investment risk including possible loss of income and principal invested.

2.2.9 Disclaimer

This Offer Document has been prepared by the Company. No party other than the Company has authorised or caused the issue of this Offer Document or takes responsibility for, or makes any statements, representations or undertakings in, this Offer Document.

The Joint Lead Managers, PAC Partners Pty Ltd and Patersons Securities Limited and Banki Haddock Fiora have each provided, and not withdrawn, their respective consents to be named in this Offer Document in the form and in the context in which they are named.

In particular, each of Patersons Securities Limited as underwriter and each of PAC Partners Pty Ltd and Patersons Securities Limited as joint lead managers and Banki Haddock Fiora as solicitors to the Offer, and their respective related bodies corporate, directors, partners, employees, representatives or agents:

- (a) has not, authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this Offer Document;
- (b) does not make, nor purports to make, any statement in this Offer Document, and there is no statement in this Offer Document which is based on any statement by them; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any part of this Offer Document.

Neither ASX nor ASIC takes any responsibility for the contents of this Offer Document.

No person is authorised to give any information or make any representation in connection with this Offer Document except as contained in this Offer Document. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this Offer Document.

2.2.10 Privacy

The Company and the Share Registry have already collected certain personal information from you as a Shareholder. If you complete an Entitlement and Acceptance Form, then you will be providing personal information to the Company (directly or via the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update personal information we hold about you. Please contact the Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988*, the *Corporations Act 2001* and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, then the Company may not be able to accept or process your Application.

2.2.11 Governing law

This Offer Document and the contracts formed on acceptance of Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares (with attached 2018 Options) submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia and courts of appeal therefrom.

2.2.12 Enquiries

If you have any enquiries in relation to the Offer, then please contact the Company by telephone on 1800 286 782 (within Australia) or +61 2 9099 2300 (outside Australia), during normal business hours.

3. DETAILS OF THE OFFER

3.1 The Offer

The Company offers Eligible Shareholders the opportunity to participate in a non-renounceable rights issue of:

- New Shares at an issue price of \$0.035 per Share on the basis of two (2) New Shares for every five (5) Existing Shares; and
- 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,

at the record date of 5.00 pm (AEDT) on Wednesday, 28 October 2015.

The issue price of \$0.035 per Share is equal to the 10 day VWAP of the Shares immediately prior to the announcement of the Acquisition on 1 October 2015.

The number of New Shares and attaching 2018 Options to which Eligible Shareholders are entitled is shown in the accompanying, personalised Entitlement and Acceptance Form. You can subscribe for all, or part, of your Entitlement to New Shares and attaching 2018 Options. Detailed instructions on how to accept all or part of your Entitlement are set out in section 4.

Fractional entitlements will be rounded down to the nearest whole number of New Shares.

All Eligible Shareholders who accept the Offer will receive their Entitlement in full. If an Eligible Shareholder does not take up their Entitlement in full, then the interest of that Shareholder in the Company will be diluted to the extent that the Offer is taken up by other Eligible Shareholders and Shares are subscribed for under the Top-Up Facility (see section 3.8) or the Shortfall Facility (see section 3.9).

Your Directors unanimously support the Rights Issue and all Directors who are eligible Shareholders intend to take up their Entitlements under the Rights Issue in full.

3.2 Purpose of the Offer

The primary purpose of the Rights Issue is to provide STL with funds to pay for part of the 109 machine ATM network that will be acquired from Cash+. The balance of the funds raised will be used for general working capital purposes.

The proposed acquisition, which is earnings accretive, is consistent with the Company's announced growth strategy. In its 30 July 2015 Merger Update announcement to the ASX, the Company informed the market of "... a well defined 5 point plan to deliver growth in the new merged company ...". One of the planks to the 5 point plan is to target smaller unlisted ATM deployers for mergers and acquisitions. The Company intends to identify and target a number of smaller independent operators for their merger and acquisition potential.

If the proposed acquisition is completed, then the Company will have a total fleet of 230 operative automatic teller machines processing approximately 1.8 million transactions annually.

The proposed acquisition is part of the Company's commitment to becoming the largest ASX-listed automatic teller machine and payment services provider in Australia.

3.3 Who is eligible to participate?

You are eligible to participate in the Rights Issue if you were a Shareholder as at the Record Date of 5.00 pm (AEDT) on 28 October 2015 and have a registered address in Australia, Hong Kong, New Zealand or Singapore (the **Eligible Shareholders**). The Offer is not being extended to any Shareholder whose registered address on the Record Date is outside Australia, Hong Kong, New Zealand or Singapore (the **Ineligible Shareholders**). Each Offer to Eligible Shareholders is made on the same terms and conditions.

The Board has determined that it would be unreasonable to extend the Offer to Ineligible Shareholders, having regard to the number of Shares held by Ineligible Shareholders, the number and value of New Shares (with attached 2018 Options) they would be offered and the costs of complying with the legal and regulatory requirements which would apply to an offer of Shares to Ineligible Shareholders in jurisdictions other than Australia, Hong Kong, New Zealand or Singapore.

Shareholders who are resident in Australia, Hong Kong, New Zealand or Singapore holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up their Rights does not breach the laws of the relevant overseas jurisdiction. The return of a duly completed Entitlement and Acceptance Form or payment of subscription moneys will constitute a representation by the Applicant that there has been no breach of such laws.

3.4 Nominees

The Offer is being made to all Eligible Shareholders who must be registered as a holder in Australia, Hong Kong, New Zealand or Singapore. The Company is not required to determine whether or not any registered holder is acting as a nominee of the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

3.5 Effect of the Offer on the capital structure of the Company

The capital structure of the Company following completion of the Offer is set out below:

Stargroup Shares / 2018 Options	Number	% interest (where applicable)
Shares currently on issue	240,534,745	57.55%
Shares issued to Cash+ as part of the Acquisition	81,250,000	19.44%
Shares issued under the Rights Issue if fully subscribed	96,213,896	23.01%
Total Shares post-Acquisition and Rights Issue	417,998,641	100%
Total Shares on issue in 2018 should all 2018 Options be exercised in full	466,105,589	
Total Shares on issue in 2020 ¹ should all Performance Shares conversion conditions be met	476,105,589	

*These figures are approximate as individual Entitlements will be rounded down to the nearest whole number of Shares.

¹ The 2020 figure assumes that all Performance Share conversion conditions in each of 2016, 2017, 2018 and 2019 are met and no other Shares are issued. This may or may not eventuate.

3.6 Effect of the Offer on the control of the Company

The Company has lodged with ASX a notice in accordance with s708AA of *the Corporations Act 2001* as modified by ASIC Class Order [CO 08/35] which sets out, among other things, the effect of the Offer on the control of the Company. This notice may be viewed on the web sites of the Company and the ASX.

If all Eligible Shareholders take up their Entitlements in full, the Offer will not diminish the percentage shareholding and voting power of each Eligible Shareholder (assuming no further issue of securities by the Company). If some Eligible Shareholders do not take up their Entitlements in full, then their percentage shareholding and voting power in the Company will be diluted.

The percentage shareholding and voting power of Ineligible Shareholders not eligible to participate in the Offer will also be diluted by the New Shares and 2018 Options (if exercised) issued under the Offer.

The Company currently has 240,534,745 Shares on issue. The Rights Issue contemplates that up to 96,213,898 New Shares with attached 2018 Options will be issued in order to raise up to \$3,367,486.

Based on the holdings of the Shareholders as set out in the Company's Share Register at the date of this Offer Document, no Shareholder following a take up of their Rights should increase their shareholding to more than 20% of the Company's issued capital by reason of their participation in the Offer.

Eligible Shareholders should nevertheless have regard to and comply with the takeovers provisions, Chapter 6, of the *Corporations Act 2001* when considering whether or not to accept the Offer, including in particular with respect to their participation in the Top-Up Facility. The Company expressly disclaims any responsibility for ensuring that you do not breach the 20% takeover threshold prohibition in s606 of the *Corporations Act 2001* as a result of applying for any New Shares.

3.7 Entitlement and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer will be determined at 5.00 pm (AEDT) on Wednesday, 28 October 2015. Your Entitlement to New Shares with attached 2018 Options is shown in the accompanying, personalised Entitlement and Acceptance Form. There is no minimum subscription condition.

The Offer may be accepted in whole or in part prior to 5.00pm on Monday, 23 November 2015, subject to the rights of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in sections 4.2 to 4.6 of this Offer Document and in the personalised Entitlement and Acceptance Form that accompanies this Offer Document.

3.8 Application for Additional Shares under the Top-Up Facility

Under the Top-Up Facility, Eligible Shareholders may apply for Additional Shares in excess of their Entitlement, at the same price as New Shares (with attached 2018 Options) under the Offer.

Shareholders wishing to subscribe for Additional Shares under the Top-Up Facility must apply for the Additional Shares at the same time as they apply for New Shares (with attached 2018 Options) under their Entitlement. There is no limit on the number of Additional Shares that Eligible Shareholders may apply for under the Top-Up Facility, however, applications under the Top-Up Facility will only be satisfied to the extent that there is a shortfall under the Rights Issue.

The issue of Additional Shares under the Top-Up Facility is at the discretion of STL.

Should such applications exceed the Shares available, a scale-back will be applied in a manner determined by the STL Directors.

Please refer to section 4.3 of this Offer Document for further information on applying for Additional Shares under the Top-Up Facility.

3.9 Shortfall Facility

To the extent that the entitlements under the Rights Issue are not taken up by Eligible Shareholders and the Top-Up Facility leads to a shortfall, a Shortfall Facility may be put in place.

STL has appointed PAC Partners Pty Ltd and Patersons Securities Limited as Joint Lead Managers to the Rights Issue and to handle applications under the Shortfall Facility. PAC Partners Pty Ltd and Patersons Securities Limited may offer any remaining Shares under the Shortfall Facility to sophisticated and professional investors only, at the same price that Shares are offered to Eligible Shareholders under the Rights Issue, which is \$0.035 per Share.

Persons intending to participate in the Shortfall Facility should be mindful of their obligations under Chapter 6, the takeovers provisions, of the *Corporations Act 2001*, particularly as the exception in s611, item 10 of the does not apply to Shares acquired under the Shortfall Facility.

3.10 Renounceability

The Offer is non-renounceable. This means that your right to subscribe for New Shares (with attached 2018 Options) under the Rights Issue is not transferable or tradeable on the ASX, or otherwise. If you take no action, then you will not be allocated New Shares (with attached 2018 Options) and you will not receive any value in respect of your Entitlement. Any Entitlements which you do not take up will lapse and New Shares (with attached 2018 Options) in respect of those Entitlements may be allocated to Eligible Shareholders who have applied for Additional Shares under the Top-Up Facility or to new investors under the Shortfall Facility.

3.11 Opening and closing dates

The Offer opens on 30 October 2015 (the **Opening Date**). The Company will accept Entitlement and Acceptance Forms until 5.00 pm (AEDT) on Monday, 23 November 2015 (the **Closing Date**), or such other date as the STL Directors in their discretion determine, subject to the *ASX Listing Rules* and the *Corporations Act 2001*.

3.12 Issue and despatch

On the current timetable, the New Shares and 2018 Options will be issued on Monday, 30 November 2015. It is contemplated that holding statements will be despatched to Shareholders on Wednesday, 2 December 2015.

3.13 Allotment and official quotation of New Shares and 2018 Options

From the date of issue, all New Shares and 2018 Options issued under the Offer (including Shares issued under the Top-Up Facility and the Shortfall Facility) will be validly issued fully-paid ordinary shares and options, and will be quoted on the ASX.

New Shares and 2018 Options will be issued only after all application moneys have been received and ASX has granted permission for all the New Shares and 2018 Options to be quoted. The allotment of New Shares and 2018 Options will take place as soon as practicable after the Closing Date and in accordance with the *ASX Listing Rules*, the *Corporations Act 2001* and ASIC Class Order [CO 08/35].

Application for admission of the New Securities to official quotation on ASX will be made. Subject to the approval being granted by ASX, it is expected that quotation and trading of the New Securities issued under the Offer will commence on a deferred settlement basis on 24 November 2015.

The fact that ASX may grant official quotation of the New Shares and the 2018 Options is not to be taken in any way as an indication of the merits of the Company or of these equity securities.

If the ASX does not grant permission for official quotation of the New Shares (with attached 2018 Options) within three months after the date of this Offer Document, then none of the New Shares or the 2018 Options will be issued and all application moneys will be refunded without interest.

3.14 Application moneys

Application moneys will be held in trust by STL from the date of receipt to the date of allotment of New Shares. STL is entitled to all interest earned on the application moneys.

Shareholders who apply for New Shares (with attached 2018 Options) which are subsequently not available due to scale-back, will be refunded, without interest, that portion of the application moneys relating to the New Shares.

3.15 Taxation implications

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.

3.16 Rights and liabilities attaching to New Shares and Additional Shares

New Shares issued under the Offer and Additional Shares issued under the Shortfall Facility will be fully paid ordinary shares in the capital of the Company and will rank equally with existing Shares.

The following text is a general description of the more significant rights and liabilities attaching to the New Shares or the Additional Shares. The descriptions below of New Shares apply equally to the Additional Shares. Full details of the provisions relating to rights attaching to the New Shares and the Additional Shares are set out in the Company's Constitution, which is available on request from the Company Secretary, and are regulated by the *Corporations Act 2001*, the general law, the *ASX Listing Rules* and the *ASX Settlement Operating Rules*.

- (a) At the date of the Offer, all New Shares will be of the same class and rank equally in all respects. Specifically, the New Shares issued under the Offer will rank equally with the existing Shares on issue.
- (b) Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.
- (c) Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid upon them.
- (d) The rights attaching to the Shares may only be varied by the consent in writing of the holders of a majority of the Shares of the affected class, or with the sanction of an ordinary resolution passed at a meeting of the holders of the Shares of the affected class.
- (e) Subject to the Company's Constitution, the *Corporations Act 2001* or any other applicable laws of Australia and the *ASX Listing Rules*, the Shares are freely transferrable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.
- (f) Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to the Shareholders under the Company's Constitution, the *Corporations Act 2001* and the *ASX Listing Rules*.
- (g) If the Company is wound up, the liquidator may, with the sanction of a special resolution:
 - (i) divide among the Shareholders the whole or any part of the Company's property; and
 - (ii) decide how the division is to be carried out between the Shareholders.
- (h) Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them, irrespective of the amounts paid or credited to be paid on these Shares.

3.17 Rights and liabilities attaching to 2018 Options

The 2018 Options issued under the Offer will be issued on the following terms and conditions:

- (a) each 2018 Option entitles the Option holder, when exercised, to subscribe for one (1) Share;
- (b) the 2018 Options are exercisable wholly or in part at any time prior to 5.00pm Melbourne time on the date which is three (3) years from the date of issue of the 2018 Options, being 30 November 2018 (the **Expiry Date**). Any 2018 Options not exercised by that date will automatically lapse;
- (c) each 2018 Option may be exercised by notice in writing to the Company, together with the payment for the number of Shares in respect of which the 2018 Options are exercised, at any time before the Expiry Date. Any notice of exercise of a 2018 Option received by the Company will be deemed to be a notice of the exercise of that option as at the date of receipt;
- (d) the 2018 Option exercise price is \$0.05 per option;
- (e) a 2018 Option does not confer the right to a change in the exercise price or a change in the number of underlying Shares over which the option can be exercised;
- (f) Shares issued upon the exercise of the 2018 Options will be issued following receipt of all relevant documents and payments and will rank equally in all respects with the then issued Shares;
- (g) the Company will apply for quotation on ASX of the 2018 Options and all Shares issued upon the exercise of the 2018 Options;
- (h) subject to the *Corporations Act 2001*, the Constitution and the *ASX Listing Rules*, the 2018 Options are freely transferable;
- (i) there are no participating rights or entitlements in respect of the Company inherent in the 2018 Options and option holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the 2018 Options. The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven business days after the issue is announced so as to give option holders the opportunity to exercise their 2018 Options before the date for determining entitlements to participate in any issue; and
- (j) if any time prior to the Expiry Date, the issued capital of the Company is reorganised, then the rights of an option holder are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

3.18 Underwriting of the Offer

Under the Underwriting Agreement, the Offer is fully underwritten by Patersons Securities Limited.

Upon completion, the Underwriter will receive an underwriting fee of 6% of the amount underwritten and a management fee equating to 2% of the amount raised under the Offer (the **Fees**).

The Underwriter will also receive payment of reasonable costs and expenses incurred by it in connection with the Offer. The Company will pay an amount equal to any GST payable by the Underwriter for any taxable supply under the Underwriting Agreement.

The Underwriter has a discretion to terminate the Underwriting Agreement for reasons that are standard in agreements of this nature.

3.19 Market price of Shares

STL's ASX share price may change between the date of this Offer Document, the date the Offer closes and the date when New Shares are allotted to you. This means that the price you pay per New Share may be greater or less than the market price of Shares when the New Shares are issued to you.

3.20 Balance Sheets

The unaudited Balance Sheet of the Company as at 31 August 2015 and pro-forma Balance Sheets at that date based on the completion of the Offer and the issue of Shares on completion of the Acquisition are set out below. The second column assumes that the Offer is fully subscribed. The third column assumes that both the Rights Issue is fully subscribed and the Acquisition is approved by Shareholders and is completed. These pro-forma unaudited balance sheets are illustrative only and may not reflect the actual position and balances as at the conclusion of the Offer. The Balance Sheets exclude legal costs associated with the Rights Issue and the Acquisition.

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

The Rights Issue, if it is fully subscribed, will have an effect on the Company's Balance Sheet by increasing Shareholders' (Contributed) Equity and net assets by approximately \$6,617,486 (excluding costs).

4. ACTION REQUIRED BY SHAREHOLDERS

4.1 What you may do - choices available

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Offer.

If you are an Eligible Shareholder, you may do any one of the following:

- (a) take up all of your Entitlement in full; or
- (b) take up all of your Entitlement and apply for Additional Shares in the event of a shortfall under the Top-Up Facility; or
- (c) take up part of your Entitlement; or
- (d) not take up your Entitlement.

By accepting the Offer, you agree to be bound by the terms and conditions of the Offer and the Company's Constitution.

4.2 If you wish to take up all of your Entitlement

If you decide to take up all of your Entitlement and you wish to pay by cheque, bank draft or money order you should:

- (a) complete the accompanying, personalised Entitlement and Acceptance Form by following the instructions set out in it;
- (b) attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares (with attached 2018 Options) comprising your Entitlement) to the form; and
- (c) return the Entitlement and Acceptance Form, together with payment to:

Stargroup Limited
c/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001
Australia,

so that it is received no later than 5.00 pm (AEDT) on Monday, 23 November 2015.

If you make your payment using BPAY®, you do not need to return the Entitlement and Acceptance Form.

If you wish to take up all of your Entitlement and you wish to pay by BPAY®, then you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares (with attached 2018 Options) comprising your Entitlement) so that it is received by 5.00 pm (AEDT) on Monday, 23 November 2015.

4.3 If you wish to apply for Additional Shares under the Top-Up Facility

4.3.1 You may apply for Additional Shares in excess of your Entitlement under the Top-Up Facility by completing the relevant section on the Entitlement and Acceptance Form. You may only apply for Additional Shares under the Top-Up Facility (the **Top-Up Shares**) if you decide to take up all of your Entitlement under the Rights Issue.

4.3.2 Your Application for Top-Up Shares may not be successful (wholly or partially). The decision by STL in relation to the number of Additional Shares in excess of your Entitlement to be allocated to you under the Top-Up Facility will be final.

4.4 If you wish to take up part only of your Entitlement

4.4.1 If you decide to take up part only of your Entitlement and reject the balance and you wish to pay by cheque, bank draft or money order, you should:

- (a) complete the personalised Entitlement and Acceptance Form by following the instructions set out in it indicating the number of New Shares (with attached 2018 Options) you wish to take up. This will be less than your Entitlement specified in the Entitlement and Acceptance Form;
- (b) attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares (with attached 2018 Options) you are taking up - you will need to calculate this number yourself) to the form; and
- (c) return the Entitlement and Acceptance Form, together with payment to:

Stargroup Limited
c/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001 Australia,

so that it is received no later than 5.00 pm (AEDT) on Monday, 23 November 2015.

4.4.2 If you wish to take up part of your Entitlement and reject the balance and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the New Shares with attached 2018 Options you wish to take up - you will need to calculate this number yourself) .

4.4.3 Payment in this case must be received by the Closing Date, that is, by 5.00 pm (AEDT) on Monday, 23 November 2015.

4.4.4 If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form, but are taken to make the statements on that form by making the payment.

4.5 If you do not wish to take up your Entitlement

4.5.1 If you do not wish to take up your Entitlement you should do nothing.

4.5.2 If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your Entitlement will lapse and will form part of the Shares available under the Top-Up Facility (see section 3.8) or the Shortfall Facility (see section 3.9).

4.5.3 If you do nothing and your Rights lapse, then you will receive no benefit from the Offer. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

4.6 Payment

If you wish to participate in the Rights Issue, then you will need to do one of the following:

Option 1: Pay by cheque, bank draft or money order

Please complete the enclosed Entitlement and Acceptance Form and return it with your cheque made payable to "Stargroup Limited", bank draft or money order drawn on an Australian financial institution and crossed "Not Negotiable" in an envelope and mail to:

Stargroup Limited
c/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001 Australia

Your completed Entitlement and Acceptance Form and cheque must be received by the Registry prior to the close of the Rights Issue at 5.00 pm (AEDT) on Monday, 23 November 2015. Shareholders in Hong Kong, New Zealand and Singapore will need to apply in Australian dollars.

Option 2: Pay via BPAY®

To pay via BPAY® you will need to:

- (a) be an account holder with an Australian financial institution;
- (b) use the personalised reference number shown on your Entitlement and Acceptance Form which is required to identify your shareholding; and
- (c) ensure that your payment is received by the Registry before 5.00 pm (AEDT) on Monday, 23 November 2015.

You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying via BPAY® there is no need to return the Entitlement and Acceptance Form but you will be taken by your payment to have made the statement and certifications that are set out in the Entitlement and Acceptance Form.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00 pm (AEDT) on Monday, 23 November 2015. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

When making payment via BPAY®, please ensure that you enter the correct Biller Code and Reference Number information shown on your personalised Entitlement and Acceptance Form. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares (with attached 2018 Options) that you wish to apply for in respect of that holding. If you enter your BPAY® details incorrectly, STL will not be able to issue you your New Shares (with attached 2018 Options) under the Rights Issue.

Amounts received by STL in excess of the Offer Price multiplied by your Entitlements (**Excess Amount**) may be treated as an Application to apply for as many additional New Shares (with attached 2018 Options) as your Excess Amount will pay for in full under the Top-Up Facility.

4.7 Refunds

4.7.1 Any application moneys received for more than your Entitlement to New Shares (with attached 2018 Options) which do not form part of the Top-Up Facility, or are insufficient to form part of the Top-Up Facility (only where the amount is A\$2.00 or greater), will be refunded as soon as reasonably practicable following the close of the Offer. No interest will be paid on any application moneys received or refunded by STL. Payment of any refund to any existing or former Shareholder will be made either:

- (a) by cheque mailed to that person's address as last recorded in STL's register of members; or
- (b) by direct credit, but only where that person has previously nominated to receive payment of dividends by direct credit and has not withdrawn that nomination.

4.7.2 In all cases, the payment method will be at STL's discretion.

4.8 Declarations

4.8.1 By completing and returning your personalised Entitlement and Acceptance Form along with your cheque, bank draft or money order or making a payment by BPAY®, you will be deemed to have:

- (a) represented and warranted that you are an Eligible Shareholder;
- (b) represented and warranted that you are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent that you are holding Shares for the account or benefit of such person in the United States); and
- (c) acknowledged to have read and understood the Offer Document and the personalised Entitlement and Acceptance Form.

If you have any enquiries concerning the Entitlement and Acceptance Form or your entitlement, then please contact the Company on 1800 286 782 (within Australia) or +61 2 9099 2300 (outside Australia).

5. RISK FACTORS

5.1.1 There are a number of risk factors involved for Shareholders in taking up their Entitlement. These risks are both specific to STL and of a general nature, which can impact the performance of STL and the value of the Shares. STL has put in place various corporate governance, compliance and risk systems to mitigate risks, but the Company cannot guarantee that these safeguards and systems will be effective. Some risks are outside the control of STL and its Directors and cannot be mitigated.

5.1.2 This section describes a number of risks associated with taking up this Offer, however investors should note that this list of risks is not exhaustive as not all risks can be foreseen or managed.

General risks

- 5.1.3 General risks that may negatively impact the Company, its business and the STL ASX share price include:
- (a) economic conditions in Australia, the Republic of Korea and internationally may worsen, leading to reduced economic activity and negative growth;
 - (b) investors' views regarding the stock market and share market conditions generally may decline, leading to reduced prices for STL Shares. These factors may be quite unconnected with the Company's own performance. Neither the Company nor its present or future directors warrants the future performance of the Company or any return on investment in the Company;
 - (c) changes in fiscal and monetary policy may result in reduced economic activity or changes to business practices which may have adverse consequences for the Group;
 - (d) changes in relevant taxation and other legal regimes may result in adverse consequences for the Group;
 - (e) adverse changes in Australian policies and international policies operating in Australia on the design, ownership, deployment and operation of ATMs;
 - (f) financial failure or default by any entity with whom Stargroup may contract;
 - (g) industrial disputes in Australia, the Republic of Korea or elsewhere overseas;
 - (h) changes in investor sentiment towards particular market sectors;
 - (i) the demand for, and supply of, capital;
 - (j) terrorism or other hostilities;
 - (k) the inability of the Group to secure and retain appropriate insurance cover at affordable prices;
 - (l) litigation brought by third parties, including but not limited to customers, suppliers, business partners, employees or shareholders could negatively impact the business where the impact of such litigation is not covered by insurance. No Group company is presently party to any such litigation;
 - (m) share price fluctuations due to market factors;
 - (n) price volatility in STL Shares in response to factors such as additions to or departures of key personnel, litigation and legislative change, press, newspaper or other media reports; and actual or anticipated variations in the Company's operating results;
 - (o) illiquidity in the market for STL Shares; and
 - (p) currency fluctuations between the Australian dollar and other currencies may result in adverse movements in the value of Group assets or earnings.

Specific risks

5.1.4 Business specific risks that may impact significantly on Stargroup and the business are set out below. These risks include:

- (a) *start-up*: some aspects of the merged entity continue in the nature of a start-up venture. The success of that venture will very much depend on its leadership;
- (b) *competition*: competitive pressures may prevent Stargroup from winning future contracts or reduce the price at which such contracts are won, thereby depressing margins and profitability;
- (c) *market attributes and pressures*: in September 2014, there were estimated to be 30,833 ATMs operating in Australia. This represents the highest number of ATMs in Australia ever and more than a doubling of ATM numbers since September 2001 (13,139 ATMs). Despite warnings of market saturation, the Australian ATM market sits between the highly mature markets of Canada and the United Kingdom and the slightly less mature markets of continental Europe. There do not appear to be an objective ceiling of the number of ATMs in developed economies, including Australia. As ATM direct charging creates an environment where price signals can operate, it will be price signals, consumer demand and ATM provider efficiency that will, in your Directors' opinion, determine the number, location and cost of use of ATMs. The success of the merged entity's operations depends on its ability to negotiate and sign new ATM placement agreement in profitable locations. Stargroup will target both existing and green field sites for its ATMs. No assurance can however be given that Stargroup, including with a reconstituted Board, will be able to compete effectively with competitors in the Australian ATM deployment market. Increased competition in the market may result in actual revenue derived being less than projected revenue, with adverse impacts on operating results and profitability. These particular risks are being addressed by the Company offering simple and easy to understand ATM placement agreements and by providing what the directors believe to be superior service to its merchant customers;
- (d) *technology*: new technologies and new applications of existing technology (including web-ATMs, biometrics and mobile transactions) may operate to impact the Australian ATM market and supplant NeoICP's technologies and result in less business for Stargroup. New technology and applications may require material investment in capital and may lead to a need to review and change suppliers. The Company will endeavour to ensure that the technology it deploys is EMV compliant, that is compliant with standards set by Europay, MasterCard and Visa, as the global standard for inter-operation of integrated circuit cards (IC cards or Chip cards) and IC card capable point of sale (POS) terminals and ATMs, for authenticating credit and debit card transactions. Stargroup is working towards ensuring that its ATM fleet will be EMV-compliant in time for the deadline published for full EMV compliance in Australia at the end of 2015;
- (e) *decline*: the industries and markets in which Stargroup operates may decline or suffer reduced activity, leading to reduced demand for Stargroup's products and services;
- (f) *Acquisition conditions*: the conditions for the Acquisition to proceed may not be fulfilled;

- (g) *external influences*: the industry in which Stargroup is involved is subject to domestic and global influences. Although Stargroup undertakes all reasonable due diligence in its business decisions and operations, Stargroup has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of its projects and business. Price competitiveness brought about by increased competition may affect the selling margin enjoyed by Stargroup and Stargroup's profitability. New market entrants may negatively impact on Stargroup's sales projections;
- (h) *reduced use of cash*: there is a risk that Australian consumer behavior and spending habits may change, which may reduce the need for cash and hence transactions using the Group's ATMs. This may result from a decrease in overall consumer spending, technological advances and increased use of existing technologies, such as pay pass, chip and mobile telephone applications;
- (i) *contract risks*: Stargroup is and intends to be party to various contracts critical to its ongoing operations and success. Whilst Stargroup will take reasonable commercial steps to ensure that its contracting counter-parties comply with their contractual obligations, defaults by them may adversely affect Stargroup's business, revenue and profitability. The contracts include switching contracts under which third parties provide electronic transaction processing services for Stargroup's ATMs. Any failure by the contracted service provider may disrupt the operation of Stargroup's ATMs, with possible adverse consequences for the Group, including loss of reputation and loss of custom;
- (j) *the Rights Issue*: there is some risk that the Rights Issue will not be fully subscribed; the raising though is fully underwritten and pre-opening indications of support have been strong;
- (k) *dependency*: Stargroup depends on NeoICP and other third party manufacturers and suppliers, for the ATMs it deploys. If shipments from NeoICP are delayed or interrupted, or if quality does not meet Australia specifications, Stargroup may not be able to deploy its ATMs in a timely manner, or at all;
- (l) *timing*: Stargroup operating results may vary significantly from period to period, and it may not be able to sustain operating profitability or cash flow, though the capital injections that form part of the Merger should reduce this risk;
- (m) *key personnel*: if Stargroup post-Acquisition loses its key personnel or is unable to attract and retain additional personnel, it may be unable to achieve its goals. Loss of key personnel could also result in the loss of proprietary know-how or relationships with Australian market participants;
- (n) *regulation*: changes in the regulatory environment in which Stargroup and NeoICP operate may have adverse consequences for the Group's business. Particularly, the Australian ATM industry is subject to regulation by the Reserve Bank of Australia (**RBA**). Recent regulatory changes impacting the Australian ATM industry include the introduction by the RBA of direct charging using an ATM in 2009 and the Victorian State government's ban on ATMs in gaming venues on and from 1 July 2013. Regulations of this nature are subject to regular review. There is a risk that regulation may change in a manner that could impact adversely on the assets, operations and ultimately the financial performance of the Company. These include the risk that relevant government charges and fees could increase, adversely affecting margins;

- (o) *future capital requirements*: the Company's future capital requirements will depend on a number of factors, including the Company's ability to generate sufficient income from its operations. The Company, post-Acquisition, may need to raise additional equity from debt or equity sources due to unforeseen circumstances. There can be no assurance that the Company, post-Acquisition, will be able to raise such capital on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to develop its ATM business as intended, with adverse impacts on the Company and its operations;
- (p) *reputation*: if the quality of NeoICP's products, as deployed by Stargroup, does not meet Stargroup customers' expectations then its reputation could suffer and its sales and operating earnings could be negatively impacted; and
- (q) *adjustments*: costs and market adjustments associated with any changes in intentionally mandated technological standards.

Risks if Acquisition does not proceed

5.1.5 If resolution 5 is not passed as an ordinary resolution, then the Acquisition will not proceed. That would expose Stargroup to the following specific 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 resolution 5 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, Stargroup Shares may trade at a lower price on the ASX.

6. GLOSSARY

2018 Option	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
Acquisition	the acquisition by Investments of the Cash+ Assets under the Asset Sale Agreement
Additional Shares	New Shares issued under the Top-Up Facility or the Shortfall Facility
AEDT	Australian Eastern Daylight Time
AGM or 2015 AGM	the 2015 Annual General Meeting of the Company convened to be held on 30 November 2015
Applicant	a person who returns a duly completed Entitlement and Acceptance Form, or submits a payment of subscription moneys in respect of the Offer
Application	an application for New Shares (with attached 2018 Options) under the Offer
Asset Sale Agreement	the agreement so entitled between Cash+ as seller and Investments as buyer dated 1 October 2015
ASIC	Australian Securities and Investments Commission
ASX	the Australian Stock Exchange or ASX Limited ABN 98 008 624 691, as the context requires
ASX Listing Rules	the official listing rules of ASX, as may be waived
ASX Settlement Operating Rules	the ASX Settlement Operating Rules made by ASX Settlement Limited
ATM	automatic teller machine
Board	the Board of Directors of the Company
Cash+	Cash Plus Australia Pty Ltd ACN 132 882 690
Cash+ Assets	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
Closing Date	5.00 pm (AEDT), Monday, 23 November 2015
Company	Stargroup
Computershare or Share Registry	Computershare Investor Services Pty Limited ABN 48 074 279 277
Consideration	the Shares to be issued by the Company to Cash+ as part of the consideration to be paid and provided by Investments for the

Shares	Cash+ Assets
EBITDA	earnings before income tax, depreciation and amortisation
Eligible Shareholder	a Shareholder on the Record Date with a registered address in Australia, Hong Kong, New Zealand or Singapore
Entitlement and Acceptance Form	the personalised form accompanying this Offer Document to be used to make an Application in accordance with the instructions set out in the form
Entitlement or Right	each Shareholder's pro-rata entitlement to subscribe for New Shares (with attached 2018 Options) under the Offer based on the number of Shares they hold on the Record Date as a proportion of the total issued capital of STL
Excess Amount	Amounts received by STL in excess of the Offer Price multiplied by your Entitlements
Existing Share	a fully paid ordinary share in the capital of the Company on issue on the Record Date
Expiry Date	in respect of the 2018 Options, 5.00 pm (AEDT), 30 November 2018
Group	Stargroup and its subsidiaries
iCash	the Company, particularly as constituted prior to completion of the iCash/Stargroup merger
iCash / Stargroup merger	the acquisition by the Company of all the issued share capital in the unlisted public company then named Stargroup Limited that completed on 7 August 2015
Ineligible Shareholder	a Shareholder on the Record Date who has a registered address outside of Australia, Hong Kong, New Zealand or Singapore
Investments	Stargroup Investments Limited ACN 166 089 149
NeoICP	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
New Share	a Share to be issued under the Offer
New Securities	New Shares or 2018 Options or both, as applicable
Non-renounceable	your Entitlement is not transferable and cannot be traded on the ASX, or any other exchange or otherwise. Therefore, if you choose not to take up your Entitlement under the Offer, whether in full or in part, you will not receive any value in respect of the Entitlement which, or to the extent, you do not take up
Notice	the Notice of Meeting that forms part of these shareholder materials

Offer or Rights Issue	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
Offer Document	this document dated 30 October 2015, including any supplements or replacements to this document
Performance Shares	the performance shares approved to be issued at the 29 July 2015 extraordinary general meeting of the Company, subsequently issued to their intended holders
Professional Investor	<p>has the meaning set out in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (SFO) being:</p> <ul style="list-style-type: none"> (a) any recognised exchange company, recognised clearing house, recognised exchange controller or recognised investor compensation company, or any person authorised to provide automated trading services under section 95(2) of the SFO; (b) any intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; (c) any authorised financial institution, or any bank which is not an authorised financial institution but is regulated under the law of any place outside Hong Kong; (d) any insurer authorised under the Insurance Companies Ordinance (Cap. 41 of the Laws of Hong Kong), or any other person carrying on insurance business and regulated under the law of any place outside Hong Kong; (e) any scheme which: <ul style="list-style-type: none"> (i) is a collective investment scheme authorised under section 104 of the SFO; or (ii) is similarly constituted under the law of any place outside Hong Kong and, if it is regulated under the law of such place, is permitted to be operated under the law of such place, or any person by whom any such scheme is operated; (f) any registered scheme as defined in section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong), or its constituent fund as defined in section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap 485 sub. leg. A of the Laws of Hong Kong), or any person who, in relation to any such registered scheme, is an approved trustee or service provider as defined in section 2(1) of that Ordinance or who is an investment manager of any such registered scheme or constituent fund;

(g) any scheme which:

(i) is a registered scheme as defined in section 2(1) of the Occupational Retirement Schemes Ordinance (Cap 426 of the Laws of Hong Kong); or

(ii) is an offshore scheme as defined in section 2(1) of that Ordinance and, if it is regulated under the law of the place in which it is domiciled, is permitted to be operated under the law of such place, or any person who, in relation to any such scheme, is an administrator as defined in section 2(1) of that Ordinance;

(h) any government (other than a municipal government authority), any institution which performs the functions of a central bank, or any multilateral agency;

(i) except for the purposes of Schedule 5 to this Ordinance, any corporation which is a wholly owned subsidiary of:

(A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or

(B) an authorised financial institution, or any bank which is not an authorised financial institution but is regulated under the law of any place outside Hong Kong;

(ii) a holding company which holds all the issued share capital of:

(A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or

(B) an authorised financial institution, or any bank which is not an authorised financial institution but is regulated under the law of any place outside Hong Kong; or

(iii) any other wholly owned subsidiary of a holding company referred to in subparagraph(ii); or

(i) any person of a class which is prescribed by rules made under section 397 of this Ordinance for the purposes of this paragraph as within the meaning of this definition for the purposes of the provisions of this Ordinance, or to the extent that it is prescribed by rules so made as within the meaning of this definition for the purposes of any provision of this Ordinance

Record Date

5.00 pm (AEDT) on Wednesday, 28 October 2015

Rights Issue

see Offer

Share	a fully paid ordinary share in the Company
Shareholder	a registered holder of a Share
Shortfall Facility	a facility where remaining Shares not taken up by Eligible Shareholders under the pro-rata Entitlement or Top-Up Facility are offered to PAC Partners Pty Ltd and Patersons Securities Limited, at the discretion of the Board
Stargroup or STL	Stargroup Limited ABN 87 061 041 281 (formerly iCash Payment Systems Limited)
Top-up Facility	a facility where Eligible Shareholders may apply for additional New Shares (with attached 2018 Options) in excess of their Entitlement
Underwriter	Patersons Securities Limited ACN 008 896 311
Underwriting Agreement	the agreement between the Company and Patersons Securities Limited of 23 October 2015, appointing Patersons Securities Limited as underwriter and joint lead manager to the Offer
VComms	VComms Connect Limited (Company number 1792570) of New Zealand
VWAP	in respect of a period, the volume weighted average market price over that period

7. CORPORATE DIRECTORY

ABN

Stargroup Limited ABN 87 061 041 281

Directors

Mr Todd Zani
Mr Shaun Sutton
Mr Zaffer Soemya
Mr Jong Ho (Jay) Kim
Mr Taejin Kim

Company Secretary

Mr Sungki Lee

Registered Office

Unit 7
15 – 17 Chaplin Drive
LANE COVE NSW 2066

Joint Lead Managers

PAC Partners Pty Ltd
Level 12
15 William Street
Melbourne VIC 3000

Patersons Securities Limited
Level 23, Exchange Tower
2 The Esplanade
Perth WA 6000

Telephone

+ 61 2 9099 2300

Securities Exchange Listing

Ordinary shares listed on the Australian Securities Exchange with ASX Code: STL

Website

www.starpaymentsystems.com.au

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Solicitors to the Offer

Banki Haddock Fiora
Level 10
179 Elizabeth Street
Sydney NSW 2000