STARGROUP LIMITED
(Formerly iCASH PAYMENT SYSTEMS LIMITED)

ABN: 87 061 041 281
and Controlled Entities

ANNUAL REPORT

2016

1800 ATM STAR starpaymentsystems.com.au

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The report covers the consolidated group consisting of Stargroup Limited (formerly iCash Payment Systems Limited) and the entities it controlled during the year ended 30 June 2016. The report is presented in Australian currency.

The report was authorised for issue by the directors on 30 September 2016. The Company has the power to amend and reissue the report.

CHAIRMAN'S REPORT

Stargroup Limited (formerly iCash Payment Systems Limited) (ABN 87 061 041 281)
Unit 1, 25 Montgomery Way
MALAGA WA 6090

30 September 2016

Dear Shareholders

I am pleased to present this report to the shareholders of Stargroup Limited ('Stargroup'), formerly iCash Payment Systems Limited ('iCash').

On 15 June 2015, Stargroup Limited (formerly iCash Payment Systems Limited, "iCash", the "Company") announced that it had signed a share purchase agreement for iCash to acquire 100% of the issued shares of Stargroup Investments Limited (formerly Stargroup Limited, "Stargroup") as part of a merger which would include iCash changing its name to Stargroup and for the Board of Stargroup to assume control of the Company and assume control of the business. At the time, the Chairman, namely Mr Jong Ho (Jay) Kim bluntly indicated that if the merger was not to proceed that iCash may not be able to continue as a going concern.

At 30 June 2015, iCash had 40 active ATMs and was processing 140,000 annualised transactions and the annual revenues from the ATM deployment division was $429,840 and the revenue from the sale of ATMs and ATM software was $159,449 and the total revenue of $589,289 was significantly less than the operating expenses of the business.

On 29 July 2015 the shareholders of the Company agreed to the resolutions in relation to the merger as between Stargroup and iCash and the date of acquisition was assessed as being 29 July 2015, which is the date that the Company obtained control. Further, iCash Payments Systems Limited subsequently changed its name to Stargroup Limited and now trades under the ASX code, STL. Stargroup Limited as part of the merger changed its company name to Stargroup Investments Limited.

During the year the Company has seen a significant change in the scale of its operations as part of what has been a remarkable transformation since the change in control and ownership.

The Company strategically protected its investment in NeoICP Korea on 17 August 2015 by entering into a 5 year exclusive distribution agreement in relation to distributing the NeoICP products in Australia and in particular the CashPod series of ATMs and the recycler ATM. NeoICP further increased its stake in Stargroup, shortly after the merger in August 2015.

On 1 October 2015, the Company announced a $6,500,000 acquisition of an ATM network from Cash Plus Australia Pty Ltd ("Cash+") which was funded by a $3,400,000 capital raising at $0.035 cents and the issuing of shares to Cash+ at $0.04. This acquisition and capital raising was successfully completed on 1 December 2015.

On 19 October 2015 the Company announced a 3 year agreement with the South Australian Tourism Commission to provide ATMs to the Clipsal 500 event which is a major tourist attraction for South Australia which generates significant economic benefit to the state.

On 18 November 2015 StarPOS signed a joint venture agreement with Retail Merchant Advance ("RMA") to market the RMA product to its EFTPOS customers in Australia.

On 24 November 2015 the Company announced a Collaborative Projects and Development Agreement with Anthem Software Pty Ltd ("Anthem") and Claim Co Pty Ltd ("ClaimCo") to develop a software channel and accelerate the roll out of EFTPOS devices to the existing and growing customer networks of Anthem and Claim Co with more than 50,000 businesses using the Anthem EDI software across Australia and New Zealand.

On 2 February 2016, the Company announced that NeoICP had announced excellent half year results with an EBITDA of AUD$1,933,234 for the half year which was significantly better than the prior year full result of AUD$1,666,404 and that the payment of a dividend by NeoICP to Stargroup was on track for the 2016 financial year.

On 4 February 2016 the Company made a significant announcement regarding the reduction of its key operating costs of its ATM network by 52.90% and the reduction of the pay back on the ATM Network by more than 20%. This was largely attributable to the ability to renegotiate key supply contracts on the back of the change in scale of the operations of the business.

On 26 February 2016 The Company announced excellent half yearly results with a 209% improvement in the result of operations, a 653% increase in the revenue from ordinary activities, a 733% increase in the number of active ATMs and the revenue from the sale of ATMs and ATM parts and software had risen by 1,409% on the comparable period of 2014.

The Company continued to announce record monthly results and quarterly results and on 6 April 2016 announced its 9th record quarter of growth.

The Company then announced on 3 June 2016 post a trading halt that it had acquired another high quality ATM network for an amount of $4,540,000 with 10% payable with Stargroup shares with an issue price of $0.05 (escrowed for 12 months) and the balance in cash and that the acquisition was being funded by way of an already completed private placement of $3,000,000 and a further $3,000,000 rights issue of further Stargroup shares at a price of $0.036 per share. The rights issue was closed over-subscribed on 28 June 2016 and the acquisition was completed on 5 July 2016.

During this remarkable transformational period, the Company has significantly increased its presence in the ATM independent service operator ("ISO") market in Australia and as at 30 June 2016 it had 348 active ATMs and was processing in excess of 2,400,000 annualised transactions. The revenues from the ATM network are on a monthly basis now well in excess of what iCash used to turnover on an annual basis and the ATM division is now profitable.

Further, on 30 August 2016 the Company announced it had entered into a five year distribution deal for EFTPOS terminals and software with West International AB ('West') via its wholly owned subsidiary StarApps Pty Ltd ('StarApps'). The Company is particularly excited about this EFTPOS development as it is partnering with West to distribute the next generation EFTPOS terminals and EFTPOS software in Australia and New Zealand. Most importantly Stargroup will be in control of the source code in the terminal which will give Stargroup a significant edge in a number of merchant sectors. The Company will freely be able to develop API and other customized solutions for our customers as a result of having the source software inside this technology. This will assist in our goal to become the largest ISO in the payment technology industry in Australia.

On 29 September 2016, Stargroup Limited signed an exclusive MOU with Indue Limited to purchase various assets relating to a national ATM switching, settlement, processing, telecommunications and ATM reseller business. The MOU will enable Stargroup and Indue to undertake due diligence and negotiate to enter into binding asset sale agreements and other contractual documentation in relation to the transaction. Upon completion, Stargroup will provide ATM switching services for 70 ATM Deployers, 1,700 ATMs and 1,350 modems, processing approximately 12,000,000 transactions per annum.

The Board wishes to thank the shareholders for the continual support throughout the last year, in particular, the overwhelming support in a number of private placements and rights issues to complete the initial reverse takeover of iCash and subsequent acquisition of two high quality ATM networks.

Stargroup has clearly completed a significant year of transformation and we are committed to becoming a significant player in the lucrative payment systems industry in Australia.

Yours faithfully,

Todd Zani

Executive Chairman

DIRECTORS' REPORT

The Directors present their report on the consolidated group consisting of Stargroup Limited (formerly iCash Payment Systems Limited) ('the Company') and its controlled entities ('the Group') during the year ended 30 June 2016.

1 Directors

The Directors of the Company at any time during or since the end of the financial year are:

Mr Todd Zani – CEO and Executive Chairman

Expertise and Experience
Mr Zani was the founder of Ezeatm in early 2000 and subsequently vended that business into Ezeatm Limited in 2011, which became the largest ASX-listed ATM deployer in 2012 and had on 30 July 2012 a market capitalisation of $34.45 million.

Mr Zani is a Chartered Accountant with over 25 years experience and is a director of Ezetax Pty Ltd, a chartered accounting firm he founded in 1999 which provides financial, accounting and taxation services to clients involved in various industries.

Appointed CEO: 1 July 2015
Appointed Chairman: 7 August 2015

Mr Jong Ho (Jay) Kim – Non-Executive Director

Expertise and Experience
Mr Kim is CEO and President of Design Studio Inc. and an Adjunct Professor at Hanyang University in Korea. He has been educated in the US in Urban Design and held a prior non-executive role with LG.

Mr Kim is also a respected executive with extensive network in the casino gaming industry across Macau, HK, and Japan. In addition to extensive corporate management and administration experience, Mr Kim brings valued business and advisory experience to assist in securing casino cash handling business in Asia.

Appointed Director: 21 August 2013
Appointed Chairman: 28 December 2013
Resigned Chairman: 7 August 2015

Mr Evan Maxwell McGregor – Non-Executive Director

Expertise and Experience
Mr McGregor has a wide range of business development skills as a result of many years' involvement with listed companies such as Asia Infrastructure, Entertainment World, Seolite Australia, Media Entertainment Group and Lond Securities.

Mr McGregor has served as a Chairman, Chief Executive Officer and Non-Executive Director of several large organisations and his experience includes strategic analysis, negotiations on complex commercial matters and corporate and financial management. He has also been instrumental in introducing investors to Stargroup through his considerable Australian and overseas networks.

Appointed Director: 25 August 2016
Directorship held in other listed entity: BKM Management Limited (Non-Executive director) (ASX:BKM)

Mr Shaun Sutton – Executive Director (Resigned)

Expertise and Experience
Mr Sutton was the Chief Operating Officer of Stargroup and has extensive experience in running and operating ATM networks in the Australian ATM industry and was the former National Logistics Manager of Ezeatm Limited and in that capacity oversaw the significant growth and national expansion of the Ezeatm business.

Appointed Director: 7 August 2015
Resigned: 25 August 2016

Mr Zaffer Soemya – Non-Executive Director (Resigned)

Expertise and Experience
Mr Soemya graduated from the University of Western Australia with a Bachelor of Engineering degree (Civil) in 1983. He has over 20 years of experience in the project management of major infrastructure and mining projects in Western Australia. Since 2005, he has been the General Manager of a medium-sized engineering company specialising in the installation, maintenance and design of bulk material handling and processing equipment in Western Australia.

Mr Soemya was also a director of Ezeatm Limited from its listing on the ASX in October 2011 and oversaw the ASX listing and rapid growth of the ATM business.

Appointed Director: 7 August 2015
Resigned: 29 February 2016

Mr Taejin Kim – Non-Executive Director (Resigned)

Expertise and Experience
Mr Kim is a trained attorney-at-law, holding law degrees at Masters level from both the Korean University Graduate School and the University of California, Davis. He is a former military and public prosecutor and currently serves as a partner of K&P Law Firm, Seoul, South Korea. Mr Kim has served as external legal counsel to NeoICP for a number of years. He is fluent in both English and Korean and is a specialist in laws relating to foreign investment, corporations, business counselling and intellectual property.

Appointed Director: 7 August 2015
Resigned: 30 April 2016

Mr David Dickinson – Non-Executive Director (Resigned)

Expertise and Experience
Mr Dickinson is an experienced ATM entrepreneur which has built a significant ATM networks in both Australia and New Zealand. Mr Dickinson also has an 'internet of things' business in New Zealand called VComms which provides wireless modems to ATM Deployers in Australia, New Zealand and Asia.

Appointed Director: 1 December 2015
Resigned: 20 April 2016

Mr Ghi Jin Kim – Non-Executive Director (Resigned)

Expertise and Experience
Mr Kim is a veteran of over 25 years in the ATM and cash handling industry with a degree in Computer Engineering and joined NeoICP Korea in 2001 where he serves as President and Executive Director. In those roles, Mr Kim is responsible for overseeing domestic sales and service operations in Korea. Under his care, NeoICP has achieved a 52% market share in the Korean retail ATM market, and an over 80% market share in the Korean market for back office cash handling machines.

Appointed Director: 3 April 2014
Resigned: 7 August 2015

Mr David Sungkon Kim – Executive Director (Resigned)

Expertise and Experience
Mr Kim brings extensive ATM industry experience of 10 years, including his key involvement in the development of CashPod ATM series products at NeoICP Korea Inc. as part of the Strategic Planning team and as ATM Quality Control Project Manager. Based in Brisbane, Australia, Mr Kim's recent focus has been on the introduction to and wide deployment within Australia of the CashPod ATM series products, products of genuine quality with customisable state of art technology. Mr Kim has a great track record in the Australian ATM industry, having worked previously in technical and customer facing roles at both iCash and with Ezeatm Limited. Mr Kim is still employed by the Company as the ATM Systems Manager.

Appointed Director: 2 April 2015
Resigned: 7 August 2015

2 Company Secretary

The company secretary of the Company at any time during or since the end of the financial year was:

Mr Sungki Lee – Company Secretary

Expertise and Experience
Mr Lee has completed the Certificate in Governance Practice from Institute of Chartered Secretaries and Administrators and brings corporate governance skills that will provide a transparent oversight, checks and balances and reporting capabilities to the Company.

Appointed as Secretary: 22 August 2013

3 Directors Meetings held during the financial year:

	Board		Audit Committee		Remuneration Committee	
Director	**No. of meetings attended**	**No. of meetings eligible to attend**	**No. of meetings attended**	**No. of meetings eligible to attend**	**No. of meetings attended**	**No. of meetings eligible to attend**
Todd Zani	10	10	4	4	3	3
Jong Ho (Jay) Kim	9	10	3	4	3	3
Evan Maxwell McGregor [a]	-	-	-	-	-	-
Shaun Sutton [b]	8	9	2	3	2	2
Zaffer Soemya [c]	6	6	3	3	2	2
Taejin Kim [d]	5	8	-	1	-	1
David Dickinson [e]	2	4	-	-		
Ghi Jin Kim [f]	1	1	-	-	1	1
David Sungkon Kim [g]	1	1	-	-	1	1

[a] Evan McGregor was appointed on 25 August 2016
[b] Shaun Sutton was appointed on 7 August 2015 and resigned on 25 August 2016
[c] Zaffer Soemya was appointed 7 August 2015 and resigned on 29 February 2016
[d] Taejin Kim was appointed 7 August 2015 and resigned on 30 April 2016
[e] David Dickinson was appointed on 1 December 2015 and resigned on 20 April 2016
[f] Ghi Jin Kim resigned on 7 August 2015
[g] David Sungkon Kim resigned on 7 August 2015

4 Principal Activities

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

5 Operating and Financial Review

The Group had principally three operational areas during the year, namely Star Payment Systems (ATM deployment), StarATM (ATM sales, ATM software and support sales) and StarPOS (EFTPOS deployment).

Star Payment Systems – ATM Deployment in Australia

The business has increased the number of active ATMs from 40 at 30 June 2015 to 348 active ATMs at 30 June 2016. As a result the annualised transactions have increased from 140,000 to well over 2,400,000 transactions.

The revenue for the year ended 30 June 2016 of $3,409,628 (2015: $429,840) is a 693% improvement on the 2015 result.

The key metrics of this business, namely the average number of transactions per machine, per month continued to outperform the number one ISO in Australia, with the Star Payments average of 635 transactions per machine, per month beating our competitor by some 22%.

StarATM – ATM sales, ATM Software and Support Sales

The strategic protection and improved relationship as between the Company and NeoICP has seen the consumer confidence significantly improve during the course of the year and there was a resultant increase in the revenues in this division over above the revenues from the 2015 year.

The revenue generated from this division was $211,633 (2015 $159,449) which was a 33% improvement on the prior year result.

The Board has furthered the development of the Group's Recycling ATM ('RATM') which is still seen as a key strategic product release in the Company's endeavours to gain control not only of a significant part of the ISO ATM withdrawal market but as part of a concerted effort to control both cash out and the cash in cycle in the ISO ATM market.

The RATM has been preliminarily tested and approved for deposit taking transactions by Indue in August 2014 but has not been formally certified for deposit acceptance in Australia. The Board has signed a banking customer to accept the deposit taking capabilities of the RATM and has successfully installed its first RATM in North Queensland in 2016 on behalf of a merchant but will be installing its first RATM for a banking customer in September 2016.

StarPOS– EFTPOS Deployment

The business commenced the deployment of EFTPOS facilities by virtue of a wholesale EFTPOS/payWave agreement it signed with the world's leading payment processing Company, namely First Data, whom provide the EFTPOS terminals and switching processing of the EFTPOS terminals.

Whilst these technologies were piloted in Q2 and early Q3 of the financial year, the significant rollout of these technologies has not occurred with the technology partners that were announced in November 2015. The unique software development required for the rollout to the business customers of Anthem and ClaimCo has not occurred as the development has not been commenced with First Data and their technology partner. The high level estimate provided by First Data and its technology partner to develop this software on behalf of the Company was not considered reasonable and the Board is looking at alternatives to finalise this development on an as soon as practicable basis.

As a result this has hampered efforts to deploy to that active EFTPOS market and customers but the Boards of both Stargroup and Anthem/Claim Co are committed to this project and the development of the unique software at the EFTPOS terminal to rollout to the greater than 50,000 customer base in the 2017 financial year. The Board will keep its shareholders informed of those developments but at 30 June 2016 the number of active EFTPOS terminals are 72 and revenues from this Division were only $20,061. As a result this division has suffered a loss in the 2016 year of $32,494.

6 Dividends

The directors have not recommended the payment of a final dividend and no dividends were previously declared or paid.

7 Share Options

As at the date of this report, the following options are on issue:

Number of Options	Details
48,106,394	2018 Options with an exercise price of $0.05 per share

No other options have been granted in the period since the end of the financial year and to the date of this report.

8 Performance Rights

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

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

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

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

On 18 August 2016, the first tranche of Performance Rights were converted into ordinary shares of the Company as the first milestone for the first tranche was the installation of 250 ATMs and annualised earnings of $2,500,000 by 31 December 2016. At the date of this report, the Company had greater than 350 active ATMs and annualised revenues of greater than $6,700,000 and therefore the first milestone was achieved some six months prior to the original deadline.

As a result the following shares were issued:

Name	Number of Performance Rights	Details
Todd Zani	1,000,000	2016 Performance Rights issued as shares
Shaun Sutton	625,000	2016 Performance Rights issued as shares
Zaffer Soemya[a]	375,000	2016 Performance Rights issued as shares
NeoICP	500,000	2016 Performance Rights issued as shares
	2,500,000	

[a] During the year as part of the negotiations to acquire the Cash My ATM Network, Zaffer Soemya agreed to cancel his entitlement to Performance Rights for the 2017, 2018 and 2019 years and the Board agreed to grant these Performance Rights, subject to shareholder approval at the next AGM, to Mr Jason Warren. Mr Warren was the owner of Cash My ATM and commenced employment with the Group as the National Business Development Manager on 1 June 2016.

9 State of Affairs

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

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 Investments Limited, subject to shareholder approval. On 29 July 2015 the shareholders of the Company agreed to the resolutions in relation to the merger as between Stargroup Investments Limited and the Company, whereby the Company acquired 100% of Stargroup Investments Limited through the issue of 157,142,857 shares in the Company and on 7 August 2015 the Share Sale Agreement was completed. Further, iCash Payments Systems Limited subsequently changed its name to Stargroup Limited and now trades under the ASX code, STL.

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

Consequently, the 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.

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:	
(157,142,857 fully paid STL shares to former Stargroup shareholders)	$1,393,700
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
Proerpty, plant and equipment	172,352
Trade and other payables	(203,068)
Share issue 14,285,714 shares to NeoICP Korea Inc	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 Investments Limited net assets. The discount on acquisition has been recognised in profit or loss.

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.

Acquisition of Site Contracts - Cash Plus Australia Pty Ltd

Stargroup Investments Limited ("SIL"), a wholly owned subsidiary of Stargroup Limited, completed the acquisition of an 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; and
- 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 $6,053,738, reflecting the future value of the contracts acquired and these are classified as an intangible assets as at 30 June 2016.

Acquisition of Cash My ATM

Star Payment Systems Pty Ltd ("SPS"), a wholly owned subsidiary of Stargroup Limited, completed the Acquisition of the ATM network from Cash My ATM on 5 July 2016 but was in control fo the ATM network from 1 June 2016.

The principal agreement was to acquire a 97 ATM network on the following basis:

- Purchase price of $4,454,027; and
- Purchase consideration was paid by the payment of $4,008,624 in cash and by the issue of 8,908,060, new fully paid STL shares, issued at $0.05 per share.

The underlying ATM assets purchased were valued at $541,000 and have been classified as plant and equipment on the consolidated statement of financial position, with the remaining balance of $3,913,645, reflecting the future value of the contracts acquired and these are classified as an intangible assets as at 30 June 2016.

The purchase price was partially paid prior to year end and the amounts paid prior and post year end were as follows:

Pre Balance Date Amounts

- An amount of $100,000, representing a non-refundable deposit was paid on 30 May 2016;
- An amount of $38,824 was paid to Indue Limited on 30 May 2016 in respect of hire purchase amounts owed by the vendor on some of the ATM network;
- An amount of $1,469,801 was paid to the Vendor on 10 June 2016;
- An amount of $51,187 was paid to Macquarie Bank Limited on 30 June 2016 in respect of further hire purchase amounts on ATMs and motor vehicles acquired in the acquisition;
- An amount of $445,403 was paid to the vendor by way of the issue of 8,908,060 shares at $0.05 per shares (escrowed for 12 months) on 20 June 2016.

Post Balance Date Amounts

- An amount of $2,348,812 was paid to the vendor on 1 July 2016.

10 Events Subsequent to Reporting Date

Private Placement of Shares and Performance Shares

On 8 July 2016 the Company made a private placement of 5,000,000 shares at $0.036 per share to existing sophisticated investors and the funds raised were to be applied to general working capital purposes.

On 18 August 2016 the first tranche of Performance Rights of 2,500,000 shares were issued to the key management personnel above at $0.047 per share.

Post the private placement of shares and the conversion of Performance Rights into shares, the Company's shares and options are 650,000,000 and this is broken down as follows:

	Number of Shares and Options
Shares on Issue at 30 June 2016	586,893,066
Private Placement of Shares at $0.036	5,000,000
Performance shares issued at $0.047	2,500,000
2018 Issued Options with an exercise price of $0.05	48,106,934
Performance Rights	7,500,000
Total Shares and Options on Issue	**650,000,000**

EFTPOS Distribution Agreement

On 30 August 2016 the Company announced that it has signed via its wholly owned subsidiary, namely StarApps Pty Ltd, a EFTPOS distribution agreement with West International AB, a public company listed on the Swedish NASDAQ OMX First North Exchange, to distribute next generation EFTPOS payment terminals and solutions in Australia and New Zealand.

This agreement will enable Stargroup to fast track the development of unique and customised EFTPOS terminal software for the Australian and New Zealand market as part of tis concerted effort to be the number 1 EFTPOS independent service operator by the end of 2017.

Dual Listing on the Frankfurt Stock Exchange

On 12 September 2016 the Company announced that it had completed a Frankfurt stock exchange listing.

The dual listing enables Stargroup's growing number of European shareholders to buy STL shares in their own time zone and provides impetus to the investor interest in Stargroup coming from Europe. STL's ordinary shares are listed on the Frankfurt Stock Exchange and Stargroup's Stock Code in Europe is "S33".

ATM Cash Convenience Agreement with Goldfields Money Limited

On 13 September 2016 the Company announced that it has signed via its wholly owned subsidiary, namely Star Payment Systems Pty Ltd ("SPS") a 3 year, $15million, ATM Cash Convenience Agreement to significantly reduce the cash costs of the business.

SPS will also provide Goldfields Money with its own state of the art ATM machines and in particular has agreed to deploy RATMs into Goldfields Money branches to service customers in remote locations where major banks have withdrawn banking services.

Stargroup will also be partnering with Goldfields Money to rollout "Star" labelled financial products to its Customers.

10 Events Subsequent to Reporting Date (continued)

Exclusive MOU to acquire from Indue Limited

On 29 September 2016, Stargroup Limited signed an exclusive MOU with Indue Limited to purchase various assets relating to a national ATM switching, settlement, processing, telecommunications and ATM reseller business. The MOU will enable Stargroup and Indue to undertake due diligence and negotiate to enter into binding asset sale agreements and other contractual documentation in relation to the transaction. Upon completion, Stargroup will provide ATM switching services for 70 ATM Deployers, 1,700 ATMs and 1,350 modems, processing approximately 12,000,000 transactions per annum.

- Consideration is $6.5 million payable in cash.
- Acquisition to be fully funded via debt.
- Projected annualised revenue increase of $4.1 million.
- Projected annualised EBITDA increase of $1.7 million.
- Completion expected in December 2016.

11 Likely Developments and Expected Results

Likely developments in the operations of the Group include:

ATM Deployments

- The further organic growth in quality only ATM sites via disciplined site selection strategy; and
- The targeting of smaller unlisted ATM deployers for mergers and acquisition.

ATMs and ATM parts and software sales

- The further rebuilding of confidence in the Australian ATM market of the NeoICP manufactured ATMs and ATM parts and software. The Company anticipates further accelerated revenue growth as deployers begin to acquire the hardware and also acquire software upgrades as part of the Europay, MasterCard, and Visa (EMV) upgrades required to be carried out by many prior acquirers of cashPod ATMs in Australia. All existing cashPod hardware will be required to be upgraded prior to 31 December 2016 and StarATM is assisting acquirers of cashPod ATMs and also switching and settlement service providers as part of the EMV upgrade.

- The Recycling ATM ('RATM') was officially launched in Australia in October 2015 and the Company has committed to the full certification of the RATM which is a low cost and small foot print ATM that can take cash deposits as well as make withdrawals. The RATM is suitable to be deployed in shopping centres and with large retail customers. The deposit capable ATMs are currently being deployed only by the Big 4 banks in their branches, however these ATMs are too big and expensive for retail merchants. As announced on 13 September 2016, Stargroup has secured its first banking customer, namely Goldfields Money Limited and as at the date of this report has installed the RATM into two of their branches and plans to perform further installations of the RATM in further branches as part of a branch transformation project with Goldfields Money.

- There are two unique customer base opportunities for Stargroup to pursue with the RATM product:

  a) Second tier banks such as credit union and regional banks – provides the second tier banks an ability to deploy the low cost deposit taking capable ATMs at many retail centres, allowing the second tier banks to better compete with the Big 4 banks by capturing increased business customer base and increasing daily deposit takings.

  b) Retailers and Clubs with large daily cash takings – rather than to use expensive Cash-In-Transit (CIT) services, the merchants will be able to deposit their daily taking cash notes directly into the RATM, resulting in the amount being deposited into the merchant's bank account in the following day. The same RATM will also be used for normal cash withdrawals, and reducing the amount of cash notes stored in the RATM and significantly reducing the CIT expenses.

- Develop opportunities to generate new revenue streams through potential joint ventures and other partnership opportunities.

11 Likely Developments and Expected Results (continued)

Other Markets

EFTPOS sales

- The Company through its wholly owned subsidiary, StarPOS ("StarPOS"), signed a collaborative project and development agreement with Anthem Software Pty Ltd and Claim Co Pty Ltd on 24 November 2015 to develop a software channel and accelerate the roll out of EFTPOS devices through its existing and growing customer networks.

  Anthem Software Pty Ltd is an electronic data interchange ("EDI") and supply chain software vendor with more than 50,000 users of its software across Australia and New Zealand and its customers include the Capricron Society Limited, a member based organisation that exclusively uses Anthem Software to process more than $1.4billion worth of member purchase via its CAPlink EDI network. StarPOS is continuing via its joint venture with Anthem Software to develop the EFTPOS software in the terminal for full integration into its EDI. This project is expected to be completed in Q1 of 2017, enabling StarPOS to then provide EFTPOS terminals to the 50,000 users of the EDI.
- The Company through its wholly owned subsidiary, StarApps Pty Ltd ("StarApps") announced on 30 August 2016 that it has signed a five year distribution deal for EFTPOS terminals and software with West International AB, a Swedish public company, to release next generation payment solutions and applications in Australia and New Zealand. StarApps has committed to acquire 2,000 EFTPOS terminals per year to develop unique EFTPOS software for the Australian and New Zealand markets.

  The certification of the West International AB provided terminals and software is expected to be completed in Q1 of 2017 and the Company by virtue of this agreement can finalise the development of the software inside the terminal to complete it developments with Anthem Software and other providers as part of coupling the payment at the terminal with both a PCI and non PCI solution thereby opening up significant other opportunities for the Company.

Casino and Gaming Market

- The Company will further benefit from the product development and growth within the casino gaming related products such as cash redemption terminals and gaming table automatic settlement products for the Australian market off the back of the NeoICP developments in Macau and other Asian casino gaming markets which were successfully rolled out by NeoICP in the 2016 financial year.

12 Environmental Regulations

The Group's operations are not subject to significant environmental regulation under Australian legislation in relation to the conduct of its operations.

13 Remuneration Report (Audited)

The Directors present the remuneration report on the consolidated group consisting of Stargroup Limited (formerly iCash Payment Systems Limited) ('the Company') and its controlled entities ('the Group') during the year ended 30 June 2016. The report is prepared in accordance with section 300A of the Corporations Act 2001 for the company and the Group for the financial year ended 30 June 2016.

The remuneration report forms part of the Directors' Report.

This report outlines the remuneration arrangements in place for directors and executives of Stargroup Limited (formerly iCash Payment Systems Limited) and the Group.

The remuneration report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based compensation
e. Additional information and disclosures relating to key management personnel

13 Remuneration Report (Audited) (continued)

a. Principles used to determine the nature and amount of remuneration

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise the Directors of the Company and its subsidiaries and senior executives of the Group.

Compensation levels for key management personnel of the Group and the secretary of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives.

Remuneration Policy - Non Executive Directors

The remuneration policy of the Company is to attract and retain competent and suitably qualified non-executive directors. Non-executive director remuneration is set by the Company's Board after consideration of market practices, relativities, director duties and accountabilities.

Fees
Non-executive directors' fees are determined within an annual aggregate directors' fee pool limit, which is periodically approved by shareholders.
Fees are fixed and are not linked to the performance of the Company so as to foster independence and impartiality.

Remuneration Policy - Executive Directors and other Key Management Personnel

The compensation policy explained below is designed to attract, retain, develop and motivate appropriately qualified and experienced senior executives as reward for the achievement of strategic objectives including the broader outcome of creation of value for shareholders.

The compensation structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segment/s' performance;
- the Group's performance including:
    - the Group's earnings; and
    - the growth in share price and delivering constant returns on shareholder wealth.

Fixed compensation
Fixed compensation consists of base compensation (calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board through a process that considers individual, section and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place.

Performance linked compensation
Performance linked compensation may be offered to Key Management Personnel (KMP), as and when the Board believes it would be appropriate on a case by case basis for each KMP. For the financial year ended 30 June 2016, 10,000,000 performance based shares were offered to KMPs.
KPIs comprise measures of total Company performance and individual performance and contain a mixture of financial, non-financial, strategic, risk and people metrics.

Performance remuneration is determined through the Board's assessment of actual individual and Group performance against pre-determined KPI's and individual contractual provisions.

b. Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel of Stargroup Limited (formerly iCash Payment Systems Limited) are shown in the table below.

Table 1: Remuneration for the year ended 30 June 2016

	Short-term benefits				Post-employment		Long-term benefits		Share-based payments		Termination payments	Total	Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary Benefits	Other	Superannuation	Retirement Benefits	Cash incentives	Long service leave	Options	Shares			
	$	$	$	$	$	$	$	$	$	$	$	$	%
Non-executive directors													
Mr Jong Ho (Jay) Kim (i)	28,611	-	-	-	-	-	-	-	-	-	-	28,611	-
Mr Zaffer Soemya (ii)	17,115	-	-	-	1,599	-	-	-	-	35,250	-	53,964	65.32
Mr David Dickinson (iii)	10,417	-	-	-	-	-	-	-	-	-	-	10.417	-
Mr Evan McGregor (iv)	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr Taejin Kim (v)	18,254	-	-	-	-	-	-	-	-	-	-	18,254	-
Mr Ghijin Kim (ix)	1	-	-	-	-	-	-	-	-	-	-	1	-
Total non-executive director	**74,398**	**-**	**-**	**-**	**1,599**	**-**	**-**	**-**	**-**	**35,250**	**-**	**111,247**	
Executive directors													
Mr Todd Zani (vi)	203,845	300,000	-	-	47,865	-	-	-	-	94,000		645,710	14.56
Mr Shaun Sutton (vii)	152,884	-	-	-	14,524	-	-	-	-	58,750	-	226,158	25.98
Mr Sungkon (David) Kim (viii)	10,731	-	-	-	1,019	-	-	-	-	-	-	11,750	-
Total executive director and other key management personnel	**367,460**	**300,000**	**-**	**-**	**63,408**	**-**	**-**	**-**	**-**	**152,750**	**-**	**883,618**	
Totals	**441,858**	**300,000**	**-**	**-**	**65,007**	**-**	**-**	**-**	**-**	**188,000**	**-**	**994,865**	

Note - Salary & Fees includes accumulated Annual Leave paid on termination and Directors Fees

(i) Appointed 21 August 2013 as a Non-executive director and Appointed as Non-executive Chairman on 28 December 2013. Resigned as Non-executive chairman on 7 August 2015.
(ii) Appointed 7 August 2015 as a Non-executive director and resigned on 29 February 2016.
(iii) Appointed 1 December 2015 as a Non-executive director and resigned on 20 April 2016.
(iv) Appointed 25 August 2016 as a Non-executive director.
(v) Appointed 7 August 2015 as a Non-executive director and resigned on 30 April 2016.
(vi) Appointed 1 July 2015 as Chief Executive Officer and Appointed as Chairman on 7 August 2015.
(vii) Appointed 7 August 2015 as an Executive director and resigned on 25 August 2016.
(viii) Appointed 2 April 2015 as an Executive director and resigned on 7 August 2015.
(ix) Appointed 3 April 2014 as a Non-executive director and resigned on 7 August 2015

Table 2: Remuneration for the year ended 30 June 2015

	Short-term benefits				Post-employment		Long-term benefits		Share-based payments		Termination payments	Total	Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary Benefits	Other	Superannuation	Retirement Benefits	Cash incentives	Long service leave	Options	Shares			
	$	$	$	$	$	$	$	$	$	$	$	$	%
Non-executive directors													
Mr Jong Ho (Jay) Kim (i)	60,000	-	-	-	-	-	-	-	-	-	-	60,000	-
Mr Sungki Lee (ii)	70,000	-	-	-	-	-	-	-	-	-	-	70,000	-
Total non-executive director	**130,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**130,000**	**-**
Executive directors													
Mr Kyung Shik (Steave) Ham (iii)	174,877	-	-	-	14,522	-	-	-	-	-	-	189,399	-
Mr Sungkon (David) Kim (iv)	73,333	-	-	-	6,967	-	-	-	-	-	-	80,300	-
Mr Ghijin Kim (v)	1	-	-	-	-	-	-	-	-	-	-	1	-
Total executive director and other key management personnel	**248,211**	**-**	**-**	**-**	**21,489**	**-**	**-**	**-**	**-**	**-**	**-**	**269,700**	**-**
Totals	**378,211**	**-**	**-**	**-**	**21,489**	**-**	**-**	**-**	**-**	**-**	**-**	**399,700**	**-**

Note - Salary & Fees includes accumulated Annual Leave paid on termination and Directors Fees

(i) Appointed 21 August 2013 as a Non-executive director and Appointed as Non-executive Chairman on 28 December 2013. Resigned as Non-executive chairman on 7 August 2015.

(ii) Appointed 21 August 2013 and resigned 1 April 2015 as a Non-executive director.

(iii) Appointed 8 September 2009 and resigned 30 June 2015.

(iv) Appointed 2 April 2015 and resigned 7 August 2015.

(v) Appointed 3 April 2014 and resigned 7 August 2015.

13 Remuneration Report (Audited) (continued)

c. Service agreements

The Company has executive service agreements with its key management personnel. Details of these contracts are as follows:

Chief Executive Officer and Executive Chairman – Mr Todd Zani

Term:	Appointed as CEO on 20 June 2015 and as Executive Chairman on 7 August 2015.
Appointed as Director:	30 June 2015
Appointed as Chairman:	7 August 2015
Remuneration:	Fixed Remuneration of $250,000 per annum non inclusive of superannuation benefits.
Performance Rights:	1,000,000 2016 Performance Rights 1,000,000 2017 Performance Rights 1,000,000 2018 Performance Rights 1,000,000 2019 Performance Rights
Termination Payment:	Twelve months Base Salary and superannuation in lieu of notice.

Chief Operating Officer and Executive Director – Mr Shaun Sutton (Resigned)

Term:	Appointed as Executive Director on 7 August 2015 and Resigned on 25 August 2016.
Appointed as Director:	7 August 2015
Resigned as Director:	25 August 2016
Remuneration:	Fixed Remuneration of $175,000 per annum non inclusive of superannuation benefits.
Performance Rights:	625,000 2016 Performance Rights 625,000 2017 Performance Rights 625,000 2018 Performance Rights 625,000 2019 Performance Rights

Non-Executive Director – Mr Jong Ho (Jay) Kim

Term:	Resigned as Non-Executive Chairman
Appointed as Chairman:	28 December 2013
Resigned as Chairman:	7 August 2015
Appointed as Director:	21 August 2013
Remuneration:	Fixed Remuneration of $50,000 per annum.

Non-Executive Director – Mr Evan Maxwell McGregor

Term:	Appointed as a Director on 25 August 2016.
Appointed as Director:	25 August 2016
Remuneration:	Fixed Remuneration is $50,000 per annum.

Non-Executive Director – Mr Ghi Jin Kim

Term:	Resigned
Appointed as Director:	3 April 2014
Resigned as Director:	7 August 2015
Remuneration:	Fixed remuneration was $1 per annum.

13 Remuneration Report (Audited) (continued)

Executive Director – Mr David Sungkon Kim

Term: Resigned as a Director. The Company continues to employ Mr Kim as the ATM Systems Manager.

Appointed as Director: 2 April 2015
Resigned as Director: 7 August 2015

Remuneration: Fixed Remuneration was $73,333 per annum whilst serving as ATM Systems Manager and as a Director. Fixed Remuneration is now $100,000 per annum.

Non-Executive Director – Mr Taejin Kim

Term: Resigned

Appointed as Director: 7 August 2015
Resigned as Director: 20 April 2016

Remuneration: Fixed Remuneration was $25,000 per annum.

Non-Executive Director – Mr David Dickinson

Term: Resigned

Appointed as Director: 1 December 2015
Resigned as Director: 20 April 2016

Remuneration: Fixed Remuneration was $25,000 per annum.

Non-Executive Director – Mr Zaffer Soemya

Term: Resigned

Appointed as Director: 7 August 2015
Resigned as Director: 29 February 2016

Remuneration: Fixed Remuneration was $25,000 per annum.

Company Secretary – Mr Sungki Lee

Term: Appointed as Company Secretary on 21 August 2013.

Appointed as Secretary: 21 August 2013

Remuneration: Fixed Remuneration of $50,000 per annum.

13 Remuneration Report (Audited) (continued)

d. Issue and movement of shares

The movement during the year in the number of share options and rights in Stargroup Limited (formerly iCash Payment Systems Limited), directly, indirectly or beneficially, by each key management personnel, including their related parties is as follows:

For year ended 30 June 2016	Held as 1 July 2015	Purchased during the year	Received on exercise of options	Net change other	Held at 30 June 2016
Non-executive director					
Mr Jong Ho (Jay) Kim	-	-	-	-	-
Mr. Ghijin Kim(i)	3,827,871	-	-	(3,827,871)	-
Mr Taejin Kim	-	-	-	-	-
Mr Zaffer Soemya(ii)	-	12,389,000	-	(12,389,000)	-
Mr David Dickinson(iii)	-	78,931,125	-	(78,931,125)	-
Mr Evan McGregor(iv)	-	-	-	-	-
Executive directors					
Mr Todd Zani	-	32,996,538	-	(200,000)	32,796,538
Mr Shaun Sutton	-	861,481	-		861,481
Mr. David Sungkon Kim	-	-	-	-	-
Total	**3,827,871**	**125,178,144**	**-**	**(95,347,996)**	**33,658,019**

(i) The net change other represents the amount of shares held by Mr Ghijin Kim at the date of resignation.
(ii) The net change other represents 1,118,013 shares disposed during the year and 11,270,987 shares held by Mr Zaffer Soemya at the date of resignation.
(iii) The net change represents 12,799,230 shares disposed during the year and 66,131,895 shares held by Mr David Dickinson at the date of resignation.
(iv) Mr Evan McGregor was appointed on 26 August 2016.

For year ended 30 June 2015	Held as 1 July 2014	Purchased during the year	Received on exercise of options	Net change other	Held at 30 June 2015
Non-executive director					
Mr. Ghijin Kim	3,827,871	-	-	-	3,827,871
Mr Jong Ho (Jay) Kim	-	-	-	-	-
Mr Sungki Lee(i)	132,303	-	-	(132,303)	-
Executive directors					
Mr Kyung Shik (Steave) Ham(ii)	199,544	-	-	(199,544)	-
Mr. David Sungkon Kim	-	-	-	-	-
Total	**4,159,718**	**-**	**-**	**(331,847)**	**3,827,871**

(i) The net change other represents the amount of shares held by Mr Sungki Lee at the date of resignation.
(ii) The net change other represents the amount of shares held by Mr Kyung Shik (Steave) Ham at the date of resignation.

13 Remuneration Report (Audited) (continued)

e. Options and rights over equity instruments

The movement during the year in the number of options and rights in Stargroup Limited (formerly iCash Payment Systems Limited), directly, indirectly or beneficially, by each key management personnel, including their related parties is as follows:

For year ended 30 June 2016	Held as 1 July 2015	Purchased during the year	Performance shares granted	Net change other	Held at 30 June 2016
Non-executive director					
Mr Jong Ho (Jay) Kim	-	-	-	-	-
Mr. Ghijin Kim	-	-	-	-	-
Mr Taejin Kim	-	-	-	-	-
Mr Zaffer Soemya(i)	-	1,072,000	1,500,000	(2,572,000)	-
Mr David Dickinson	-	-	-		-
Mr Evan McGregor(ii)	-	-	-	-	-
Executive directors					
Mr Todd Zani	-	1,210,489	4,000,000	-	5,210,489
Mr Shaun Sutton	-	6,000	2,500,000	-	2,506,000
Mr. David Sungkon Kim	-	-	-	-	-
Total	**-**	**2,288,489**	**8,000,000**	**(2,572,000)**	**7,716,489**

(i) The net change other represents the amount of options and performance shares held by Mr Zaffer Soemya at the date of resignation.
(ii) Mr Evan McGregor was appointed on 26 August 2016.

f. Additional information and disclosures relating to key management personnel

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	2016	2015	2014	2013	2012
Loss for the year	(1,258,193)	(2,875,564)	(2,742,005)	(11,271,557)	(12,232,219)
Loss attributable to parent company	(1,258,193)	(2,875,564)	(2,742,005)	(11,271,557)	(12,684,759)
EBITDA	(2,315,527)	(1,201,501)	(2,153,169)	(1,765,474)	(522,916)
Dividend Paid	-	-	-	-	-
Share Price (at 30 June)	0.035	0.06	0.092	0.072	0.125
EPS (cents)	(0.38)	(3.74)	(2.87)	(9.70)	(13.73)

The overall level of key management personnel's compensation has been determined based on market conditions and is designed to attract, retain, develop and motivate appropriately qualified and experienced senior executives as reward for the achievement of strategic objectives including the broader outcome of creation of value for shareholders.

End of Remuneration Report (Audited)

14 Directors' Interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of the report is as follows:

	No of Ordinary Shares			
	2016		2015	
Director	**Direct**	**Indirect**	Direct	Indirect
Todd Zani	5,503,499	28,293,039	-	18,134,285
Jong Ho (Jay) Kim	-	-	-	-
Evan Maxwell McGregor (i)	-	3,553,396		-
Mr Shaun Sutton (ii)	-	-	744,286	-
Zaffer Soemya (iii)	-	-	-	10,245,000
Taejin Kim (iv)	-	-	-	-
David Dickinson (v)	-	-	-	-
Ghi Jin Kim (vi)	-	-	3,730,350	97,521
Kyung Shik (Steave) Ham (vii)	-	-	199,544	-
Sungki Lee (viii)	-	-	132,303	-
David Sungkon Kim (ix)	-	-	-	-

	No of Options			
	2016		2015	
Director	**Direct**	**Indirect**	Direct	Indirect
Todd Zani		1,210,489	-	-
Jong Ho (Jay) Kim	-	-	-	-
Evan Maxwell McGregor (i)	-	7,792,239	-	-
Mr Shaun Sutton (ii)	-	-	-	-
Zaffer Soemya (iii)	-	-	-	-
Taejin Kim (iv)	-	-	-	-
David Dickinson (v)	-	-	-	-
Ghi Jin Kim (vi)	-	-	-	-
Kyung Shik (Steave) Ham (vii)	-	-	-	-
Sungki Lee (viii)	-	-	-	-
David Sungkon Kim (ix)	-	-	-	-

(i) Mr Evan McGregor was appointed on 25 August 2016.
(ii) Mr Shaun Sutton resigned on 25 August 2016.
(iii) Mr Zaffer Soemya resigned on 29 February 2016.
(iv) Mr Taejin Kim resigned on 30 April 2016.
(v) Mr David Dickinson resigned on 20 April 2016.
(vi) Mr Ghijin Kim resigned on 7 August 2015.
(vii) Mr Kyung Shik (Steave) Ham resigned on 30 June 2015.
(viii) Mr Sungki Lee resigned as a director on 1 April 2015.
(ix) Mr David Sungkon Kim resigned on 7 August 2016.

15 Indemnification and Insurance of Officers

Indemnification

For those directors and officers in office since 29 September 2005, the Company has indemnified them against all liabilities to another person that may arise from their position as directors or officers except where the liability arises out of conduct involving criminal activity or gross negligence.

Insurance Premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability insurance contracts for the year ended 30 June 2016 and since the end of the financial year, the Company has agreed to pay on behalf of the companies comprising the Group, premiums in respect of such insurance contracts for the period ending 30 September 2016. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the companies comprising the Group.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contracts.

16 Non-audit services

During the year Nexia Perth, the Company's auditor, has performed certain other services in addition to their statutory duties to the Company.

The Board has considered the non-audit services provided during the year by the auditor, and by resolution, the directors of the Company are satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the board of directors to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in the relevant APES standards and Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The fees for non-audit services were paid/payable to the external auditors during the year ended 30 June:

	2016	2,015
	$	$
Nexia Perth - other services	1,500	-
Nexia Court & Co (previous auditor) - Income tax return, taxation advisory and other services	3,038	4,000

17 Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 29 and forms part of the directors' report for the financial year ended 30 June 2016.

18 Officers who were previously partners of the Audit Firm

Nil.

19 Corporate Governance Statement

The Company is committed to high standards of corporate governance. The Company has adopted the ASX Corporate Governance Council's "CGC Principles and Recommendations" (2nd Edition) for the entire financial year. However given the current size of the Company, it is not appropriate or practical to comply fully with those principles and recommendations. The Company has adopted those recommendations where appropriate.

The table below summarises those recommendations and the Company's current practices, including instances where recommendations have not been adopted by the Company, this has been identified and explained below:

#	Recommended Principle	Complied	Note
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	√	1
1.2	Disclose the process for evaluating the performance of senior executives	√	
1.3	Provide for the information indicated in the Guide for reporting Principle 1	√	
2.1	A majority of the Board should be independent directors.	√	2
2.2	The chairman should be an independent director	X	3
2.3	The role of chairman and chief executive officer should not be exercised by the same individual	X	3
2.4	The Board should establish a nomination committee	X	4
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors	√	
2.6	Provide the information indicated in Guide to reporting on Principle 2	√	
3.1	Establish a code of conduct and disclose the code or a summary of the code as to:		
	* the practices necessary to maintain confidence in the Company's integrity	√	
	* the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders	√	
	* the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	√	5
3.2	Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy	√	6
3.3	Disclose the proportion of woman employees in the whole organisation, woman in senior executive positions and woman on the board.	√	7
3.4	Provide the information indicated in Guide to Reporting on Principle 3.	√	
4.1	The Board should establish an audit committee.	√	8
4.2	The audit committee should be structured so that it:		
	* consists only of non-executive directors	X	
	* consists a majority of independent directors	√	
	* is chaired by an independent chairman, who is not chairman of the Board	√	
	* has at least three members	√	
4.3	The audit committee should have a formal charter	X	
4.4	Provide the information indicated in Guide to reporting on Principle 4	√	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	√	9
5.2	Provide the information indicated in Guide to reporting on Principle 5.	√	
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their effective participation at general meetings and disclose their policy or a summary of that policy	√	10
6.2	Provide the information indicated in the Guide to reporting on Principle 6	√	

19 Corporate Governance Statement (continued)

#	Recommended Principle	Complied	Note
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	√	11
7.2	Require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	√	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	√	
7.4	Provide the information indicated in Guide to reporting on Principle 7.	√	
8.1	The board should establish a remuneration committee.	√	12
8.2	The remuneration committee should be structured so that it:		
	* consists a majority of independent directors	√	
	* is chaired by an independent chairman	√	
	* has at least three members	√	
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	√	
8.4	Provide the information indicated in the Guide to reporting Principle 8.	√	

Notes

1. The directors of the Company are accountable to shareholders for the proper management of the business and affairs of the Company.

   Responsibilities of the Board are:-

   - overseeing the Company, including its control and accountability systems;
   - appointing and removing the chief executive officer, or equivalent
   - where appropriate, ratifying the appointment and the removal of senior executives
   - establishing, monitoring and modifying corporate strategies and performance objectives;
   - ensuring that appropriate risk management systems, internal compliance and control, reporting systems, codes of conduct, and legal compliance measures are in place;
   - monitoring the performance of management and implementation of strategy, and ensuring appropriate resources are available;
   - approving and monitoring of financial and other reporting;
   - approving dividends, major capital expenditure, acquisitions and capital raising/restructures;

   The Company has an informal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning performance of directors. Directors also have the opportunity to visit Group facilities and meet with management to gain a better understanding of business operations.

2. While a majority of the Board members are independent directors. The Board believes that the experience and skills of the directors are sufficient to discharge the board's duties effectively.

3. Throughout the reporting period and up to and including the date of this report, the Chairman and Chief Executive Officer are the same person, namely Mr Todd Zani.

19 Corporate Governance Statement (continued)

4. The Board considers the Company is not currently a size to justify the formation of a Nomination Committee. All Board nomination matters are considered by the whole Board.

   The Board oversees the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the Company's executive management team. The appropriate skill mix, personal qualities, expertise and diversity are factors taken into account in each case. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the required skills.

   The Board annually reviews the effectiveness of the functioning of the Board, individual directors, and senior executives.

5. The Group recognises the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors and employees are required to act in accordance with the law and with the highest standard of propriety. This policy requires all directors and employees to seek approval from the Chairman and the Company Secretary prior to dealing in the Company's securities.

6. The Company's policy regarding directors and employees trading in its securities is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

7. Within the Group, there are following proportion of woman:

Employees:	29%
Senior Executives:	66%
Board:	0%

8. The Company has established an Audit Committee as recommended by the ASX principles. The committee is chaired by Mr Todd Zani and is made up of the remaining two other directors. The committees duties and responsibilities are as follows:

   - reviews the annual, half-year and concise financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholder needs;
   - assesses whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
   - assesses the adequacy of the internal control framework and the Company's code of ethical standards;
   - discusses the external audit and internal audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
   - monitors the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements;
   - addresses any matters with the auditors, Australian Taxation Office, Australian Securities and Investments Commission, and ASX;
   - reviews the nomination and performance of the external auditor; and
   - reviews and approves corporate governance policy.

9. The Company has established procedures designed to ensure compliance with the ASX Listing Rules so that Company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

   Established policies also ensure accountability at a senior management level for ASX compliance. The Board approves all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.

19 Corporate Governance Statement (continued)

10. The Company has a communications strategy and an established policy on stakeholder communication and continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the Company by protecting commercial information.

    The Company's policy on communication with shareholders is set out in the Company's 'Policy on stakeholder communication and continuous disclosure.

11. The Board has established policies on risk oversight and management which can be viewed on the Company's website. To carry out this function the Board:

    - oversees the establishment, implementation, and annual review of the Company's risk management system, including assessing, monitoring and managing operational, financial reporting, and compliance risks for the Group;
    - reviews the financial reporting process of the Company;
    - discusses with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the policies and procedures of the Company to assess, monitor and manage business risk;
    - reviews with the external auditor any audit problems and the Company's critical policies and practices; and
    - reviews and assesses the independence of the external auditor.

    Systems of internal financial control have been put in place by the management of the Company and are designed to provide reasonable, but not absolute protection against fraud and material misstatement. These controls are intended to identify, in a timely manner, control issues that require attention by the Board.

    The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

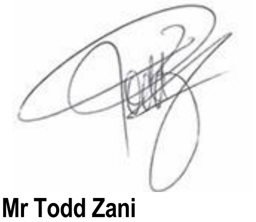
    Practices have been established to ensure:

    - capital expenditure and revenue commitments above a certain size obtain prior Board approval;
    - financial exposures are controlled, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;
    - occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
    - business transactions are properly authorised and executed;
    - the quality and integrity of personnel; and
    - financial reporting accuracy and compliance with the financial reporting regulatory framework.

12. The Board has established a Remuneration Committee. The Chairman is Mr Todd Zani.
    The amount of remuneration of all directors and executives, including all monetary and non-monetary components, is detailed in the Director's Report.

    The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

Signed in accordance with a resolution of the directors:



Mr Todd Zani
Executive Chairman

Perth
Dated: 30 September 2016

nexia australia

chartered accountants and **business advisors**

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the directors of Stargroup Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth, 30 September 2016

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chartered accountants and business advisors

Independent auditor's report to the members of Stargroup Ltd

Report on the financial report

We have audited the accompanying financial report of Stargroup Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Stargroup Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Stargroup Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the remuneration report included of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Stargroup Ltd for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001*.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director
Perth, 30 September 2016

DIRECTORS' DECLARATION

The directors of Stargroup Limited (formerly iCash Payment Systems Limited) declare that:

1. in the directors' opinion, the consolidated financial statements and accompanying notes set out on pages 31 to 65 are in accordance with the *Corporations Act 2001* and:

    (a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and

    (b) give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date;

2. note 2a confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

3. in the directors' opinion, there are reasonable grounds to believe that the company and the group will be able to pay their debts as and when they become due and payable;

4. the remuneration disclosures included in pages 13 to 20 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2016, comply with section 300A of the *Corporations Act 2001*; and

5. the directors have been given the declarations required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Mr. Todd Zani
Executive Chairman

Perth

Dated: 30 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016	2015
CONTINUING OPERATIONS		**$**	**$**
Revenue from continuing operations	7	**3,659,418**	589,289
Cost of sales	10a	**(2,607,977)**	(438,637)
GROSS PROFIT		**1,051,441**	150,652
OTHER INCOME			
Discount on acquisition	8	**879,966**	-
Revaluation increment	9	**1,284,683**	-
OPERATING EXPENSES			
Administrative expenses	10b	**(3,366,968)**	(1,352,153)
Depreciation, amortisation and impairment expenses	10c	**(1,088,138)**	(1,674,913)
LOSS FROM CONTINUING OPERATIONS BEFORE FINANCING ITEMS		**(1,239,016)**	(2,876,414)
Net financing (cost)/income	10d	**(19,177)**	850
LOSS BEFORE INCOME TAX		**(1,258,193)**	(2,875,564)
Income tax expense	11a	**-**	-
LOSS AFTER TAX		**(1,258,193)**	(2,875,564)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE LOSS		**(1,258,193)**	(2,875,564)
LOSS PER SHARE			
Basic/Diluted loss per share (in cents)	12	**(0.38)**	(3.74)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	13	**2,656,515**	288,935
Trade and other receivables	14	**1,103,418**	139,178
Inventory	15	**495,546**	485,379
Other assets	16	**586,416**	17,893
TOTAL CURRENT ASSETS		**4,841,895**	931,385
NON-CURRENT ASSETS			
Other financial assets	17	**2,139,503**	951,018
Intangibles	18	**9,319,023**	-
Property, plant and equipment	19	**2,135,220**	189,545
TOTAL NON-CURRENT ASSETS		**13,593,746**	1,140,563
TOTAL ASSETS		**18,435,641**	2,071,948
CURRENT LIABILITIES			
Borrowings	22	**49,162**	-
Trade and other payables	20	**3,625,460**	170,679
Provisions	21	**82,084**	16,276
TOTAL CURRENT LIABILITIES		**3,756,706**	186,955
NON-CURRENT LIABILITIES			
Borrowings	22	**162,333**	-
TOTAL NON-CURRENT LIABILITIES		**162,333**	-
TOTAL LIABILITIES		**3,919,039**	186,955
NET ASSETS		**14,516,602**	1,884,993
EQUITY			
Share Capital	23	**17,502,178**	51,725,739
Reserves	24	**577,482**	-
Accumulated losses		**(3,563,058)**	(49,840,746)
TOTAL EQUITY		**14,516,602**	1,884,993

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

Consolidated	Issued Capital $	Reserves $	Accumulated Profit/(Losses) $	Total Equity $
Balance as at 1 July 2015	**51,725,739**	**-**	**(49,840,746)**	**1,884,993**
Loss for the year	**-**	**-**	**(1,258,193)**	**(1,258,193)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**(1,258,193)**	**(1,258,193)**
Transactions with owners of the Company				
Contributions by and distributions to owners of the company				
Reversal of pre-acquisition share capital (Note 23)	**(52,000,883)**	**-**	**49,747,216**	**(2,253,667)**
Reverse acquisition transaction – effective consideration and share capital (Note 23)	**5,922,716**	**-**	**-**	**5,922,716**
Reverse acquisition transaction – retained earnings of Stargroup at acquisition	**-**	**-**	**(2,211,335)**	**(2,211,335)**
Issue of share capital	**13,337,944**	**-**	**-**	**13,337,944**
Share buyback	**(224,856)**	**-**	**-**	**(224,856)**
Capital raising costs	**(926,476)**	**-**	**-**	**(926,476)**
Share Performance Reserve	**-**	**245,476**	**-**	**245,476**
Options Reserve	**(332,006)**	**332,006**	**-**	**-**
At 30 June 2016	**17,502,178**	**577,482**	**(3,563,058)**	**14,516,602**
As at 1 July 2014	51,725,739	-	(46,993,694)	4,732,045
Loss for the year	-	-	(2,875,564)	(2,875,564)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	51,725,739	-	(2,875,564)	(2,875,564)
Transactions with owners of the Company				
Prior years adjustments	-	-	28,512	28,512
At 30 June 2015	51,725,739	-	(49,840,746)	1,884,993

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**3,619,269**	930,414
Cash payments to suppliers and employees		**(5,102,246)**	(1,888,232)
Interest paid		**(29,885)**	(333)
Interest received		**11,837**	1,183
Net cash flow used in operating activities	26(ii)	**(1,501,025)**	(956,968)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to purchase property, plant and equipment	19	**(1,450,218)**	(1,545)
Cash from business combination		**1,636,500**	-
Payments for site contracts and other intangibles	18	**(4,149,132)**	-
Payments to purchase other financial assets		**(111,121)**	
Proceeds from sale of investments		**-**	721,000
Net cash flow (used in)/from investing activities		**(4,073,971)**	719,455
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing of shares		**8,924,141**	-
Costs of capital raising		**(926,476)**	-
Repayment of interest bearing liabilities		**(55,089)**	-
Loans from Star Payment Systems Limited		**-**	50,000
Net cash flow from financing activities		**7,942,576**	50,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**2,367,580**	(187,513)
Cash and cash equivalents at 1 July		**288,935**	476,448
CASH AND CASH EQUIVALENTS AT 30 JUNE	26(i)	**2,656,515**	288,935

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

1 REPORTING ENTITY

Stargroup Limited (formerly iCash Payment Systems Limited) (the 'Company') is a for-profit company domiciled in Australia and has changed its name to Stargroup Limited and the company's ASX code also changed from ICP to STL, effective from 12 August 2015 as a result of Extraordinary General Meeting of 29 July 2015. The address of the company's registered office is Unit 1, 25 Montgomery Way, Malaga WA 6090. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a vertically integrated banking technology business specialising in design, manufacture, sale and operating of Automatic Teller Machines (ATMs) and other banking equipment.

2 BASIS OF PREPARATION

a Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

The accounting policies adopted in this report have been consistently applied by each entity in the Group and are consistent with those of the previous year except for AASB 9 *Financial Instruments.* See Note 3(e)(i).

The financial statements were approved by the Board of Directors on 30 September 2016.

b Going concern

For the year ended 30 June 2016, the Group had incurred a net loss from continuing operations of $1,258,193 (2015: $2,875,564). Despite this result the Directors are of the belief that the going concern assumption at the 30 June 2016 is appropriate.

On 30 August 2016 the Company announced it had entered into a five year distribution deal for EFTPOS terminals and software with West International AB ('West') via its wholly owned subsidiary StarApps Pty Ltd ('StarApps'). The Company is particularly excited about this EFTPOS development as it is partnering with West to distribute the next generation EFTPOS terminals and EFTPOS software in Australia and New Zealand. Most importantly, Stargroup will be in control of the source code in the terminal which will give Stargroup a significant edge in a number of merchant sectors. The Company will freely be able to develop API and other customized solutions for our customers as a result of having the source software inside this technology. This will assist in our goal to become the largest ISO in the payment technology industry in Australia.

On 12 September 2016 the Company announced that it had completed a Frankfurt stock exchange listing. The dual listing enables Stargroup's growing number of European shareholders to buy STL shares in their own time zone and provides impetus to the investor interest in Stargroup coming from Europe. STL's ordinary shares are listed on the Frankfurt Stock Exchange and Stargroup's Stock Code in Europe is "S33".

On 13 September 2016 the Company announced that it has signed via its wholly owned subsidiary, namely Star Payment Systems Pty Ltd ("SPS") a 3 year, $15million, ATM Cash Convenience Agreement to significantly reduce the cash costs of the business. SPS will also provide Goldfields Money with its own state of the art ATM machines and in particular has agreed to deploy RATMs into Goldfields Money branches to service customers in remote locations where major banks have withdrawn banking services. Stargroup will also be partnering with Goldfields Money to rollout "Star" labelled financial products to its Customers.

Based on the above agreements and the history of successful capital raising, the directors claim the 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, is appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

2 BASIS OF PREPARATION (continued)

c Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for, where applicable, the revaluation of financial assets at fair value through profit or loss.

d Functional and presentation currency

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

e Use of estimates and judgment

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

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

- Note 17 – Other financial assets
- Note 18 – Intangible assets
- Note 19 – Property, plant and equipment

3 SIGNIFICANT ACCOUNTING POLICIES

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

a Basis of consolidation

i Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

ii Transactions eliminated on consolidation

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

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

iii Loss of control

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

b Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange date when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

c Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation for 2016 and 2015 is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Property, plant and equipment – 20% (2015: 20%)

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

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

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

Impairment losses re recognised in profit or loss.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

d Intangible assets

i Site contracts

Site contracts arise on the acquisition of assets of Cash Plus Australia Pty Ltd and Cash My ATM.

Site contracts represent the excess of the costs of the acquisition over the Group's interest in the net fair value of the identifiable assets.

Site Contracts are measured at cost less accumulated amortisation and impairment losses.

Site Contracts are amortised over five years in profit or loss.

ii Other intangible assets

Research and development activities

Research

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

Development activities

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

e Financial instruments

i Non-derivative financial instruments

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

The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on trade date when the entity becomes a party to the contractual provisions of the instrument.

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

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in the component or cash and cash equivalents for the purpose of statement of cash flows.

Accounting for finance income and expense is discussed in Note 3(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e Financial instruments (continued)

i Non-derivative financial instruments (continued)

Financial assets at fair value through profit or loss

The Group has elected to early adopt AASB 9 *Financial Instruments* which is applied retrospectively from 1 July 2014. There is no impact on the 2014 and 2015 figures from this change. The Group elected an accounting policy choice under AASB 9 to classify its investment in equity instruments as financial asset at fair value to profit or loss.

The investment is initially recognised at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

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

Subsequent to initial recognition, the financial assets are carried at fair value to the extent that an active market can be deemed to exist or an appropriate fair value methodology can be determined.

Other

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

ii Ordinary shares

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

iii Compound instruments

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

f Inventories

Inventories are stated at the lower of cost or net realisable value. Costs is valued on the basis of weighted average costs.

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

g Impairment

i Financial assets

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

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

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

All impairment losses are recognised in profit or loss.

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

ii Non-financial assets

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

h Revenue

i Transaction Fee

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

ii Goods sold

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

iii Services

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

i Finance income and expenses

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

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

j Employee benefits

Short-term benefits

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

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

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

k Provisions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

l Income tax

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

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

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

m Other taxes

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

n Earnings per share

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

o Adoption of new and revised accounting standards

During the current year, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

At the date of authorization of the financial statements, the Standards and Interpretations that were issued but not effective are listed below:

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	Early adopted. Please see note 3(e)(i)
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15 and AASB 2016-3'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-3 'Amendments to Australian Accounting Standards- Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards- Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2018	30 June 2019
AASB 2015-1 'Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards except for AASB 9, and has not assessed the full impact of other amendments at the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

p Capital management

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

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

q Comparatives

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

r Share-based payments

Equity-settled share-based payments are provided to directors and officers. These share-based payments are measured at the fair value of the equity instrument at the grant date. Further details on how the fair value of share based payments has been determined can be found in Note 24.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. For options with non-market based vesting conditions, at each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to reserve.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

ii Financial assets at fair value through profit or loss

The fair value measurement basis for the investment in NeoICP is in Note 27(vi).

5 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

5 FINANCIAL RISK MANAGEMENT (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

i *Credit risk*
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. For the Company it arises from receivables due from subsidiaries.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

ii *Liquidity risk*
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

iii *Market risk*
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, being the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are AUD and Korean WON (WON).

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has minimal exposure to interest rate risk, the only asset affected by changes in market interest rates is cash and cash equivalents.

The Board of Directors is responsible for assessing financial risks, related controls and other financial risk management strategies. The Group deploys assets and liabilities so as to manage the risk of commercially appropriate levels, bearing in mind the constraints imposed by the Group's size, results and other financial circumstances. The Group aims to balance opportunities to improve profitability against related risks of losses of assets or the incurrence of additional liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

6 SEGMENT REPORTING

The Group, comprises only one segment being the manufacture, sale and operation of banking technology equipment. Revenue from external customers is disclosed in Note 7. All the economic entity's assets are located in Australia and it's revenue is attributable to customers in Australia. The economic entity does not derive more than 10% of it's revenue from any one customer.

7 REVENUE FROM CONTINUING OPERATIONS

	2016	2015
	$	**$**
ATM sales and software revenue	**211,633**	159,449
ATM transaction fees and service revenue	**3,409,628**	429,840
EFTPOS revenue	**20,061**	-
Insurance recovery	**18,096**	-
	3,659,418	589,289

8 OTHER INCOME

Discount on Acquisition - 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 values 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 post transaction).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

8 OTHER INCOME (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 acquisitions 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 issue 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 Stargoup net assets. The discount on acquisition has been recognised in profit or loss.

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 year with revenues of $3,659,418 and a loss for the combined entity for the year of $1,258,193.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

9 REVALUATION INCREMENT

	2016 $	2015 $
Fair Value of NeoICP Investment		
The following reconciliation shows the movement in the investment:		
Fair value of the investment in NeoICP as at beginning of year	**938,368**	4,425,040
Proceeds from sale of shares	**-**	(721,000)
Settlement of debt with NeoICP	**-**	(1,128,926)
Impairment of investment (Note 10(c))	**-**	(1,636,746)
Buyback of NeoICP shares as part of merger	**(223,051)**	-
Fair value to profit or loss	**1,284,683**	-
Fair value of the investment in NeoICP as at end of year	**2,000,000**	938,368

Please see Note 3(e)(i) for the accounting policy of the Investment in NeoICP.

10 EXPENSES FROM CONTINUING OPERATIONS

		2016 $	2015 $
a	**Cost of Sales**		
	Cost of goods sold	**179,291**	166,340
	Cost of services	**2,428,686**	272,297
		2,607,977	438,637
b	**Administrative expenses**		
	Corporate advisory fees	**176,326**	-
	Directors fees	**68,147**	105,000
	Rent and outgoings	**163,442**	50,564
	Salaries and wages	**1,282,426**	454,184
	Share issue expenses	**169,413**	15,240
	Share based payments expenses	**245,476**	-
	Superannuation expenses	**122,859**	42,000
	Travel and accommodation	**168,801**	13,943
	Legal expenses	**12,936**	154,292
	Other expenses	**957,142**	516,930
		3,366,968	1,352,153
c	**Depreciation, amortisation and impairment expenses**		
	Amortisation of intangibles	**781,569**	-
	Depreciation and amortisation	**306,569**	38,167
	Total depreciation and amortisation	**1,088,138**	38,167
	Impairment		
	Other financial assets	**-**	1,636,476
		1,088,138	1,674,913

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
10	**EXPENSES FROM CONTINUING OPERATIONS (continued)**	**$**	**$**
d	**Net financing (cost)/income**		
	Interest received	**10,343**	1,183
	Interest paid	**(31,014)**	(333)
	Foreign exchange expense	**1,494**	-
		(19,177)	850

		2016	2015
11	**INCOME TAX EXPENSE**	**$**	**$**
a	**The components of income tax expense comprise:**		
	Current tax	**-**	-
	Deferred tax expense/(benefit)	**-**	-
		-	-
b	**The prima facie tax on loss from continuing activities before income tax is reconciled to income tax as follows:**		
	Prima facie income tax expense calculated at 30% on the loss from continuing activities (2015: 30%)	**(377,458)**	(862,669)
	Tax effect of:		
	Non-deductible items	**4,191**	880
	Share based payments	**73,643**	-
	Revaluation of investment in NeoICP Korea Inc.	**(385,405)**	491,026
	Discount on acquisition	**(263,990)**	-
	Amortisation	**234,471**	-
	Unrecognised current year tax losses	**795,566**	476,419
	Unrecognised temporary differences	**(81,018)**	(105,656)
	Total income tax expense	**-**	-
c	The components of deferred tax comprise:		
	Unrecognised deferred tax asset - losses	**5,934,940**	4,504,386
	Unrecognised deferred tax asset - others	**379,985**	547,777
	Total unrecognised deferred tax asset	**6,314,925**	5,052,163

The Board also wishes to advise that there are capital losses carried forward of $10,899,364 which the Group will be able to offset against future capital gains made by the Group in addition to the income tax losses outlined above. The ability of the Group to utilise the income tax loss will depend on the Group complying with the relevant tax legislation.

The franking account balance at the date of this report is $845,436. Franking credits available for subsequent financial years are based on a tax rate of 30%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

12	**LOSS PER SHARE**	**2016**	**2015**
	Basic/Diluted loss per share (in cents)	**(0.38)**	(3.74)
	Loss used in the calculation of basic and diluted EPS (in $)	**(1,258,193)**	(2,874,564)
	Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS	**331,374,420**	76,784,631

13	**CASH AND CASH EQUIVALENTS**	**2016**	**2015**
		$	**$**
	Current		
	Cash on hand	**300**	794
	Cash at bank	**2,656,215**	288,141
		2,656,515	288,935

14	**TRADE AND OTHER RECEIVABLES**	**2016**	**2015**
		$	**$**
	Current		
	Trade receivables	**294,068**	2,558
	Share placement receivable	**809,350**	-
	Hire purchase receivable	**-**	136,620
		1,103,418	139,178

15	**INVENTORY**	**2016**	**2015**
		$	**$**
	Current		
	Inventories	**495,546**	485,379
	Less: Provision for obsolescence	**-**	-
		495,546	485,379

The movement of inventories during the year of $10,166 (2015: decrease of $207,867) has been included in ‘cost of sales’ in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

16 OTHER ASSETS

	2016 $	2015 $
Current		
Deposits paid on inventory	**340,431**	-
Prepayments	**25,069**	10,156
Bartercard	**221,127**	-
Other	**(211)**	7,737
	586,416	17,893

17 OTHER FINANCIAL ASSETS

	2016 $	2015 $

Fair value through profit or loss

The Group had an 11.28% (2015: 19.25%) equity interest in NeoICP Korea, Inc at the end of the year.

Fair Value of investments		
Fair value of investment 11.28% (2015: 19.25%) (Refer to Note 3(e)(i))	**2,000,000**	938,368
Other financial assets	**111,121**	-
Guarantee in respect of leased office premises	**28,382**	12,650
	2,139,503	951,018

18 INTANGIBLES

	2016 $	2015 $
Non Current		
Site Contracts | Cash Plus – at cost	**6,053,738**	-
Site Contracts | Cash My ATM – at cost	**3,913,027**	-
Software Expenses	**133,827**	-
	10,100,592	-
Less : Accumulated Amortisation	**(781,569)**	-
	9,319,023	-
Capitalised costs included in cash flows from investing activities	**4,149,132**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

19 PROPERTY, PLANT AND EQUIPMENT

	2016 $	2015 $
Non-Current		
Plant and equipment		
At cost	**640,377**	130,767
Less: Accumulated depreciation and impairment	**(169,797)**	(52,165)
Carrying Value	**470,580**	78,602
ATMs		
At cost	**2,043,554**	131,104
Less: Accumulated depreciation and impairment	**(378,914)**	(20,161)
Carrying Value	**1,664,640**	110,943
Total		
At cost	**2,683,931**	261,871
Less: Accumulated depreciation and impairment	**(548,711)**	(72,326)
Carrying Value	**2,135,220**	189,545

Plant and equipment

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

	2016	2015
Balance at the beginning of year	**78,602**	95,733
Acquired through reverse acquisition	**133,838**	-
Additions during the year	**337,968**	1,545
Depreciation from continuing operations	**(79,828)**	(18,676)
Carrying amount at the end of year	**470,580**	78,602

ATMs

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

	2016	2015
Balance at the beginning of year	**110,943**	42,293
Acquired through reverse acquisition	**470,929**	-
Transferred from inventory	**-**	88,140
Additions during the year	**1,309,509**	-
Depreciation from continuing operations	**(226,741)**	(19,490)
Carrying amount at the end of year	**1,664,640**	110,943

Total

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

	2016	2015
Balance at the beginning of year	**189,545**	138,027
Acquired through reverse acquisition	**604,767**	-
Additions during the year[(i)]	**1,647,477**	89,685
Depreciation from continuing operations	**(306,569)**	(38,167)
Carrying amount at the end of year	**2,135,220**	189,545

	2016	2015
(i) Additions during the year		
Capitalised costs included in cash flows from investing activities	**1,450,218**	1,545
Acquired via hire purchase	**197,259**	-
	1,647,477	1,545

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

20 TRADE AND OTHER PAYABLES

	2016 $	2015 $
Current		
Unsecured liabilities		
Trade creditors – external	**423,295**	965
Cash My ATM acquisition payable	**2,348,812**	-
Prepaid revenue	**548,976**	-
Sundry creditors and accrued expenses	**304,377**	119,714
Loan from Star Investments Limited	**-**	50,000
	3,625,460	170,679

An amount of $2,348,812 was paid to the vendor on 1 July 2016.

21 PROVISIONS

	2016 $	2015 $
Current		
Provision for holiday pay	**82,084**	16,276

Nature and purpose of employee benefits

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

22 BORROWINGS

	2016 $	2015 $
Current		
Hire Purchase Liabilities	**61,063**	**-**
Less: Unexpired Interest	**(11,901)**	-
	49,162	-
Non-Current		
Hire Purchase Liabilities	**190,000**	-
Less: Unexpired Interest	**(27,667)**	-
	162,333	-
Present value of Hire Purchase Liabilities		
Not later than a year	**49,162**	-
Later than a year and not later than five years	**162,333**	-
	211,495	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

23 ISSUED CAPITAL

	Consolidated		Consolidated	
	June 2016 Shares	June 2015 Shares	June 2016 $	June 2015 $
Ordinary shares				
Share capital	**586,893,066**	76,784,631	**17,502,178**	51,725,739
Movements during the year				
Balance at beginning of the year	**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**	-	**52,000,883**	**-**
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	**-**	-	**4,549,016**	-
Post reverse acquisition share capital	**240,534,745**	-	**5,922,716**	-
Shares issued in the period post acquisition:				
Cash Plus Acquisition				
Rights issue	**96,213,898**	-	**3,367,486**	-
Less: 2018 Options issue	**-**	-	**(332,006)**	-
Share issue to vendor	**78,931,125**	-	**3,157,245**	-
Less: capital raising costs	**-**	-	**(486,292)**	-
Post-acquisition share capital	**415,679,768**	-	**11,629,149**	-
Cash My ATM Acquisition				
Share issue to vendor	**8,908,060**	-	**445,403**	-
Private placement share issue	**83,333,333**	-	**3,000,000**	-
Rights issue	**78,971,905**	-	**2,867,810**	-
Less: capital raising costs	**-**	**-**	**(440,184)**	-
Balance at the end of the year	**586,893,066**	76,784,631	**17,502,178**	51,725,739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

23 ISSUED 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.

24 RESERVES

	2016	2015
	$	$
Share Performance Reserve	245,476	-
Options Reserve	332,006	-
	577,482	-

A *Share Performance Reserve*

10,000,000 Performance rights were issues to key management personnel as approved by the Company's shareholders on 29 July 2015. The performance rights will result in shares issued to 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.

The second hurdle was the attainment of 500 ATMs in Australia and the achievement of $5,000,000 annualised revenue (measured over a rolling three month term) by 30 June 2017. As at the date of this report, the Company already has an annualised revenue of in excess of $6,500,000 and therefore it is merely the further organic growth of ATMs for the key management personnel to attain the performance shares and the Board believes this is highly likely given the current roll out and sales pipeline of the Company.

As at 30 June 2016 the Company had 348 active ATMs and the annualised revenue on a three month rolling average was $4,635,388. As a result the first tranche of performance shares have been attained and were issued to key management personnel post year end on 18 August 2016.

The value of the performance shares at 30 June 2016 was taken to be the number of performance shares of 5,000,000 at the deemed share price of 4.7 cents on the grant date.

B *Options Reserve*

The options reserve records the 48,106,934 free-attaching listed options issued to raise capital for the acquisition of Cash Plus.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

25 CONTROLLED ENTITIES

As at the date of this report, Stargroup Limited controls the following entities:

	Consolidated entity interest		Investment at cost	
	2016	**2015**	**2016**	**2015**
	%	**%**	**$**	**$**
Parent entity				
Stargroup Limited (formerly iCash Payment Systems Limited)	**-**	-	**-**	**-**
Directly controlled				
CashPod ATM Pty Ltd (previous name ICA Entertainment Pty Ltd)	**100**	100	**100**	100
iCash Asia Pty Ltd	**100**	100	**100**	100
Stargroup Investments Limited (previous name Stargroup Limited)	**100**	-		
Star Payment Systems Pty Ltd	**100**	-	**-**	-
StarPOS Pty Ltd	**100**	-	**-**	-
StarATM Pty Ltd	**100**	-	**-**	-
StarApps Pty Ltd	**100**	-	**-**	-
StarLabs Pty Ltd	**100**	-	**-**	-

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

		2016	**2015**
i.	Reconciliation of cash	**$**	**$**
	Cash at bank and on hand	**2,656,515**	**288,935**
ii.	Reconciliation of net cash from operating activities		
	Loss for the year	**(1,258,193)**	(2,875,564)
	Depreciation and amortisation expense	**1,088,138**	38,167
	Impairment and write-off of assets	**-**	1,636,746
	Effect of foreign exchange	**-**	170,491
	Discount on acquisition	**(879,966)**	-
	Revaluation increment	**(1,284,683)**	-
	Share based payments	**245,476**	
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
	Change in trade and term debtors	**(40,149)**	37,231
	Change in prepayments and other assets	**(335,044)**	52,921
	Change in inventory	**(10,167)**	207,867
	Change in other financial assets	**(15,732)**	-
	Change in trade and other creditors	**954,213**	(207,080)
	Change in provisions	**33,953**	(12,280)
	Change in other liabilities	**1,129**	(5,467)
	Net cash used in operating activities	**(1,501,025)**	(956,968)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

27 FINANCIAL INSTRUMENTS

i Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2016	**2015**
	$	**$**
Cash and cash equivalents	**2,656,515**	288,935
Trade and other receivables	**1,103,418**	139,178
Other financial assets	**2,139,503**	951,018
	5,899,436	1.379,131

The Group's maximum exposure to credit risk for trade receivables at reporting date by type of customer was:

	Carrying amount	
	2016	**2015**
	$	**$**
ATM deployment customers	**294,068**	139,178
	294,068	139,178

Impairment losses

The aging of trade and other receivables at the end of the reporting period that were not impaired was as follows:

	Carrying amount	
	2016	**2015**
	$	**$**
Neither past due or impaired	**187,632**	139,178
Past due 1 – 30 days	**55**	-
Past due over 30 days	**106,381**	-
	294,068	139,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

27 FINANCIAL INSTRUMENTS (continued)

ii Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's expected contractual maturity for its non-derivative financial instruments.

Year ended 30 June 2016	**Less than 6 months**	**6-12 months**	**1-5 years**	**Greater than 5 years**	**Total**
		$	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	**2,656,515**	**-**	**-**	**-**	**2,656,515**
Trade and other receivables	**1,103,418**	**-**	**-**	**-**	**1,103,418**
	3,759,933	**-**	**-**	**-**	**3,759,933**
Financial liabilities					
Trade and other payables	**3,625,460**	**-**	**-**	**-**	**3,625,460**
Borrowings	**24,581**	**24,581**	**162,333**	**-**	**211,495**
	3,650,041	**24,581**	**162,333**	**-**	**3,836,955**
Net inflow/(outflow)	**109,892**	**(24,581)**	**(162,333)**	**-**	**(77,022)**

Year ended 30 June 2015 Financial Assets	Less than 6 months $	6-12 months $	1-5 years $	Greater than 5 years $	Total $
Cash and cash equivalents	288,935	-	-	-	288,935
Trade and other receivables	139,178			-	139,178
Other financial assets	951,018	-	-	-	951,018
	1,379,131	-	-	-	1,379,131

Year ended 30 June 2015 Financial liabilities	Less than 6 months $	6-12 months $	1-5 years $	Greater than 5 years $	Total $
Trade and other payables	170,679	-	-	-	170,679
Interest bearing loans and borrowings	-	-	-	-	-
	170,679	-	-	-	170,679
Net inflow/(outflow)	1,208,452	-	-	-	1,208,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

27 FINANCIAL INSTRUMENTS (continued)

iii Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

		30 June 2016		30 June 2015
	AUD	**WON***	AUD	WON*
Financial assets	**2,000,000**	**1,710,720,000**	938,638	810,046,500
Net exposure	**2,000,000**	**1,710,720,000**	938,368	810,046,500

* WON is the abbreviation for the Korean currency.

The following significant exchange rates applied during the year:

		Average rate		**Reporting date spot rate**
	2016	2015	**2016**	2015
	$	$	**$**	$
KOREAN WON	**854**	900	**855**	863

Sensitivity analysis

A 10% strengthening of the Australian dollar against the following currencies at 30 June 2016 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2015.

	Equity	**Profit or loss**
	AUD	AUD
30 June 2016		
10% increase	**-**	**(200,000)**
30 June 2015		
10% increase	-	(93,837)

Sensitivity analysis

A 10% weakening of the Australian dollar against the above currencies at 30 June 2016 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

iv Interest rate risk

The Group is exposed to interest rate risk and manages this risk by keeping liabilities to a financially tolerable level and taking into account expected movements in interest rates.

Some of the Group's assets are subject to interest rate risk but the Group is not dependent on this income. Interest income is only incidental to the Group's operations and operating cash flows. The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

27 FINANCIAL INSTRUMENTS (continued)

iv Interest rate risk (continued)

Sensitivity analysis
The sensitivity analyses of the Group's exposure to interest rate risk at the reporting date has been determined based on the change of 50 basis points in interest rates. At reporting date, if interest rates had been 50 basis points higher and all other variables were constant, the Group's net loss would have decreased by $10,495 (2015: net loss decrease of $1,243) with a corresponding increase (2015: increase) in equity. Where interest rates decreased, there would be an equal and opposite impact on the profit.

The Group's sensitivity to interest rates has increased during the current period mainly due to the interest bearing loan account.

v Fair Values

The fair values of financial assets and liabilities, together with carrying amounts shown in the statement of financial position, are as follows:

	Carrying Amount 2016 $	Net Fair Value 2016 $	Carrying Amount 2015 $	Net Fair Value 2015 $
Financial Assets				
Cash and cash equivalents	**2,656,515**	**2,656,515**	288,935	288,935
Trade and other receivables	**1,103,418**	**1,103,418**	139,178	139,178
Other financial assets	**2,139,503**	**2,139,503**	951,018	951,018
Financial Liabilities				
Trade and other payables	**3,625,460**	**3,625,460**	170,679	170,679
Borrowing and bank loans	**211,495**	**211,495**	-	-

Estimation of fair values
The methods used in determining the fair values of other financial assets is discussed below.

vi Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derives from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
30 June 2016				
Investment in NeoICP	-	-	**2,000,000**	**2,000,000**
30 June 2015				
Investment in NeoICP	-	-	938,368	938,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

27 FINANCIAL INSTRUMENTS (continued)

vi Fair Value Hierarchy (continued)

The fair value measurements for the investment in NeoICP (see Note 17 "Other Financial Assets") has been categorised as "Level 3" based on the inputs to the valuation technique used.

For a full reconciliation of the movement in the investment in NeoICP – See Note 9.

Valuation techniques used in measuring Level 3 fair values and significant unobservable inputs used are described as follows:

NeoICP is an unlisted company incorporated in South Korea. Accordingly, there is no readily available market to value a NeoICP share.

The last share price issue of a NeoICP share has been determined to be the best present indicator of the fair value of a NeoICP share. At year end this has been calculated as net assets divided by the total number of shares on issue (WON 1,339 or AUD1.64). The fair value has also been valued by an external independent valuer. At the end of the prior financial year, the value was calculated based on NeoICP shares issued to third party investors in March 2015 at a price of 500 KRW per share (approximately 60 cents per NeoICP share using an exchange rate of 1AUD = 860KRW), with a total number of 532,153 NeoICP shares being issued (which represented approximately 5.14% of the then total NeoICP shares on issue).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

28 KEY MANAGEMENT PERSONNEL

The following were the key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors
Jong Ho (Jay) Kim
Evan Maxwell McGregor (appointed on 25 August 2016)
Zaffer Soemya (appointed on 7 August 2015, resigned on 29 February 2016)
Taejin Kim (appointed on 7 August 2015, resigned on 30 April 2016)
David Dickinson (appointed on 1 December 2015, resigned on 20 April 2016)
Ghi Jin Kim (resigned on 7 August 2015)

Executive directors
Todd Zani (appointed on 1 July 2015)
Shaun Sutton (appointed on 25 August 2015, resigned on 25 August 2016)
David Sungkon Kim (resigned on 7 August 2015)

The key management personnel ('KMP') compensation included in 'administrative expenses' (see note 9(b)) are as follows:

	2016	**2015**
	$	**$**
Short-term employee benefits	**741,858**	378,211
Post-employment benefits	**65,007**	21,489
Share based payments	**188,000**	**-**
	994,865	399,700

29 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the years ended 30 June 2016 and 30 June 2015.

		Sales to related parties	**Purchases from related parties**	**Amounts owed by related parties**	**Amounts owed to related parties**
		$	**$**	**$**	**$**
NeoICP Korea Inc (i)	2016	-	602,120	-	-
	2015	-	-	-	-
Ezetax Pty Ltd (ii)	2016	-	147,190	-	8,544
VComms (iii)	2016	-	199,032	-	5,990
Cash Plus Australia (iii)	2016	-	11,139	-	8,230
K & P Law Firm (iv)	2016	-	10,888	-	-
Dream Bright (v)	2016	-	60,000	-	-

Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(i) The investment held in NeoICP is disclosed in Note 17.
(ii) Mr Todd Zani is the Managing Director of Ezetax Pty Ltd. Ezetax Pty Ltd provided accounting services ($52,360) and rent and variable outgoings in relation to the Head Office in Malaga, Western Australia ($94,830)
(iii) Mr David Dickinson is the Managing Director of VComms Pty Ltd and Cash Plus Australia. VComms provided telecommunication services for the ATM Network and Cash Plus Australia provided ATM network support services.
(iv) Mr Taejin Kim is a Director of K & P Law Firm and K & P Law Firm assisted in the buy-back of NeoICP shares as part of the reverse takeover transaction.
(v) Michelle Zani is the sole director and shareholder of Dream Bright Nominees Pty Ltd, which the second largest shareholder of the Company. The Company paid $60,000 of capital raising costs to this entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

29 RELATED PARTY DISCLOSURES (continued)

Directors' remuneration and shareholdings are disclosed in remuneration report included in pages 13 to 20 of the directors' report.

30 AUDITORS' REMUNERATION

Audit & Review services	**2016**	**2015**
Auditors – Nexia Perth and Nexia Court & Co (previous auditor)	**$**	**$**
Audit and half year review of the financial reports	**76,773**	80,000
Other services		
Nexia Perth	**1,500**	-
Nexia Court & Co (previous auditor)	**3,038**	4,000
	4,538	4,000

31 COMMITMENTS

a Operating Leases

	2016	**2015**
Non-cancellable operating lease payments are payable as follows:	**$**	**$**
Less than one year	**101,367**	58,464
Between one and five years	**212,890**	56,015
	314,257	114,479

Leases related to office premises in Australia and motor vehicle leases.

During the year an amount of $185,397 (2015: $58,464) was recognised as an expense in profit or loss in respect of operating leases.

b Bank Guarantees

Commonwealth Bank of Australia held bank guarantees on behalf of the Group, as follows:	**2016**	**2015**
	$	**$**
Guarantee in respect of leased office premises	**28,382**	**12,650**

32 CONTINGENT LIABILITY

There are no contingent liabilities as at 30 June 2016 and 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

33 EVENTS SUBSEQUENT TO REPORTING DATE

On 8 July 2016 the Company made a private placement of 5,000,000 shares at $0.036 per share to existing sophisticated investors and the funds raised were to be applied to general working capital purposes.

On 18 August 2016 the first tranche of Performance Rights of 2,500,000 shares were issued to the key management personnel above at $0.047 per share.

Post the private placement of shares and the conversion of Performance Rights into shares, the Company's shares and options are 650,000,000 and this is broken down as follows:

	Number of Shares and Options
Shares on Issue at 30 June 2016	586,893,066
Private Placement of Shares at $0.036	5,000,000
Performance shares issued at $0.047	2,500,000
2018 Issued Options with an exercise price of $0.05	48,106,934
Performance Rights	7,500,000
Total Shares and Options on Issue	**650,000,000**

EFTPOS Distribution Agreement
On 30 August 2016 the Company announced that it has signed via its wholly owned subsidiary, namely StarApps Pty Ltd, a EFTPOS distribution agreement with West International AB, a public company listed on the Swedish NASDAQ OMX First North Exchange, to distribute next generation EFTPOS payment terminals and solutions in Australia and New Zealand.

This agreement will enable Stargroup to fast track the development of unique and customised EFTPOS terminal software for the Australian and New Zealand market as part of tis concerted effort to be the number 1 EFTPOS independent service operator by the end of 2017.

Dual Listing on the Frankfurt Stock Exchange
On 12 September 2016 the Company announced that it had completed a Frankfurt stock exchange listing.

The dual listing enables Stargroup's growing number of European shareholders to buy STL shares in their own time zone and provides impetus to the investor interest in Stargroup coming from Europe. STL's ordinary shares are listed on the Frankfurt Stock Exchange and Stargroup's Stock Code in Europe is "S33".

ATM Cash Convenience Agreement with Goldfields Money Limited
On 13 September 2016 the Company announced that it has signed via its wholly owned subsidiary, namely Star Payment Systems Pty Ltd ("SPS") a 3 year, $15million, ATM Cash Convenience Agreement to significantly reduce the cash costs of the business.

SPS will also provide Goldfields Money with its own state of the art ATM machines and in particular has agreed to deploy RATMs into Goldfields Money branches to service customers in remote locations where major banks have withdrawn banking services.

Stargroup will also be partnering with Goldfields Money to rollout "Star" labelled financial products to its Customers.

This agreement will enable Stargroup to fast track the development of unique and customised EFTPOS terminal software for the Australian and New Zealand market as part of tis concerted effort to be the number 1 EFTPOS independent service operator by the end of 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

33 EVENTS SUBSEQUENT TO REPORTING DATE (continued)

Exclusive MOU to acquire from Indue Limited

On 29 September 2016, Stargroup Limited signed an exclusive MOU with Indue Limited to purchase various assets relating to a national ATM switching, settlement, processing, telecommunications and ATM reseller business. The MOU will enable Stargroup and Indue to undertake due diligence and negotiate to enter into binding asset sale agreements and other contractual documentation in relation to the transaction. Upon completion, Stargroup will provide ATM switching services for 70 ATM Deployers, 1,700 ATMs and 1,350 modems, processing approximately 12,000,000 transactions per annum.

- Consideration is $6.5 million payable in cash.
- Acquisition to be fully funded via debt.
- Projected annualised revenue increase of $4.1 million.
- Projected annualised EBITDA increase of $1.7 million.
- Completion expected in December 2016

34 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2016 the parent entity of the Group was Stargroup Limited (formerly iCash Payment Systems Limited).

	2016	2015
	$	$
Result of parent entity		
Profit/(loss) for the year	**876,131**	(7,615,943)
Total comprehensive income for the year	**876,131**	(7,615,943)
Financial position of the financial entity at year end		
Current assets	**12,356,415**	741,106
Non-current assets	**2,315,576**	1,403,625
Total assets	**14,671,991**	2,144,731
Current liabilities	**208,440**	184,381
Non-current liabilities	**162,333**	-
Total liabilities	**370,773**	184,381
Total equity of the parent entity comprising of		
Issued capital	**12,953,162**	51,725,739
Reserves	**577,482**	-
Retained earnings	**770,574**	(49,765,389)
Total equity	**14,301,218**	1,960,350

Parent entity capital commitments for the acquisition of property, plant or equipment.
The parent entity has not entered any contractual commitments for the acquisition of property, plant or equipment.

Parent entity guarantees in respect of the debts of the subsidiaries
The parent entity has not entered into any deed of guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

SHAREHOLDER INFORMATION
AS AT 19 SEPTEMBER 2016

A. Substantial Shareholders

	Number of Shares	Percentage of issued shares
ARTHUR OGNENIS AND HOVER HOLDINGS TY LTD	112,591,437	18.94
MICHELLE ZANI AND DREAM BRIGHT NOMINEES PTY LTD	57,888,877	9.74
TODD ZANI AND TOMIALCOCL PTY LTD ATF TOMIALCOCL FAMILY TRUST	32,315,068	5.44
NEOICP KOREA INC.	31,500,549	5.30

B. Distribution of Fully Paid Ordinary Shares

(i) Distribution schedule of holdings

	Total holders
1-1,000	53
1,001-5,000	19
5,001-10,000	128
10,001-100,000	614
100,001 and over	408
Total number of holders	1,222

(ii) Percentage held by the 20 largest holders 57.83

C. Twenty Largest Shareholders as at 16 September 2016

	Name	Units	% of Units
1.	HOVER HOLDINGS PTY LTD	93,953,843	15.81
2.	DREAM BRIGHT NOMINEES PTY LTD	37,000,000	6.22
3.	NEOICP KOREA INC	31,500,549	5.30
4.	TOMIALCOCL PTY LTD <TOMIALCOCL FAMILY A/C>	24,349,548	4.10
5.	DREAM BRIGHT NOMINEES PTY LTD	19,407,407	3.27
6.	PALM VILLA PTY LTD	17,845,831	3.00
7.	CITICORP NOMINEES PTY LTD	14,917,286	2.51
8.	MR DAVID FREDERICK OAKLEY <DFO INVESTMENT A/C>	12,999,999	2.19
9.	ARTHUR OGNENIS + HELEN OGNENIS + VICK OGNENIS <OGNENIS SUPER FUND A/C>	9,887,314	1.66
10.	JASON MATTHEW WARREN	8,908,060	1.50
11.	VICS CONTRACTING PTY LTD	8,750,280	1.47
12.	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY S/FUND A/C>	8,740,741	1.47
13.	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	8,333,333	1.40
14.	MR DAVID FREDERICK OAKLEY	7,999,999	1.35
15.	MRS MAUREEN LEE BAKER	7,779,318	1.31
16.	MEIKTILA PTY LTD <ZS FAMILY A/C>	7,724,130	1.30
17.	TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	7,600,000	1.28
18.	MR HEATH BERNARD MCCARTNEY <MCCARTNEY INVESTMENT A/C>	5,512,989	0.93
19.	MR TODD ZANI	5,503,499	0.93
20.	MR RADEK BURES	5,000,000	0.84
	TOP 20 HOLDERS OF ISSUED CAPITAL AS AT 16 SEPTEMBER 2016	**343,714,126**	**57.84**
	TOTAL REMAINING HOLDERS BALANCE	**250,678,940**	**42.17**

D. Voting Rights – Ordinary Shares

On a show of hands, every member, present in person or by proxy, shall have one vote and upon a poll every member, present in person or by proxy, shall have one vote for each share.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Directors

Mr Todd Zani
Mr Jong Ho (Jay) Kim
Mr Evan Maxwell McGregor

Company Secretary
Mr Sungki Lee

ASX Code
STL (formerly ICP)

Stargroup Limited (formerly iCash Payment Systems Limited) is a company limited by shares, incorporated in Australia.

DIRECTORY

Australia
Stargroup Limited (formerly iCash Payment Systems Limited)
ABN 87 061 041 281

Registered and Corporate Head Office
Unit 1, 25 Montgomery Way
Malaga, WA, 6090
Telephone: +61 (0)8 9200 5834
Website: www.starpaymentsystems.com.au

Postal Address
PO Box 3094
Malaga DC WA 6945

New South Wales
Unit 7, 15 – 17 Chaplin Drive
Lane Cove West, NSW, 2066

Unit 7, 3 Wollongbar Street
Byron Bay, NSW, 2481

Queensland
Unit 14, 197 Murrarrie Road
Murrarrie, QLD, 4172

Auditors
Nexia Perth Audit Services Pty Ltd
Level 3, 88 William Street
Perth, WA 6000
Telephone: +61 (0) 8 9463 2463
Facsimile: +61 (0) 8 9463 2499
Website: www.nexiaperth.com.au

Share Registry
Computershare Investor Services Pty Limited
452 Johnson Street
Abbortsford VIC 3067
Telephone: +61 1300 137 328
Facsimile: +61 1300 137 341
Website: www.computershare.com.au