

ASX Release 26 February 2016

Appendix 4D Half Year Results

HIGHLIGHTS

- 209% improvement in result of operations
- Revenue from ordinary activities rose by 653%
- Active ATMs at balance date were 230 ATMs, a 766% increase
- Revenue from sale of ATMs and ATM parts and software rose by 1,409%

Stargroup Limited (ASX: STL) ("Stargroup or the Company") is pleased to announce its half year results for the year ended 31 December 2015.

Please see attached 4D ASX Half-Year Information lodged with the ASX under Listing Rule 4.2A.

FURTHER INFORMATION

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STARGROUP LIMITED

ABN 99 166 089 149 And Controlled Entities

APPENDIX 4D

FOR THE HALF YEAR ENDED 31 DECEMBER 2015



APPENDIX 4D ASX HALF-YEAR INFORMATION - 31 DECEMBER 2015 LODGED WITH THE ASX UNDER LISTING RULE 4.2A

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 $The half-year financial report covers \ Stargroup \ Limited \ as \ a \ consolidated \ entity \ consisting \ of \ Stargroup \ Limited \ and \ the \ entities \ it \ controlled.$

The half-year financial report is presented in Australian dollars, which is Stargroup Limited's functional and presentation currency.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Stargroup Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



HALF-YEAR ENDED 31 DECEMBER 2015 RESULTS FOR ANNOUNCEMENT TO THE MARKET

COMPANY DETAILS

Name of entity: Stargroup Limited

Reporting period: For the half-year ended 31 December 2015
Previous period: For the half-year ended 31 December 2014

Revenue from ordinary activities	Up	589%	\$1,225,156 (2014: \$178,258)
Loss from ordinary activities after tax attributable to members	Up	68%	(\$1,071,067) (2014: (\$635,646))
Comprehensive income for the period attributable to members	Up	197%	\$618,179 (2014: (\$635,646))

RESULTS FOR THE HALF YEAR

For detailed commentary on the results of the half year, refer to the review of operations in the directors' report, which is part of the attached interim report - 31 December 2015.

SUPPLEMENTARY APPENDIX 4D INFORMATION

NTA Backing (in cents)

Description	December 2015	June 2015
Net tangible asset backing per ordinary share	1.00	2.45
Net asset backing per ordinary share	1.00	2.45

Details of individual and total dividends and dividend payments

No dividends were paid or declared since the start of financial year and no recommendation for the payments of dividend have been made.

Details of dividend reinvestment plans in operation

The company does not have a dividend/distribution reinvestment plan.

Details of associates and joint ventures

The Group has no investments in associates or joint ventures at balance date.

Segment information

The company and its controlled subsidiaries operate in one business segment and one geographic segment, being Australia.

Foreign Accounting Standards

Not applicable.

Audit Alert

Not applicable



DIRECTOR'S REPORT

The Directors of Stargroup Limited submit their report for the half-year ended 31 December 2015.

Directors

The directors of the Company at any time during or since the end of the half-year are as below. Directors were in office for this entire period unless otherwise stated.

Name	Position	Appointed
Todd Zani	Executive Director and Executive Chairman	1 July 2015
Shaun Sutton	Executive Director	7 August 2015
Jong Ho Kim	Non-executive Director	21 August 2013
Zaffer Soemya	Non-executive Director	7 August 2015
Taejin Kim	Non-executive Director	7 August 2015
David Dickinson	Non-executive Director	30 November 2015

Company Secretary

Name	Position	Appointed
Sung Ki Lee	Company Secretary	22 August 2013

Principal Activities

The Group is a vertically integrated banking technology business and the principal activities for the Group during the half year were specialising in the sale, deployment and operation of Automatic Teller Machines (ATMs), cash handling and other banking equipment.

State of Affairs

The following significant changes in the state of affairs of the Group occurred during the financial period:

- On 29 July 2015 the shareholders of the Company agreed to the resolutions in relation to the merger as between Stargroup Investments Limited and the Company, whereby the Company acquired 100% of Stargroup Investments Limited through the issue of 157,142,857 shares in the Company. The consideration paid by the Company for the acquisition was \$5,500,000 representing 157,142,857 shares in the Company at their assessed fair value of 3.5 cents each;
- The merger transaction was completed on 7 August 2015 and included the following:
 - ° A pre-merger capital raising by Stargroup Investments Limited of \$3,000,000;
 - ° A pre-merger capital raising of \$500,000 by the issue to NeolCP of 14,285,714
 - ° Stargroup Limited shares at an issue price of 3.5 cents each;
 - O Shareholders being afforded an opportunity to swap their shares for a direct shareholding in NeoICP with up to 463,456 NeoICP shares being accepted for the cancellation of up to 7,678,463 cancelled shares, approximately but less than 10% of the issued capital;
 - The Board was restructured with the appointment of four new directors, namely Mr Todd Zani, Mr Zaffer Soemya, Mr Shaun Sutton and Mr Taejin Kim and the resignation of Mr Steave Ham, Mr Ghi Jin Kim and Mr David Kim. Mr Todd Zani was appointed as the Chairman and Mr Jong Ho (Jay) Kim resigned as Chairman;
 - ° The Company issued 10,000,000 performance shares to Stargroup nominated key personnel and NeoICP; and
 - ° The major shareholders of Stargroup voluntarily escrowed their shares for a 12 month period.



DIRECTOR'S REPORT (continued)

- On 1 October 2015, the Company signed an agreement to acquire 109 ATMs from Cash Plus Australia Pty Ltd (Cash Plus) and the key terms of that agreement were as follows:
 - o The purchase price was \$6,500,000 payable by way of 50% in cash and 50% equity (consideration shares);
 - The consideration shares were fixed at a price of 4 cents per share but limited to 19% of the issued shares of the Company;
 - The purchase consideration was a 10% cash deposit of \$325,000 and the advance of a further \$1,500,000 and the balance of funds and consideration shares to be paid on completion by no later than 30 November 2015; and
 - ° Stargroup completing a capital raising of at least \$3,000,000.
- On 30 November 2015 the acquisition of Cash Plus was completed and 104 ATMs were acquired for a total consideration of \$6,314,491. This included the following payments and corporate actions:
 - ° The balance payment in cash of \$1,332,245;
 - ° The issue of 78,931,125 shares to Cash Plus at 4 cents per share;
 - A fully underwritten pre-acquisition rights issue on a 2:5 basis, raised capital of \$3,367,486 by way of the issue of 96,213,894 at 3.5 cents per share;
 - The issue of a further 48,106,957 free options to shareholders that participated in the rights issue with a strike price of 5 cents per share, expiring on 30 November 2018.
 - Mr David Dickinson, the Chief Executive Officer of Cash Plus joined the Stargroup Board on 1 December 2015 as a nonexecutive director.

Dividends Paid or Recommended

The Directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year.

Review and Results of Operations

For the half-year to 31 December 2015, Stargroup Limited recorded a total comprehensive income attributable to members of \$618,179 (2014: loss of \$635,646), an increase of 197% when compared to the previous corresponding period.

Revenue was \$1,225,156 (2014:\$178,258), an increase of 589% when compared to the previous corresponding period.

The significant increases noted above have largely occurred as a direct result of some of the changes highlighted in the State of Affairs above and as at 31 December 2015 the Group had 230 active ATMs performing more than 2 million annualised transactions as compared to only 30 ATMs being active at the corresponding period last year.

The results were encouraging particularly considering that the recent acquisition of the Cash Plus network was only completed on 1 December 2015 and therefore the significant revenue impact of this acquisition and the benefit of as such will not be seen until the 2016 year.

The Company has also significantly increased the sale of ATMs and ATM parts and software sales during the period with this revenue being \$188,440 (2014: \$12,482), an increase of 1,409% when compared to the previous corresponding period.



DIRECTOR'S REPORT (continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

Signed in accordance with a resolution of the directors:

Todd Zani *Executive Director*

Perth

Dated: 23 February 2016



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

		Consolid	ated
	Note	December 2015	December 2014
CONTINUING OPERATIONS		\$	\$
Revenue	3i	1,225,156	178,258
Cost of sales	3ii	(845,403)	(126,869)
Other expenses	3iii_	(1,456,486)	(687,095)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX AND FINANCE COSTS		(1,076,733)	(635,706)
Finance income/(costs)	3iv	5,666	60
LOSS BEFORE INCOME TAX		(1,071,067)	(635,646)
Income tax expense	_	-	-
NET LOSS FOR THE PERIOD	=	(1,071,067)	(635,646)
OTHER COMPREHENSIVE INCOME			
Discount on acquisition	11	879,966	-
Revaluation increment	13_	809,280	<u>-</u>
Other comprehensive income for the period (net of tax)		1,689,246	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	_	618,179	(635,646)
LOSS ATTRIBUTABLE TO:			
Members of the parent entity		618,179	(635,646)
Non-controlling interest	_	-	
	=	618,179	(635,646)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Members of the parent entity		618,179	(635,646)
Non-controlling interest	_	618,179	(635,646)
	=	010,179	(033,040)
EARNINGS PER SHARE			
Basic/Diluted (in cents)	12	(0.45)	(0.83)
Basic/Diluted - continuing operations (in cents)	12	(0.45)	(0.83)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		Consolida	nted
	Note	December 2015	June 2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	510,940	288,935
Intangibles	7	256,760	-
Trade and other receivables		267,219	139,178
Inventory	5	862,646	485,379
Other assets	_	110,154	17,893
TOTAL CURRENT ASSETS	_	2,007,719	931,385
NON-CURRENT ASSETS			
Trade and other receivables		-	-
Other financial assets	13	1,537,247	951,018
Property, plant and equipment	6	1,162,362	189,545
Intangibles	7	5,905,259	-
TOTAL NON-CURRENT ASSETS	_	8,604,868	1,140,563
TOTAL ASSETS	-	10,612,587	2,071,948
CURRENT LIABILITIES			
Trade and other payables	8	489,484	170,679
Provisions	14	50,148	16,276
TOTAL CURRENT LIABILITIES	_	539,632	186,955
TOTAL LIABILITIES	_	539,632	186,955
NET ASSETS	_	10,072,955	1,884,993
FAULTV	_		
EQUITY	0	44.0.45.455	F1 72F 720
Share capital	9	11,945,155	51,725,739
Accumulated losses	_	(1,872,200)	(49,840,746)
Equity attributable to the owners of the parent	_	10,072,955	1,884,993
TOTAL EQUITY		10,072,955	1,884,993



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Accumulated Losses	Parent Entity Interests	Total Equity
AS AT 31 DECEMBER 2015				
	\$	\$	\$	\$
At 1 July 2015	51,725,739	(49,840,746)	1,884,993	1,884,993
Loss for the period	-	(1,071,067)	(1,071,067)	(1,071,067)
Other comprehensive income		1,689,246	1,689,246	1,689,246
Total comprehensive income for the year	_	618,179	618,179	618,179
Transactions with owners of the Company				
Contributions by and distributions to owners of the company				
Reverse acquisition transaction - reversal of net identifiable assets (Note 11)	(52,000,883)	49,747,216	(2,253,667)	(2,253,667)
Reverse acquisition transaction - effective consideration and share capital (Note 9)	5,906,716	-	5,906,716	5,906,716
Reverse acquisition transaction - retained earnings of Stargroup at acquisition	-	(2,396,849)	(2,396,849)	(2,396,849)
Issue of share capital	7,024,731	-	7,024,731	7,024,731
Share buyback	(224,856)	-	(224,856)	(224,856)
Capital raising costs	(486,292)	-	(486,292)	(486,292)
At 31 December 2015	11,945,155	(1,872,200)	10,072,955	10,072,955
A41 July 2014	F1 72F 720	(46,002,604)	4.722.045	4722045
At 1 July 2014	51,725,739	(46,993,694)	4,732,045	4,732,045 (635,646)
Coss for the period Other comprehensive income		(635,646)	(635,646)	(635,646)
Total comprehensive income for the year	51,725,739	(47,629,340)	4,096,399	4,096,399
Transactions with owners of the Company				
Contributions by and distributions to owners of the company				
At 31 December 2014	51,725,739	(47,629,340)	4,096,399	4,096,399



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Consolidated		
	Note	December 2015	December 2014
		\$	\$
Cash flows from operating activities			
Receipts from customers		1,075,236	213,066
Payments to suppliers and employees		(2,665,572)	(721,635)
Interest paid		(1,053)	(104)
Interest received		6,719	164
Net cash flow from operating activities	_	(1,584,670)	(508,509)
Cook flows from how allows a thirth a			
Cash flows from investing activities		(1.070)	(1 = 4=)
Purchase of plant and equipment	7	(1,970)	(1,545)
Payments to acquire business assets	7	(3,157,245)	-
Cash acquired in business combination		1,636,500	204277
Proceeds from the sale of investments	_		204,277
Net cash flow from investing activities	_	(1,522,715)	202,732
Cash flows from financing activities			
Repayment of borrowings		(50,000)	-
Proceeds from share issues		3,867,486	-
Share buy-back settled in cash		(1,804)	
Payment of capital raising costs	_	(486,292)	
Net cash flow from financing activities	_	3,329,390	
Net increase/(decrease) in cash and cash equivalents held		222,005	(305,777)
Cash and cash equivalents at the beginning of the financial period		288,935	476,448
Effect of foreign exchange fluctuations on cash held		-	-
Cash and cash equivalents at the end of the financial period	4_	510,940	170,671



1 REPORTING ENTITY

Stargroup Limited (the "Company") is a company domiciled in Australia. The consolidated half-year financial report of the Company as at and for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the "Group").

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(i) Statement of Compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Stargroup Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2015 financial report.

The half-year consolidated report does not include full disclosures of the type normally included in an annual financial report.

This half-year consolidated financial report was approved by the Board of Directors on 23 February 2016.

(ii) Basis of preparation

The half-year consolidated report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and where applicable, financial assets and financial liabilities for which the fair value basis of accounting have been applied.

(iii) Going concern

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

The Group recorded total comprehensive income of \$618,179 and net cash outflows from operating activities of (\$1,584,670) for the six month period ending 31 December 2015. Further, the recent acquisition of the 104 ATM Network from Cash Plus Australia Pty Ltd has increased the gross revenue by more than \$220,000 a month and net cash flows by more than \$100,000 a month.

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



3 REVENUE AND EXPENSES

Profit before income tax includes the following revenue and expenses:

		Consolidated	
		December 2015	December 2014
		\$	\$
(i)	Revenue		
	Product sales	188,440	12,482
	Contract income	1,036,716	165,776
		1,225,156	178,258
(ii)	Cost of Sales		
	Cost of sales - product	199,859	9,996
	Cost of sales - contract income	645,544	116,873
		845,403	126,869
(iii)	Expenses		
	Administration and general fees	1,091,595	484,739
	Depreciation and amortisation	191,148	19,010
	Travel expenses	84,036	1,191
	Consulting fees	48,662	6,500
	Director fees	41,096	70,000
	Unrealised foreign exchange (gain)/loss	(51)	105,655
		1,456,486	687,095
(iv)	Finance costs		
	Interest income	6,719	164
	Interest expense	(1,053)	(104)
		5,666	60
		December 2015	June 2015
		\$	\$
4	CASH AND CASH EQUIVALENTS		
	Cash at bank and in hand	510,940	288,985
	Reconciliation to statement of cash flows		
	For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:		
	Cash at bank and in hand	510,940	288,985



5 INVENTORY

		Consolida	ted
		December 2015	June 2015
		\$	\$
	Inventories	862,646	485,379
	Less: Provision for obsolescence		
		862,646	485,379
6	PLANT AND EQUIPMENT		403,317
	Non-Current Plant and equipment		
	At cost	1,254,777	227,712
	Less: Accumulated depreciation and impairment	(92,415)	(38,167)
		1,162,362	189,545
7	INTANGIBLES		
	Current Bartercard Trade Dollars	256,760	
		256,760	
	Non-Current		
	Site Contracts - At cost	5,932,992	-
	Stamp Duty on Site Contracts	80,000	-
	Less: Accumulated amortisation	(98,733)	
		5,905,259	

Site Contracts

Stargroup Investments Limited ("SIL"), a wholly owned subsidiary of Stargroup Limited, completed the acquisition of the ATM network from Cash Plus Australia Pty Limited ("Cash Plus") on 30 November 2015.

The principal agreement was to acquire a 104 ATM network on the following basis:

- Purchase price of \$6,314,492;
- Purchase consideration was paid by the payment of \$3,157,246 in cash and by the issue of 78,931,125 new fully paid STL shares, issued at \$0.04 per share;.

The underlying ATM assets purchased were valued at \$390,500 and have been classified as plant and equipment on the consolidated statement of financial position, with the remaining balance of \$5,932,992, reflecting the future value of the contracts acquired and are classified as an intangible asset as at 31 December 2015.

Consolidated



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

The Cash Plus ATM Network consists of 104 ATMs deployed in Western Australia, Queensland, New South Wales, South Australia, Tasmania, Victoria and the Northern Territory and its processing 1,035,000 annualised transactions. Stamp duty is payable in various jurisdictions and of varying amounts but the total stamp duty amount of \$80,000 has been classified as an intangible asset.

The combined ATM network of Stargroup and Cash Plus is now greater than 230 ATMs expected to process greater than 2,000,000 annualised transactions.

8 TRADE AND OTHER PAYABLES

			December 2015	June 2015
			\$	\$
Trade creditors - external			245,439	965
Sundry creditors and accrued expenses			244,045	119,714
Loan from Star Investments Limited		_	<u>-</u>	50,000
			489,494	170,679
9 SHARE CAPITAL		=		
	Consolida	ated	Consolida	ated
	December 2015	June 2015	December 2015	June 2015
	Shares	Shares	\$	\$
Ordinary shares				
Share capital	415,679,768	76,784,631	11,945,155	51,725,739
Movements during the year				
Balance at beginning of the period	76,784,631	76,784,631	51,725,739	51,725,739
Pre-acquisition transactions:				
Shares issued	14,285,714	-	500,000	-
Shares bought-back	(7,678,457)	-	(224,856)	
Pre-acquisition share capital	83,391,888	76,784,631	52,000,883	51,725,739
Reverse acquisition transactions:				
Less: pre-acquisition share capital	-	-	(52,000,883)	-
Add: effective consideration	157,142,857	-	1,373,700	-
Add: Stargroup Limited share capital	<u> </u>	-	4,533,016	
	157,142,857	-	(46,094,167)	-
Shares issued in the period post acquisition:				
Rights issue	96,213,898	-	3,367,486	-
Cash plus acquisition (Note 7)	78,931,125	-	3,157,245	-
Less: capital raising cost	-	-	(486,292)	
Balance at the end of the period	415,679,768	76,784,631	11,945,155	51,725,739



9 SHARE CAPITAL (continued)

a Ordinary shares

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

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

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

b Performance shares

10,000,000 Performance rights were issued to key management personnel during the year as approved by the Company's shareholders on 29 July 2015. The performance rights will result in shares being issued to the key management personnel in four, 2,500,000 equal tranches on the attainment of varying performance hurdles upon the achievement of the deployment of a fixed number of ATMs as well as EBITDA and NPAT targets in the relevant years. The first hurdle was the attainment of 250 ATMs in Australia and the achievement of \$2,500,000 annualised revenue (measured over a rolling three month term) by 31 December 2016. As at 31 December 2015, the Group has 230 ATMs achieving greater than \$5,000,000 annualised revenue but given not all criteria of the first hurdle have been achieved, no expense or issue of performance shares has occurred at 31 December 2015.

10 SEGMENT REPORTING

The Group comprises one operating segment being the sale and operation of banking technology equipment in Australia.

11 BUSINESS COMBINATION

Business Combination

On 15 June 2015, the Company announced that it had signed a share purchase agreement to acquire 100% of the issued shares of Stargroup Limited. On 29 July 2015 the shareholders of iCash Payment Systems Limited agreed to the resolutions in relation to the merger as between Stargroup Limited and the Company, whereby the Company acquired 100% of Stargroup Limited and on 7 August 2015 the Share Sale Agreement was completed.

The consideration paid by the Company for the acquisition of Stargroup was \$5,500,000, representing 157,142,857 shares in the Company at their assessed fair value of 3.5 cents each. However, the acquisition of Stargroup Limited represents a reverse acquisition in accordance with AASB 3 *Business Combinations* as the transaction results in the shareholders of Stargroup Limited holding a majority of the voting rights in the merged group and the board of directors of the merged group comprises a majority of directors appointed by Stargroup Limited (3 of 5 directors post transaction).

Consequently, the acquisition date fair value of the consideration transferred is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The net identifiable assets acquired reflect the net assets of the Company as at 7 August 2015.



11 BUSINESS COMBINATION (continued)

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

	Fair Value \$
Fair value of consideration transferred	1,373,700
Fair value of assets and liabilities held at acquisition date:	
Cash and cash equivalents	390,199
Trade and other receivables	173,488
Inventory and other assets	1,445,551
Property, plant and equipment	172,352
Trade and other payables	(203,068)
Share issued 14,285,714 shares	500,000
Share buyback 436,646 shares	(224,856)
Identifiable assets and liabilities - 7 August 2015	2,253,666
Discount on acquisition	(879,966)

The discount on acquisition reflects the assessment of the independent expert that the assessed fair value of the consideration given by the Company exceeded the assessed fair value of the acquired Stargroup net assets. The discount on acquisition has been recognised in other comprehensive income in the Statement of Profit or Loss and Other Comprehensive Income.

The acquisition date fair value of receivables that were subsequently consolidated in the group was \$173,488.

Reason for Business Combination

The former iCash Board decided the current management was insufficiently experienced to accelerate the Australian ATM operations and that raising further capital from its shareholders would not meet its immediate need for additional, experienced management personnel. The Stargroup Board had significant ATM operation experience and were already well advanced in generating additional income streams as part of establishing itself as a payment systems provider in Australia.

Contribution to the Group Result

The business combination had a material impact on the performance for the period with revenues of \$1,225,156 and a loss of \$587,073 for the combined entity from 31 July 2015 to 31 December 2015.

The amount of revenue and profit or loss of the combined entity for the current period as though the acquisition date for all business combinations occurred at the start of the period would have resulted in revenues of \$1,343,971 and total comprehensive income of \$622,595 for the combined entity from 1 July 2015 to 31 December 2015.



12 EARNINGS PER SHARE

	December 2015	December 2014
Basic/Diluted loss per share (in cents)	(0.45)	(0.83)
Basic/Diluted (loss)/profit per share - continuing operations (in cents)	(0.45)	(0.83)
Profit (Loss) used in the calculation of basic and diluted EPS (in \$)	(1,071,067)	(635,646)
Profit (Loss) used in the calculation of basic and diluted EPS - continuing operations (in \$)	(1,071,067)	(635,646)
Weighted average number of ordinary shares outstanding during the period used in calculation of basic diluted EPS	241,040,299	76,784,631

13 OTHER FINANCIAL ASSETS

Available-for-sale

The Group has a 11.28% (2015: 19.25%) equity interest in NeoICP Korea, Inc at the end of the year. Other than the buy-back there were no further shares in NeoICP sold during the period, however NeoICP did issue further shares to third parties. The Directors revalued the investment in NeoICP Korea, Inc at 31 December 2015 after obtaining an independent expert's report on the valuation of that investment.

Fair Value of investments

Fair value of investment 11.28% (2015: 19.25%) Guarantee in respect of leased office premises	1,524,597 12,650	938,368 12,650
14 EMPLOYEE BENEFITS	1,537,247	951,018
Current Provision for employee benefits	50,148	16,276

Nature and purpose of Employee Benefits

Provision for employee benefits

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



15 COMMITMENTS

	December 2015	December 2014 \$
Leases Payment Non-cancellable operating lease payments are payable as follows:		
Less than one year	120,039	58,464
Between one and five years	216,982	56,015
	337,021	114,479
Leases related to office premises in Australia and motor vehicle leases.		
Bank Guarantees Commonwealth Bank of Australia held bank guarantees on behalf of the Group, a	s follows:	
Guarantee in respect of leased office premises	12,650	12,650

16 EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entities operations, the results of the operations, or the consolidated entity's state of affairs in future financial years.

17 CONTINGENT LIABILITY

The Company has no contingent liabilities at balance date.



DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial halfyear ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

Todd Zani *Executive Director*

Perth

Dated: 23 February 2016



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF STARGROUP LIMITED

We have reviewed the accompanying half-year financial report of Stargroup Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2015, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Stargroup Limited (the Company) and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Stargroup Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of Stargroup Limited.





INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF STARGROUP LIMITED (CONT.)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Stargroup Limited and controlled entities is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualification to our conclusion, we draw attention to Note 2 (iii) "Going Concern" in the financial report. The financial report has been prepared on the basis that the consolidated entity is a going concern. The entity has incurred operating losses of \$1,071,067 during the half-year ended 31 December 2015 (2014: \$635,646) and has negative cash flows from operating activities of \$1,584,670 (2014: \$508,509). These conditions, considering the other matters set forth in Note 2 (iii), indicate the existence of a material uncertainty which may cast significant doubt about the entity's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nexia Court & Co Chartered Accountants

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Robert Mayberry Partner

23 February 2016

Sydney



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The Board of Directors Stargroup Limited Unit 1, 25 Montgomery Way Malaga Western Australia, 6090

23 February 2016

To the Board of Directors of Stargroup Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

As lead audit partner for the review of the financial statements of Stargroup Limited for the financial period ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Robert Mayberry

Partner

Nexia Court & Co Chartered Accountants

Sydney



