

**STARGROUP LIMITED**  
*Chairman's Address – Annual General Meeting 2015*

Fellow Shareholders, Ladies and Gentlemen, Staff of Stargroup Limited – welcome to the Company's annual general meeting. Technically, this represents the last AGM reporting on iCash's performance given the completion of the merger between the entities formerly known as Stargroup Limited ('Stargroup') and iCash Payment Systems Limited ('iCash') on 7 August 2015.

The former iCash Board and its Management undertook a considerable task in the last financial year as part of its focus to establish an ATM sales and service operation in Australia that could generate an income stream for shareholders.

The catalyst for change was the heavy reliance on NeolCP Korea. Inc ('NeolCP') for most of the 2014 financial year and significant reduction in the shareholding in that entity in the 2015 financial year and the resultant inability to rely on a steady dividend income stream from that investment.

The iCash Board decided that the former management was insufficiently experienced to accelerate the Australian ATM operations and that raising further capital from its shareholders would not meet iCash's immediate need for additional, experienced management personnel.

There had also been a number of unsuccessful attempts to acquire and aggregate smaller Australian ATM deployers.

The iCash Board entered into negotiations and announced during the year that it had agreed with Stargroup to acquire its significantly better ATM deployment business and payments systems business and that the acquisition would also include a capital raise by Stargroup of \$3,000,000 and a further capital injection by NeolCP of \$500,000.

Further, it was also agreed to participate in a buy-back for 10% of the iCash issued share capital for a direct investment in Korean based ATM manufacturer NeolCP and that the new Board would predominantly be made up of Stargroup management, a proven and experienced team.

During the financial year some of the important key milestones were:

- The full repayment of the \$1,000,000 trade credit facility;
- The reduction in iCash's shareholding from 36.2% to 19.25% in NeolCP
- Revenue of \$589,289 was a 61.14% increase on the 2014 result and
- EBITDA of (\$1,201,501) was a 43.96% increase on the 2014 result;

Since 1 July 2015, the company has achieved the following key milestones:

- Stargroup and iCash announced a record 6<sup>th</sup> Quarter of ATM network revenue on a combined basis
- Announced on 30 July 2015 that sales revenue of ATMs and ATM software for the month were greater than the prior quarter;
- StarPOS signed a 5 year wholesale EFTPOS agreement with First Data;
- The completion of the merger with Stargroup on 7 August 2015;
- The passage of resolutions passed at the EGM with an average majority of 98%;
- The change of company name from iCash to Stargroup;
- The execution of a 5 year exclusive distribution agreement for ATMs and ATM-related products, parts and software with NeolCP;
- NeolCP further increased its Stargroup interests from 7.54% to 12.25%;
- Ogenis Group increased its Stargroup interests from 18.25% to 19.60%;
- The technical aspects of the buy-back were completed;
- NeolCP announced a record EBITDA of AUD \$1,666,404 for the 2015 financial year and net assets of AUD \$26.6m, suggesting our book value of the 19.25% of just \$938,368 is significantly undervalued;
- The company announced the acquisition of a 109 ATM network from Cash Plus Australia Pty Ltd which will see the business cash flow positive and profitable in FY2016;
- The company announced a record 7<sup>th</sup> Quarter of results on 7 October 2015:
  - Average transactions per machine of 613 transactions, arguably industry best when compared to the market leader; and
  - Revenues were up 12% on the previous quarter and 168% on a 2015 YTD to 2014 YTD comparison;
- The signing of a 3 year ATM agreement with SA Tourism Commission for the Clipsal 500 Adelaide event;
- The company announced a further record month of ATM revenue on 9 November 2015:
  - Average transactions per machine of 654 transactions, an 8.64% increase on the prior month;
  - An 11.49% increase in total ATM transactions compared to the prior month;
  - Annualised transactions post the Cash+ acquisition of now 2million transactions – previous estimate 1.8million; and
  - Annualised gross revenue of combined network of \$5million.
- The Company announced on 18 November 2015 it had signed a Joint Venture Agreement with First Class Capital Funds Management ('FCFM') to resell short term business loans and be the preferred EFTPOS supplier to FCFM;
- The Company announced on 24 November 2015 that it had signed a New Technology Agreement with Anthem Software Pty Ltd and Claim Co Pty Ltd to develop a software channel and accelerate the rollout of the StarPOS EFTPOS offering and resell the Zimble product.

The high level of corporate activity since 1 July will see significant long term benefits to Stargroup shareholders.

I would like to take this opportunity to highlight that:

- Management and related parties have invested and continue to invest heavily in the company - currently owning 24.15% of the issued stock;
- The level of liquidity in the stock has significantly increased since 1 July;
- The Company has already paid \$1.825mil to Cash+ and subject to your approval this acquisition will be completed, today;
- The issue of share capital to Cash+ is dilutive but it is at \$0.04, a 14% premium to the current market price; and
- The level of support from high net worth individuals remains sound.

It is pleasing to note that STL has retained the strong support of its major shareholders and seen a number of well known, high net worth individuals take a stake in our Company and by all indications they are looking at us as a medium to long term investment.

We will continue in our efforts to educate the investor market place about our business and this will remain a key focus of our Investor Relations Strategy in FY 2016.

Our key strategies, which are largely unchanged are:

- Further organic growth in quality only ATM sites via disciplined site selection;
- Targeting smaller unlisted ATM deployers for value accretive mergers and acquisitions. Wherever possible we will seek to acquire these businesses by using a combination of cash and equity and we will work closely with our Bankers to put in place funding lines that will best protect shareholder value whilst capitalizing on the opportunities available in the market place;
- Leveraging the increased size of our ATM network to review current supply contracts with a view to obtaining reduced costs from our key suppliers
- Growing the StarPOS EFTPOS business by further leveraging our excellent wholesale rates and leveraging the relationships and technology developments with First Data, FCFM, Anthem Software and Claim Co;
- Rolling out new technology products such as our Recycler ATM that allows users to both withdraw and deposit money. We are finalizing the software development with Triton as part of the deposit messaging for certification in Australia and fielding enquiries from second tier banks and credit unions; and
- Further sales of NeoICP ATMs, casino settlement, back office and coin counting solutions and software in Australia.

Whilst the historical iCash results depicted in the present Annual Report are not remarkable, the last four months have been exciting and transformative and there are several more catalysts to occur over the next six to twelve months.

Importantly, we have built a business that is eminently scalable and one that now has the required infrastructure, expertise and funding base to grow exponentially in the coming years.

We now have the systems in place to allow us to grow organically and that will be our focus in the immediate future.

I would like to take this opportunity to thank you for your continued support and to all of those that have helped contribute to the company's performance to date.

**Todd Zani – CEO and Executive Chairman**

**Stargroup Limited**

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