

ASX Release
14 June 2016

STARGROUP LIMITED – OFFER DOCUMENT FOR NON-RENOUNCEABLE RIGHTS ISSUE

Further to the Company's announcement of 7 June 2016, attached is a copy of the letter being sent to Stargroup Limited shareholders today in connection with the non-renounceable rights issue.

FURTHER INFORMATION

For further information, please contact:

Todd Zani – CEO and Executive Chairman
Stargroup Limited
Tel: +61 (08) 9200 5834
E: todd@starpaymentsystems.com.au

Media – West Coast
Matt Birney
Managing Director – Birney Corporate
Tel: +61 419 217 090,
E: matt@birneycorporate.com.au

Media – East Coast
Michael Lovesey
Investor Relations - PPR
Tel: +61 449 607 636
E: michael.lovesey@ppr.com.au



ENTITLEMENT OFFER

Stargroup Limited
ABN 87 061 041 281

1 for 6 pro rata non-renounceable entitlement offer of ordinary shares in Stargroup Limited at an issue price of **3.6 cents per share**.

The offer closes at 5:00 pm (AEST) on 23 June 2016.

Unless otherwise stated, all monetary references in this document are to Australian dollars and all references to times and dates refer to times and dates in Australian Eastern Standard Time.

NOT FOR DISTRIBUTION OR RELEASE OUTSIDE AUSTRALIA, NEW ZEALAND, HONG KONG OR SINGAPORE

This document is not a prospectus. It does not contain all of the information found in a prospectus and has not been lodged with the Australian Securities & Investments Commission.

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in any doubt about the contents of this document, then you should consult your stockbroker or other professional adviser without delay.

If you have any enquiries, then please contact the Company on 1800 286 782 (within Australia) or +61 8 9200 5834 (outside Australia), during normal business hours.

1. IMPORTANT NOTES

1.1 Date

This document is dated 7 June 2016.

1.2 Defined terms

Unless otherwise stated, capitalised terms used in this document are defined in section 10.

1.3 References to “you”

References to “you” in this document are references to Eligible Shareholders, and other grammatical forms of that word have a corresponding meaning.

1.4 Forward-looking statements and future performance

This document contains forward-looking statements, including statements of current intention and opinion, and predictions as to future outcomes or performance. These statements are not statements of fact nor are they guarantees of future outcomes or performance.

The forward-looking statements are subject to many risks and uncertainties, including the key risks identified in section 7.4. Many risks and uncertainties are outside the Company’s control. As a result, actual outcomes or performance may differ materially from the outcomes or performance expressed or implied in these forward-looking statements. To the extent permitted by law and the *ASX Listing Rules*, the Company, the persons named in this document and the persons involved in the preparation of this document make no representation or warranty as to the accuracy of the forward-looking statements other than that they are based on reasonable grounds.

The forward-looking statements are based on information available to the Company as at the date of this document. To the extent permitted by law and the *ASX Listing Rules*, the Company undertakes no obligation to provide any additional or updated information that becomes available to the Company after the date of this document.

You should consider the forward-looking statements contained in this document in light of the above disclosures.

1.5 Past performance

This document contains statements as to past performance. You should bear in mind that past performance may not be a reliable indicator of future performance.

1.6 Jurisdictions

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, and is not for distribution or release, outside Australia, New Zealand, Hong Kong or Singapore, except to the extent permitted by the laws of the relevant jurisdiction.

1.7 Trading New Shares

To the extent permitted by law and the *ASX Listing Rules*, the Company disclaims any liability to persons who trade or purport to trade New Shares before the relevant holding statements are issued, and to persons who trade or purport to trade New Shares to which they are not entitled.

2. IMPORTANT DATES

This section is a summary of the important times and dates associated with the Entitlement Offer. Times and dates in this document are indicative only and subject to change.

Event	Date (2016)
Announcement of Entitlement Offer	3 June
Shares commence trading on an “ex”-entitlement basis	7 June
Record Date for determining eligibility in Entitlement Offer	5:00 pm (AEST), 8 June
Despatch of Entitlement Offer document	14 June
Entitlement Offer opens (applications under Top-up Facility open)	14 June
Entitlement Offer closes (applications under Top-up Facility close)	5:00 pm (AEST), 23 June
New Shares quoted on ASX on a deferred settlement basis	24 June
Announcement of allocations under Top-up Facility	28 June
Issue of New Shares and deferred settlement trading ends	30 June
Trading commences on a T+2 basis	1 July
Despatch of holding statements	4 July



You are encouraged to submit an application for New Shares as soon as possible after the Entitlement Offer opens. The Company may refuse any application received after the Entitlement Offer closes on 5:00 pm (AEST), Thursday, 23 June 2016.

To the extent permitted by law and the *ASX Listing Rules*, the Company reserves the right to extend the closing date of the Entitlement Offer, to accept late applications and to withdraw the Entitlement Offer without prior notice.

The admission of the New Shares to official quotation on the ASX is subject to prior ASX approval.

3. CHAIRMAN'S LETTER

On behalf of your Directors, I am pleased to provide Eligible Shareholders with the opportunity to participate in a non-renounceable rights issue. The Entitlement Offer forms part of the basis of a capital raising being undertaken by the Company, with the proceeds to be used for the acquisition of a 97 machine ATM network or otherwise for general working capital or acquisition purposes.

The Entitlement Offer will provide Eligible Shareholders with the opportunity to subscribe for one (1) New Share for every six (6) Shares held by them on the Record Date at a price of \$0.036 per Share.

If fully subscribed, the Company intends to issue 83,168,850 New Shares and the Entitlement Offer will raise \$2,994,079, before issue costs. The Entitlement Offer is not underwritten but the Company has received firm commitments from existing shareholders who participated in the \$3,000,000 private placement announced on 3 June 2016 at \$0.036 per Share to subscribe for a further \$1,600,000 of New Shares. This document of which this letter forms part sets out the details of the Entitlement Offer.

Details of the Placement and Acquisition were announced to the ASX on 3 June 2016, and are further described below.

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

The Company has put in place a Top-Up Facility that allows Eligible Shareholders to apply for Additional Shares, at the same price of \$0.036 per Share. Your Directors unanimously support the Entitlement Offer and all Directors that hold Shares intend to take up their Entitlement in full.

The Acquisition, Entitlement Offer and Placement are consistent with the Company's announced growth strategy. The Company has in numerous Investor Updates to the ASX informed the market of "... a well defined 5 point plan to



deliver growth in the new merged company ...". A central plank in that 5 point plan is to target smaller unlisted ATM deployers for mergers and acquisitions. Doing so should ensure both that the total growth of product sales is satisfactory and that the Company increases its market share.

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

The Entitlement Offer closes at 5.00 pm (AEST) on Thursday, 23 June 2016. If you wish to participate, then please ensure either your Entitlement and Acceptance Form and payment, or your BPAY® payment, are received by our share registry, Computershare Investor Services Pty Limited, by this time.

If you have any enquiries about the Entitlement Offer, then please contact the Company on 1800 286 782 (within Australia) or +61 8 9200 5834 (outside Australia).

I look forward to your support of the Entitlement Offer.

Yours faithfully

A handwritten signature in black ink, appearing to be "Todd Zani", written over a faint, circular, stylized background mark.

Todd Zani

CEO and Executive Chairman

4. INVESTMENT OVERVIEW

- 4.1 *Entitlement Offer:* Each Eligible Shareholder will be given the opportunity to apply for 1 New Share for every 6 Existing Shares held by the Eligible Shareholder as at 5:00 pm (AEST), 8 June 2016 at an issue price of 3.6 cents per New Share. The Entitlement Offer is non-renounceable.
- 4.2 *How to apply:* If you decide to apply for New Shares and wish to make payment other than by BPAY®, you should complete and lodge the Entitlement and Acceptance Form which accompanies this document. If you decide to make a BPAY® payment, then you do not need to return your Entitlement and Acceptance Form.
- 4.3 *Transaction overview:* The Entitlement Offer will quickly follow the Placement of 83,333,333 Shares with institutional and sophisticated investors at an issue price of 3.6 cents per Share, as announced to the market on 3 June 2016. The purpose of the Placement and Entitlement Offer is to finance the Acquisition of a 97 machine ATM network from CashmyATM. The completion of the Acquisition depends on raising \$4,500,000 under the Placement and Entitlement Offer.
- 4.4 *Important information:* Any New Shares issued to you will rank equally with Existing Shares. The Entitlement Offer is not underwritten. It is expected that the quotation of the New Shares will occur on a deferred basis on Friday, 24 June 2016 and trading will commence on Friday, 1 July 2016.

5. PRO RATA ENTITLEMENT OFFER

- 5.1 **Consider the Entitlement Offer carefully in light of your particular investment objectives and circumstances**

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

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

Before applying for New Shares, you should consider whether participating in the Entitlement Offer is appropriate to your particular needs, investment objectives and financial circumstances.

5.2 Overview of Entitlement Offer

Each Eligible Shareholder will be given the opportunity to apply for 1 New Share for every 6 Existing Shares held by the Eligible Shareholder as at 5:00 pm (AEST), 8 June 2016 at an issue price of 3.6 cents per New Share. This Entitlement Offer is non-renounceable.

You are an Eligible Shareholder if you held Existing Shares at 5:00 pm (AEST) on 8 June 2016 with a registered address in Australia, New Zealand, Hong Kong or Singapore.

If you are an Eligible Shareholder, you may:

- (a) apply for some or all of the New Shares to which you are entitled; or
- (b) take no action.

The maximum number of New Shares to which you are entitled is set out in your Entitlement and Acceptance Form. There is no minimum subscription condition.

If you take no action, then you will not acquire any New Shares nor any other benefit under the Entitlement Offer.

If fully subscribed, the Placement will raise \$3,000,000 and the Entitlement Offer will raise a further \$2,994,079. Together, the Placement and Entitlement Offer will raise a maximum of \$5,994,079 before issue costs.

The effect of the issue of Shares under each of the Placement, the Entitlement Offer and the Acquisition on the capital structure of the Company includes the dilution of Existing Shares to 70.30% of the total ordinary shares in the Company Post-completion.

5.3 Eligible Shareholders

You are eligible to participate in the Entitlement Offer if you were a registered holder of fully paid ordinary shares in the Company as at the Record Date of 5:00 pm (AEST), 8 June 2016 with a registered address in Australia, New Zealand, Hong Kong or Singapore. The Entitlement Offer is not being extended to any shareholder in the Company whose registered address on the Record Date was outside Australia, New Zealand, Hong Kong or Singapore. The Entitlement Offer is made to Eligible Shareholders on the same terms and conditions.

Your Directors have determined that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to the number of Shares held by Ineligible Shareholders, the number and value of New Shares to which they would be entitled and the costs of complying with the legal and regulatory requirements which would apply to an offer of Shares outside Australia, New Zealand, Hong Kong and Singapore.

5.4 Options available to you

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

- (a) apply for the maximum number of New Shares to which you are entitled;
- (b) apply for the maximum number of New Shares to which you are entitled and apply for Additional Shares under the Top-up Facility;
- (c) apply for only some of the New Shares to which you are entitled; or
- (d) apply for no New Shares.

You may not apply for more than the maximum number of New Shares to which you are entitled. There is no minimum number of New Shares for which an Eligible Shareholder must apply in order to participate in this Entitlement Offer.

5.5 Non-renounceable

The Entitlement Offer is non-renounceable. This means that your right to subscribe for New Shares under the Entitlement Offer is not transferable or tradeable on the ASX, or otherwise. If you take no action in respect of this Entitlement Offer, you will not acquire New Shares nor any other benefit under this Entitlement Offer, and your Entitlement will lapse.

5.6 Purpose

The purpose of the Placement and Entitlement Offer is to provide the Company with funds to pay for part of the 97 machine ATM network that will be acquired from CashmyATM as part of the Acquisition. The balance of the funds raised will be used for general working capital purposes.

The Acquisition is consistent with the Company's announced growth strategy. In numerous Investor Updates to the ASX, the Company has informed the market of "... a well defined 5 point plan to deliver growth in the new merged company ...". One of the planks to the 5 point plan is to target smaller unlisted ATM deployers for mergers and acquisitions. The Company intends to identify and target a number of smaller independent operators for their merger and acquisition potential.

If the Acquisition is completed, then the Company will have a total fleet of 365 operative ATMs processing approximately 2.9 million transactions annually.

The Acquisition is part of the Company's commitment to becoming the largest ASX-listed ATM and payment services provider in Australia.

5.7 Effect

This section provides a summary of the effect of the Placement, the Entitlement Offer and the Acquisition on the capital structure and control of the Company.

Capital structure

The Post-completion capital structure of the Company is set out below. The figures are approximate as individual Entitlements will be rounded down to the nearest whole number of Shares.

Shares	Number	% interest Post-completion
Shares currently on issue	415,679,768	70.30%
Shares issued under the Placement	83,333,333	14.09%
Shares issued under the Entitlement Offer if 83,168,850 fully subscribed		14.07%
Shares issued as part of the Acquisition	9,080,000	1.54%
Total Shares Post-completion	591,261,951	100.00%

Control

At the date of this document, the Company has not received a notice from any substantial holder notifying the Company that the substantial holder has a relevant interest in 20% or more of the Company's voting shares.

If you do not apply for the maximum number of New Shares to which you are entitled but others do, the Entitlement Offer will diminish your percentage shareholding in the Company and voting power. The Entitlement Offer will diminish the respective percentage shareholdings and voting power of Ineligible Shareholders. The Placement and issue of Shares as part of the Acquisition will dilute your percentage shareholding in the Company and voting power.

Based on the Company's register of members as at the date of this document, and on the assumption that all Eligible Shareholders apply for the maximum number of New Shares to which they are entitled, no Shareholder will increase its shareholding to more than 20% of the Company's issued capital by reason only of its participation in the Entitlement Offer.

You should nevertheless have regard to and comply with the takeovers provisions of the *Corporations Act 2001* when considering whether or not to apply for New Shares. The Company undertakes no obligation to ensure that you do not breach the 20% takeover threshold prohibition in section 606 of the *Corporations Act*



2001 as a result of participating in the Entitlement Offer.

5.8 Top-up Facility

Under the Top-up Facility, eligible Shareholders may apply for Additional Shares in excess of their entitlement under the Entitlement Offer at the same price as they are offered New Shares under the Entitlement Offer.

Shareholders wishing to subscribe for Additional Shares under the Top-up Facility must apply for Additional Shares at the same time as they apply for New Shares under the Entitlement Offer. There is no limit on the number of Additional Shares that Eligible Shareholders may apply for under the Top-up Facility however, applications under the Top-up Facility will only be satisfied to the extent that there is a shortfall under the Entitlement Offer.

The issue of Additional Shares under the Top-up Facility will be at the sole discretion of the Company.

Should applications for Additional Shares under the Top-up Facility exceed the Shares available, a scale-back will be applied in such manner as the Company's directors may determine.

Please also refer to section 9.5 of this Offer Document for further information on applying for Additional Shares under the Top-up Facility.

6. HOW TO APPLY

This section and your Entitlement and Acceptance Form set out instructions for applying for New Shares under the Entitlement Offer and for Additional Shares under the Top-up Facility.

6.1 Applying for New Shares

If you decide to apply for New Shares and wish to pay by cheque, bank draft or money order, you should:

- (a) complete the accompanying Entitlement and Acceptance Form, including, if you wish to apply for Additional Shares under the Top-up Facility, the section that deals with the Top-up Facility;
- (b) attach payment for an amount equal to the issue price of 3.6 cents multiplied by the number of New Shares for which you are applying; and
- (c) return the Entitlement and Acceptance Form together with payment to:

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



Australia,

so that it is received no later than 5:00 pm (AEST) on Thursday, 23 June 2016.

If you decide to pay by BPAY®, you should make your payment for an amount equal to the issue price of 3.6 cents multiplied by the number of New Shares for which you are applying so that it is received by 5:00 pm (AEST) on Thursday, 23 June 2016. You will not need to return your Entitlement and Acceptance Form.

You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

6.2 **Payment**

If you decide to apply for New Shares, your payment options are set out below.

Option 1: Cheque, bank draft or money order

You can pay by cheque made payable to “Stargroup Limited”, bank draft or money order drawn on an Australian financial institution and crossed “Not Negotiable”. Shareholders in New Zealand, Hong Kong and Singapore will need to pay in Australian dollars.

Option 2: BPAY®

To pay by BPAY® you will need to:

- (a) be an account holder with an Australian financial institution that supports BPAY® transactions; and
- (b) use the personalised Biller Code and Reference Number shown on your Entitlement and Acceptance Form which is required to identify your shareholding.

If you enter your BPAY® details incorrectly, the Company will not be able to issue your New Shares under the Entitlement Offer.

If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each of your Entitlement and Acceptance Forms when paying for any New Shares for which you are applying in respect of that holding.

6.3 **Refunds**

Any amount received in excess of the amount payable for the New Shares for which you are applying will be refunded as soon as reasonably practicable after



the Entitlement Offer closes. No interest will be paid on any amount refunded by the Company.

Payment of any refund will be made at the Company's discretion either:

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

6.4 Representations by application for New Shares and Additional Shares

By completing and returning your Entitlement and Acceptance Form, or by making a BPAY® payment, you will be taken to have represented to the Company that:

- (a) you are an Eligible Shareholder;
- (b) you have read and understood this document and your Entitlement and Acceptance Form in their entirety;
- (c) you will act in accordance with the terms of this document, your Entitlement and Acceptance Form and the Constitution of the Company;
- (d) you authorise the Company to register you as the holder of the New Shares and Additional Shares for which you are applying;
- (e) the details in your Entitlement and Acceptance Form are complete and accurate, and the Company may correct any apparent errors in your Entitlement and Acceptance Form;
- (f) you make the statements and certificates set out in your Entitlement and Acceptance Form;
- (g) you are not entitled to receive any interest accruing on payments made under the Entitlement Offer or the Top-up Facility;
- (h) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under your Entitlement and Acceptance Form;
- (i) you authorise the Company, the Share Registry and their respective officers and agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry on using the contact details set out in your Entitlement and Acceptance Form;

- (j) you acknowledge that neither the Company nor their respective related bodies corporate, affiliates, directors, officers, partners, employees, representatives, agents, consultants or advisers guarantees the performance of the Company or the repayment of capital;
- (k) you will provide (and direct your custodian or nominee to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer, the Top-up Facility and of the nature and extent of your shareholding in the Company on the Record Date; and
- (l) neither your participation in the Entitlement Offer nor the Top-up Facility is a breach of the laws of any jurisdiction.

6.5 Enquiries

If you have any enquiries concerning your Entitlement and Acceptance Form, then please contact the Company on 1800 286 782 (within Australia) or +61 8 9200 5834 (outside Australia), during normal business hours.

7. TRANSACTION OVERVIEW

7.1 Investor presentation

The investor presentation annexed as annexure A was given in May 2016 by the CEO and Executive Chairman of the Company, Mr Todd Zani.

7.2 Placement and Acquisition

The notice annexed as annexure B in respect of the Placement and Acquisition was issued on 9 May 2016 by the CEO and Executive Chairman of the Company, Mr Todd Zani.

7.3 Financial overview

Both the unaudited balance sheet of the Company as at 30 April 2016 and the Post-completion pro-forma balance sheet are annexed as annexure C. The second column assumes that the Entitlement Offer is fully subscribed. The third column has been prepared on the basis that the Placement was fully subscribed, which it was, and on the assumption that the Entitlement Offer will be fully subscribed and the Acquisition will be completed.

These balance sheets are illustrative only and may not reflect the actual position and balances as at the conclusion of the Entitlement Offer. The balance sheets exclude legal costs associated with the Placement, the Entitlement Offer and the Acquisition.

The Entitlement Offer, if fully subscribed, will have an effect on the Company's balance sheet by increasing Shareholders' (Contributed) Equity and net assets by approximately \$6,454,000 before issue costs.

7.4 Key risks

This section is a summary of the key risks associated with the Entitlement Offer. Many are outside the control of the Company. The Company has put in place corporate governance, compliance and risk systems to mitigate risks, however some risks are unable to be foreseen or mitigated. You should consider the Entitlement Offer in light of these risks.

General risks

General risks that may negatively impact the Company, its business and the market value of New Shares include:

- (a) economic conditions in Australia, the Republic of Korea and internationally may worsen, leading to reduced economic activity and negative growth;
- (b) investors' views regarding the stock market and share market conditions generally may decline, leading to reduced prices for ordinary shares in the Company. These factors may be quite unconnected with the Company's own performance. Neither the Company nor its present or future directors warrants the future performance of the Company or any return on investment in the Company;
- (c) changes in fiscal and monetary policy may result in reduced economic activity or changes to business practices which may have adverse consequences for the Company;
- (d) changes in relevant taxation and other legal regimes may result in adverse consequences for the Company;
- (e) adverse changes in Australian policies and international policies operating in Australia on the design, ownership, deployment and operation of ATMs;
- (f) financial failure or default by any entity with whom the Company may contract;
- (g) industrial disputes in Australia, the Republic of Korea or elsewhere overseas;
- (h) changes in investor sentiment towards particular market sectors;
- (i) the demand for, and supply of, capital;
- (j) terrorism or other hostilities;
- (k) the inability of the Company to secure and retain appropriate insurance cover at affordable prices;

- (l) litigation brought by third parties, including but not limited to customers, suppliers, business partners, employees or shareholders could negatively impact the business where the impact of such litigation is not covered by insurance. The Company is presently not party to any such litigation;
- (m) share price fluctuations due to market factors;
- (n) price volatility in New Shares in response to factors such as additions to or departures of key personnel, litigation and legislative change, press, newspaper or other media reports; and actual or anticipated variations in the Company's operating results;
- (o) illiquidity in the market for New Shares; and
- (p) currency fluctuations between the Australian dollar and other currencies may result in adverse movements in the value of the Company's assets or earnings.

Specific risks

Specific risks that may impact significantly on the Company, its business and the market value of New Shares include:

- (a) *start-up*: some aspects of the Company's business continue in the nature of a start-up venture. The success of that venture will very much depend on its leadership;
- (b) *competition*: competitive pressures may prevent the Company from winning future contracts or reduce the price at which such contracts are won, thereby depressing margins and profitability;
- (c) *market attributes and pressures*: in September 2014, there were estimated to be 30,833 ATMs operating in Australia. This represents the highest number of ATMs in Australia ever and more than a doubling of ATM numbers since September 2001 (13,139 ATMs). Despite warnings of market saturation, the Australian ATM market sits between the highly mature markets of Canada and the United Kingdom and the slightly less mature markets of continental Europe. There do not appear to be an objective ceiling of the number of ATMs in developed economies, including Australia. As ATM direct charging creates an environment where price signals can operate, it will be price signals, consumer demand and ATM provider efficiency that will, in your Directors' opinion, determine the number, location and cost of use of ATMs. The success of the merged entity's operations depends on its ability to negotiate and sign new ATM placement agreement in profitable locations. The Company will target both existing and green field sites for its ATMs. No assurance can however be given that the Company will be able to compete effectively with competitors in the Australian ATM deployment market. Increased competition in the market may result in actual revenue derived being less

than projected revenue, with adverse impacts on operating results and profitability. These particular risks are being addressed by the Company offering simple and easy to understand ATM placement agreements and by providing what the directors believe to be superior service to its merchant customers;

- (d) *technology*: new technologies and new applications of existing technology (including web-ATMs, biometrics and mobile transactions) may operate to impact the Australian ATM market and supplant existing technologies and result in less business for the Company. New technology and applications may require material investment in capital and may lead to a need to review and change suppliers. The Company will endeavour to ensure that the technology it deploys is EMV compliant, that is compliant with standards set by Europay, MasterCard and Visa, as the global standard for inter-operation of integrated circuit cards (IC cards or Chip cards) and IC card capable point of sale (POS) terminals and ATMs, for authenticating credit and debit card transactions;
- (e) *decline*: the industries and markets in which the Company operates may decline or suffer reduced activity, leading to reduced demand for the Company's products and services;
- (f) *Acquisition conditions*: the conditions for Acquisition to proceed may not be fulfilled;
- (g) *external influences*: the industry in which the Company is involved is subject to domestic and global influences. Although the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of its projects and business. Price competitiveness brought about by increased competition may affect the selling margin enjoyed by the Company and the Company's profitability. New market entrants may negatively impact on the Company's sales projections;
- (h) *reduced use of cash*: there is a risk that Australian consumer behavior and spending habits may change, which may reduce the need for cash and hence transactions using the Company's ATMs. This may result from a decrease in overall consumer spending, technological advances and increased use of existing technologies, such as pay pass, chip and mobile telephone applications;
- (i) *contract risks*: the Company is, and intends to be, party to various contracts critical to its ongoing operations and success. Whilst the Company will take reasonable commercial steps to ensure that its contracting counter-parties comply with their contractual obligations, defaults by them may adversely affect the Company's business, revenue

and profitability. The contracts include switching contracts under which third parties provide electronic transaction processing services for the Company's ATMs. Any failure by the contracted service provider may disrupt the operation of the Company's ATMs, with possible adverse consequences for the Company, including loss of reputation and loss of custom;

- (j) *the Entitlement Offer*: there is some risk that the Entitlement Offer will not be fully subscribed; the raising though is fully underwritten and pre-opening indications of support have been strong;
- (k) *dependency*: the Company depends on NeoICP and other third party manufacturers and suppliers, for the ATMs it deploys. If shipments from NeoICP are delayed or interrupted, or if quality does not meet Australia specifications, the Company may not be able to deploy its ATMs in a timely manner, or at all;
- (l) *timing*: the Company's operating results may vary significantly from period to period, and it may not be able to sustain operating profitability or cash flow;
- (m) *key personnel*: if the Company loses its key personnel or is unable to attract and retain additional personnel, it may be unable to achieve its goals. Loss of key personnel could also result in the loss of proprietary know-how or relationships with Australian market participants;
- (n) *regulation*: changes in the regulatory environment in which the Company and NeoICP operate may have adverse consequences for the Company's business. Particularly, the Australian ATM industry is subject to regulation by the Reserve Bank of Australia (**RBA**). Recent regulatory changes impacting the Australian ATM industry include the introduction by the RBA of direct charging using an ATM in 2009 and the Victorian State government's ban on ATMs in gaming venues on and from 1 July 2013. Regulations of this nature are subject to regular review. There is a risk that regulation may change in a manner that could impact adversely on the assets, operations and ultimately the financial performance of the Company. These include the risk that relevant government charges and fees could increase, adversely affecting margins;
- (o) *future capital requirements*: the Company's future capital requirements will depend on a number of factors, including the Company's ability to generate sufficient income from its operations. The Company may need to raise additional equity from debt or equity sources due to unforeseen circumstances. There can be no assurance that the Company will be able to raise such capital on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to develop its ATM business as intended, with adverse impacts on the Company and its operations;

- (p) *reputation*: if the quality of NeoICP's products, as deployed by the Company, does not meet its customers' expectations then its reputation could suffer and its sales and operating earnings could be negatively impacted; and
- (q) *adjustments*: costs and market adjustments associated with any changes in intentionally mandated technological standards.

Risks if Acquisition does not proceed

If the Entitlement Offer is not fully subscribed, then the Company may be unable to proceed with the Acquisition. This would expose the Company to the following specific risks:

- (a) *forfeiture of deposit*: the non-refundable deposit of \$100,000 paid on 20 May 2016 to CashmyATM prior to entry into the Business Sale Agreement would be liable to forfeiture;
- (b) *transaction costs*: the Company has incurred transaction costs in connection with the Acquisition, including in the preparation and negotiation of the Business Sale Agreement. The Company is responsible for these costs regardless of whether the Acquisition proceeds; and
- (c) *Share price*: if the Acquisition does not proceed, Shares may trade at a lower price on the ASX.

8. TAXATION IMPLICATIONS

This section is a summary of the taxation implications of the Entitlement Offer for Eligible Shareholders resident in Australia for income tax purposes who will be holding New Shares on capital account. The taxation implications of the Entitlement Offer will vary depending on your particular circumstances.

The Company, the persons named in this document and the persons involved in the preparation of this document disclaim any liability in respect of the taxation implications of the Entitlement Offer.

8.1 Issue of Entitlements

The mere issue or exercise of Entitlements should not result in increase in your income tax liability.

8.2 Issue of New Shares

The mere acquisition of New Shares should not result in an increase in your income tax or CGT liability.

8.3 Taxation of Financial Arrangements (ToFA)

For ToFA purposes, the Entitlement is a “financial arrangement” and therefore the CGT discount may not be available for any gain arising from its issue depending on the individual circumstances of the Eligible Shareholder.

8.4 Other Australian taxes

No GST or stamp duty will be payable by Eligible Shareholders in respect of the issue or exercise of Entitlements or the acquisition of New Shares.

9. IMPORTANT INFORMATION

9.1 Rights and liabilities attaching to New Shares

New Shares issued under the Entitlement Offer will be ranked equally with existing fully paid ordinary shares in the Company. The rights and liabilities attaching to New Shares are set out in the Constitution of the Company, a copy of which is available at <http://www.starpaymentsystems.com.au/company-overview/corporate-governance>.

9.2 Foreign jurisdictions

This section sets out restrictions on dealing with Entitlements or New Shares in foreign jurisdictions.

General

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

United States

The New Shares have not been and will not be registered under the relevant securities laws of the United States. Accordingly, the New Shares may not be offered, sold or resold in the United States except to the extent permitted by such laws.

You may not participate in the Entitlements Offer if you are in the United States or acting for the account or benefit of a person in the United States. You may not



offer or sell New Shares to persons in the United States or to persons acting for the account or for the benefit of such persons. This document and the accompanying Entitlement and Acceptance Form are not for distribution or release in the United States.

Hong Kong

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

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

Singapore

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

This document has been given to you on the basis that you are: (i) an existing holder of the Company's shares; (ii) an "institutional investor" (as defined in the SFA); or (iii) a "relevant person" (as defined in section 275(2) of the SFA). If you

are not an investor falling within any of the categories set out above, then please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

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

9.3 Quotation and trading of New Shares

It is expected that the quotation of New Shares on a deferred settlement basis will occur on Thursday, 24 June 2016 and the trading of New Shares on a T+2 basis will commence on 5 July 2016. New Shares will be quoted on the ASX on and from the issue date. New Shares will be issued only after all amounts payable have been paid and ASX has approved the admission of the New Shares to official quotation on the ASX. If the ASX does not admit the New Shares to official quotation on the ASX within three months after the date of this document, then none of the New Shares will be issued and all payments made under the Entitlement Offer will be refunded without interest.

New Shares will be allotted as soon as practicable after the closing date of the Entitlement offer and in accordance with the *ASX Listing Rules*, the *Corporations Act 2001* and ASIC Class Order [CO 08/35].

The admission of the New Shares to official quotation on the ASX is not to be taken as an indication of the merits of the Company or of the New Shares.

9.4 Withdrawal of Entitlement Offer

To the extent permitted by law, the Company reserves the right to withdraw the Entitlement Offer in part or in full. If the Entitlement Offer is withdrawn, the Company will refund any payments made for New Shares yet to be issued under the Entitlement Offer without payment of interest.

9.5 Top-Up Shares

You may apply for Additional Shares under the Top-up Facility in excess of your entitlement under the Entitlement Offer by completing the relevant section of the Entitlement and Acceptance Form. You may only apply for Additional Shares under the Top-up Facility if you decide to subscribe for the maximum number of Shares to which you are entitled under the Entitlement Offer.

Your application for Additional Shares under the Top-up Facility may not be successful, in whole or in part. The Company's decision on the number of Additional Shares that you may be issued under the Top-up Facility is final.

9.6 No cooling-off rights

No cooling-off period or rights apply to the Entitlement Offer. This means you are unable to withdraw your application for New Shares once it has been accepted.

9.7 Rounding of Entitlements

If fractions arise in the calculation of the New Shares to which you are entitled, the number of New Shares will be rounded down to the nearest whole number.

9.8 Notice to nominees and custodians

The Company undertakes no obligation to determine whether or not any Eligible Shareholder is acting as a nominee or custodian, or to determine the identity or residence of any beneficial owners of Shares. Eligible Shareholders acting as a nominee or custodian for a foreign person will need to assess whether indirect participation by the foreign person in the Entitlement Offer complies with the laws of the relevant foreign jurisdiction.

9.9 No financial product advice

This document and the accompanying Entitlement and Acceptance Form do not constitute financial product advice and have been prepared without taking into account your personal investment objectives, financial circumstances or particular needs. You should conduct your own independent investigation and assessment of the Entitlement Offer and the information contained or referenced in this document. If you are in any doubt as to the contents of these documents, you should consult your stockbroker, accountant or other independent professional adviser before participating in this Entitlement Offer.

9.10 Information availability

This document is available in electronic form at <http://www.starpaymentsystems.com.au>. Persons who access the electronic version must ensure that they download and read this document in its entirety. If you download an electronic version and decide to participate in the Entitlement Offer, please contact the Share Registry to obtain a personalised Entitlement and Acceptance Form.

A printed copy of this document is available free of charge by calling the Company on 1800 286 782 (within Australia) or +61 8 9200 5834 (outside Australia), during normal business hours.

9.11 Governing law

This document and the contract formed on acceptance by the Company of your completed Entitlement and Acceptance Form are governed by the laws of New South Wales, Australia. Each applicant for New Shares submits to the non-

exclusive jurisdiction of the courts of New South Wales, Australia and all courts which have jurisdiction to hear appeals from those courts.

9.12 Regular reporting and disclosure

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

9.13 Disclaimer

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

The solicitors to the Entitlement Offer, Banki Haddock Fiora have provided, and not withdrawn, their respective consents to be named in this document in the form and in the context in which they are named.

In particular, the solicitors to the Entitlement Offer, and their respective related bodies corporate, directors, partners, employees, representatives or agents:

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

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

9.14 No other representations

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

9.15 Privacy

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

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

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

10. GLOSSARY

Acquisition	the acquisition by the Company of the 97 machine ATM network under the Business Sale Agreement from CashmyATM
Additional Shares	New Shares to be issued under the Top-up Facility
AEST	Australian Eastern Standard Time
ASIC	Australian Securities and Investments Commission
ASX	the Australian Securities Exchange or ASX Limited ABN 98 008 624 691, as the context requires
ASX Listing Rules	the official listing rules of the ASX, as may be waived
ASX Settlement Operating Rules	the ASX Settlement Operating Rules made by ASX Settlement Limited
ATM	automatic teller machine
Business Sale Agreement	the agreement so entitled between CashmyATM as seller and the Star Payment Systems Pty Ltd ABN 65 165 514 205 as buyer dated 30 May 2016
CashmyATM	Jason Matthew Warren ABN 26 507 934 105, Total Cash Solutions Pty Ltd ABN 24 166 666 753, and J C Enterprises (Qld) Pty Ltd ABN 22 127 197 415
Company	Stargroup Limited ABN 87 061 041 281 or its wholly-owned subsidiary Star Payment Systems Pty Ltd ABN 65 165 514 205, as the context requires
Directors	the directors of the Company
Eligible Shareholder	a Shareholder on the Record Date with a registered address in Australia, New Zealand, Hong Kong or Singapore
Entitlement	each Eligible Shareholder's pro rata non-renounceable entitlement to subscribe for New Shares under the Entitlement Offer based on the number of Shares they hold on the Record Date as a proportion of the total issued capital of the Company
Entitlement and Acceptance Form	the personalised form accompanying this document to be used to apply for New Shares
Entitlement Offer	the pro rata non-renounceable entitlement offer to Eligible Shareholders of up to 83,168,850 New Shares at an issue price of 3.6 cents per New Share on the basis of 1 New Share for every 6 Existing



Shares, to raise up to \$2,994,079 before issue costs

Existing Share	a fully paid ordinary share in the Company at the Record Date
Ineligible Shareholder	a Shareholder on the Record Date with a registered address outside of Australia, New Zealand, Hong Kong or Singapore
NeolCP	NeolCP (Korea), Inc., incorporated in the Republic of South Korea, the Company's major supplier, a shareholder of the Company and in which the Company has a minority holding
New Share	a Share to be issued under the Entitlement Offer
Placement	the placement of 83,333,333 Shares at an issue price of 3.6 cents per Share with sophisticated and professional investors, to raise \$3,000,000 before issue costs
Post-completion	the date immediately after the date on which the Acquisition is completed, assuming both the Placement and the Entitlement Offer are fully subscribed
Professional Investor	<p>has the meaning set out in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (SFO) being:</p> <ul style="list-style-type: none">(a) any recognised exchange company, recognised clearing house, recognised exchange controller or recognised investor compensation company, or any person authorised to provide automated trading services under section 95(2) of the SFO;(b) any intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong;(c) any authorised financial institution, or any bank which is not an authorised financial institution but is regulated under the law of any place outside Hong Kong;(d) any insurer authorised under the Insurance Companies Ordinance (Cap. 41 of the Laws of Hong Kong), or any other person carrying on insurance business and regulated under the law of any place outside Hong Kong;(e) any scheme which:<ul style="list-style-type: none">(i) is a collective investment scheme authorised under section 104 of the SFO; or(ii) is similarly constituted under the law of any place outside Hong Kong and, if it is regulated under the law of such

place, is permitted to be operated under the law of such place, or any person by whom any such scheme is operated;

- (f) any registered scheme as defined in section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong), or its constituent fund as defined in section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap 485 sub. leg. A of the Laws of Hong Kong), or any person who, in relation to any such registered scheme, is an approved trustee or service provider as defined in section 2(1) of that Ordinance or who is an investment manager of any such registered scheme or constituent fund;
- (g) any scheme which:
 - (i) is a registered scheme as defined in section 2(1) of the Occupational Retirement Schemes Ordinance (Cap 426 of the Laws of Hong Kong); or
 - (ii) is an offshore scheme as defined in section 2(1) of that Ordinance and, if it is regulated under the law of the place in which it is domiciled, is permitted to be operated under the law of such place, or any person who, in relation to any such scheme, is an administrator as defined in section 2(1) of that Ordinance;
- (h) any government (other than a municipal government authority), any institution which performs the functions of a central bank, or any multilateral agency;
- (i) except for the purposes of Schedule 5 to this Ordinance, any corporation which is a wholly owned subsidiary of:
 - (A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or
 - (B) an authorised financial institution, or any bank which is not an authorised financial institution but is regulated under the law of any place outside Hong Kong;
- (ii) a holding company which holds all the issued share capital of:
 - (A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong



Kong; or

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

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

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

Record Date	5:00 pm (AEST) on 8 June 2016
Share	a fully paid ordinary share in the Company
Share Registry	Computershare Investor Services Pty Limited ABN 48 074 279 277
Shareholder	a registered holder of a Share
Top-up Facility	a facility where Eligible Shareholders may apply for additional New Shares in excess of their Entitlement



11. CORPORATE DIRECTORY

Stargroup Limited ABN 87 061 041 281

Directors

Mr Todd Zani
Mr Shaun Sutton
Mr Jong Ho (Jay) Kim

Company Secretary

Mr Sungki Lee

Registered Office

Unit 1, 25 Montgomery Way
MALAGA WA 6090

Telephone

1800 286 782 (within Australia) or +61 8 9200 5834 (outside Australia)

Securities Exchange Listing

Ordinary shares listed on the ASX with ASX Code: STL

Website

<http://www.starpaymentsystems.com.au>


Share Registry


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

Solicitors to the Entitlement Offer

Banki Haddock Fiora
Level 10, 179 Elizabeth Street
SYDNEY NSW 2000


ANNEXURE A – INVESTOR PRESENTATION





 **stargroup**

STARGROUP LIMITED **ASX : STL**

Investor Update
MAY 2016

 **star** atm

 **star** payment systems

 **star** pos

Disclaimer

This document does not, and does not purport to, address any or all issues which are or may be material or of interest to the Recipient in connection with its own due diligence review of the Company, the Business or otherwise. The Recipient may not, and by receiving this document the Recipient acknowledges that it is not entitled to and agrees not to, rely on any part of this document (whether as to a matter of fact, forecast, opinion or belief) for any purpose whatsoever.

Certain statements in this document relate to the future. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Company and the Business to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future. No representation, assurance or guarantee

is given that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur. The forward looking statements in this document reflect views held only at the date of this document.

Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. By accepting this document, the Recipient agrees that it will make and rely solely upon its own due diligence investigations and enquiries and will not in any way rely upon any of the information in this document or use this document for any purpose other than as information to assist the Recipient and its advisers to undertake its own due diligence investigations and enquiries.

None of the statements, opinions, projections, forecasts or other forward-looking information contained in this document have been independently verified and no commitment, representation, or warranty, express or implied, is made in

relation to their accuracy, reasonableness or completeness. Furthermore, where statements in this document are taken from or attributed to sources created by third parties, the Recipient should have regard to those sources and rely on its own enquiries.

Stargroup has prepared this document based on information available to it at the time of preparation and subject to the qualifications in this document. To the maximum extent permitted by law, neither the Company nor any of its respective related bodies corporate or other affiliates, directors, officers, employees, representatives, agents, advisors or their respective advisors' affiliates or partners, directors, officers, employees or contractors (each a Limited Party and together the Limited Parties) takes any responsibility for the contents of this document or any action taken by the Recipient or any other person on the basis of the information contained in this document. The Limited Parties disclaim any obligation or undertaking to disseminate after the date of this document any updates or revisions to any forward looking statements to reflect any change in

expectations in relation to those statements or any change in events, conditions or circumstances on which any statement is based. To the maximum extent permitted by law any and all liability in respect of this document and the information contained within it is expressly excluded including without limitation any direct, indirect or consequential liability, expenses, damages or costs incurred by the Recipient or any other person as a result of their receipt or use of this document or arising from the information in this document being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. No Limited Party makes any representation or warranty, express or implied, as to the currency, accuracy, completeness, reliability, fairness or correctness of the information contained in this document or about Stargroup generally or any opportunity to invest in Stargroup in the future.

Corporate overview

MAJOR SHAREHOLDERS		CORPORATE SNAPSHOT	
	% OWNERSHIP	ASX CODE	STL/STLO
DIRECTORS, MANAGEMENT, RELATED PARTIES	27.01%	CASH AND EQUIVALENTS	\$0.5MIL
TOP 20	71.07%	MARKET CAP (\$0.037/SHARE)	\$15.38MIL
ZANI GROUP	19.65%	52 WEEK HIGH (\$/SHARE)	0.062
OGNENIS GROUP	19.30%	52 WEEK LOW (\$/SHARE)	0.023
NEOICP KOREA INC	6.39%	SHARES/OPTIONS ON ISSUE	415MIL/48MIL

Board of directors



TODD ZANI
CEO & EXECUTIVE
CHAIRMAN

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 with a market capitalization 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. Mr Zani was the CEO and CFO of EzeATM from 2006 to 2013.



SHAUN SUTTON
EXECUTIVE
DIRECTOR

Mr Sutton has extensive experience in running and operating ATM networks in the Australian ATM industry and was for the former National Logistics Manager of EzeATM Limited and in that capacity oversaw the significant growth and national expansion of the EzeATM business.



JONG HO (JAY) KIM
NON-EXECUTIVE
DIRECTOR

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 networks in the casino gaming industry across Macau, Hong Kong and Japan.

Mr Kim brings valued business and advisory experience to assist in securing casinos cash handling business in Asia.

Building a leading financial technology company

THE ONLY VERTICALLY INTEGRATED, AUSTRALIAN AUTOMATIC
TELLER MACHINE ("ATM") DEPLOYMENT COMPANY ON THE ASX



WHOLESALE DISTRIBUTOR OF
ATMs, RECYCLER ATMs AND
BACK OFFICE TECHNOLOGIES



ATM DEPLOYMENT
COMPANY



EFTPOS AND PAYWAVE
TERMINAL PROVIDER

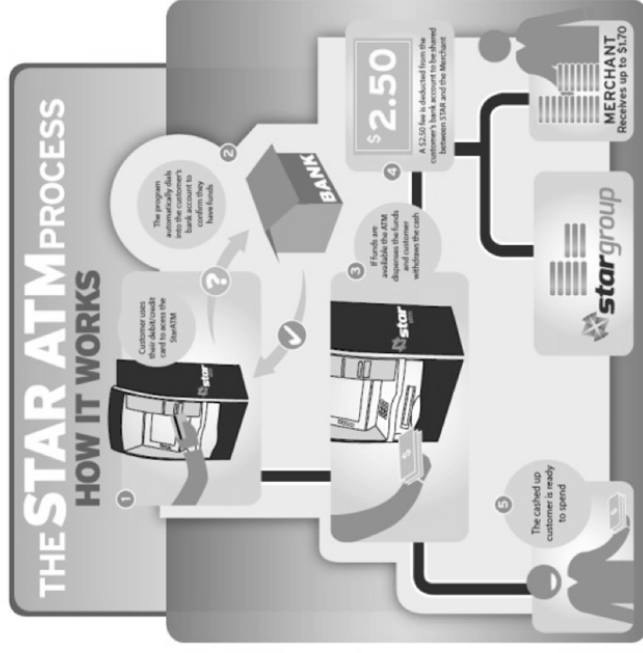


StarATM revenue has increased every quarter

STARATM/STAR PAYMENT SYSTEMS PROCESS

- \$2.50 direct charge to customer for making a withdrawal or balance enquiry from our ATMs
- \$0.20 fee payable to the switching company for the processing of each withdrawal and balance enquiry transactions
- \$0.80 to \$1.70 fee payable to the business owner where the ATM is located. The fee is dependent upon whether or not the business owner/merchant provides the cash float in the ATM
- \$0.60 to \$1.50 net fee to Stargroup depending on the individual ATM contract in place at each site
- Internal rate of return is based on a net profit of \$400 per machine per month

6





ATM industry statistics

THE AUSTRALIAN ATM INDUSTRY IS STILL GROWING AND PROVIDES VALUABLE ECONOMIC BENEFITS TO SOCIETY.

73%
of the total number of
withdrawals of cash
are from ATMs

\$140.8 Billion

Cash withdrawn from
ATMs in 2015

55%
of ATMs are owned by
Independent Service
Operators (ISOs)

700 Million

Cash withdrawals from
ATMs in 2015

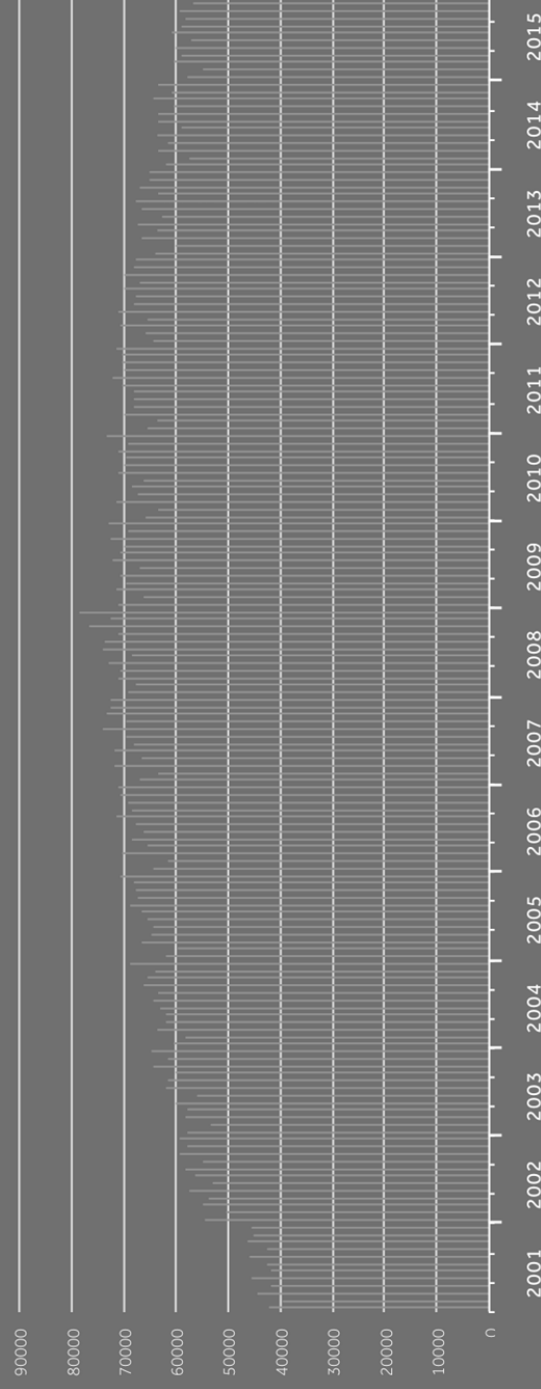
31,661

ATMs in Australia
as at 31 Dec 2015

**\$2.00 TO
\$10.00**

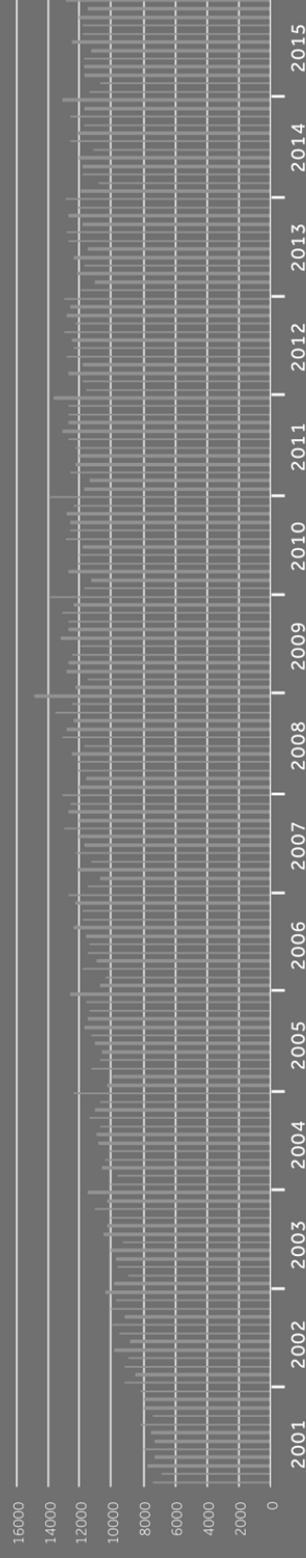
is the range of direct
charge fees for using
ISO ATMs in Australia

Number of ATM Withdrawals for the last 15 years ('000s)



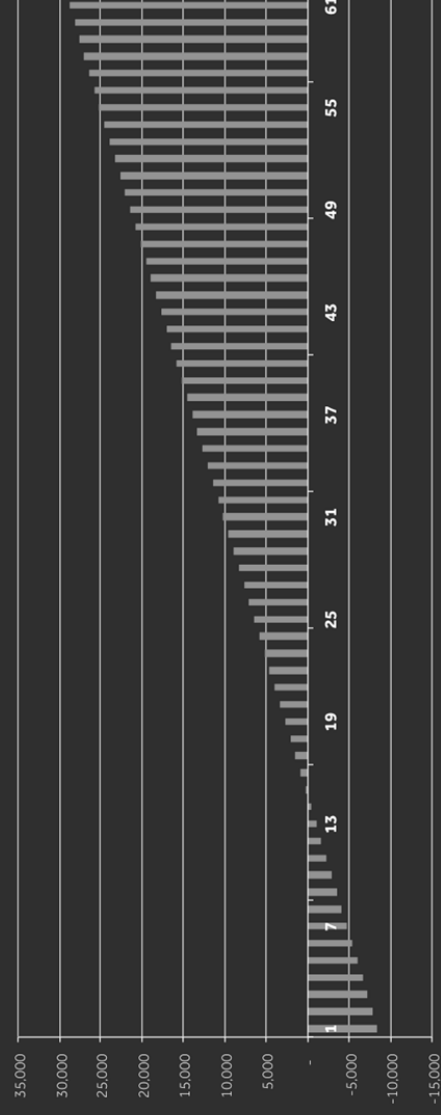


Total value of ATM Withdrawals for the last 15 years (\$millions)



StarATM typical return on initial investment per ATM

STARGROUP CONTINUES TO OUTPERFORM

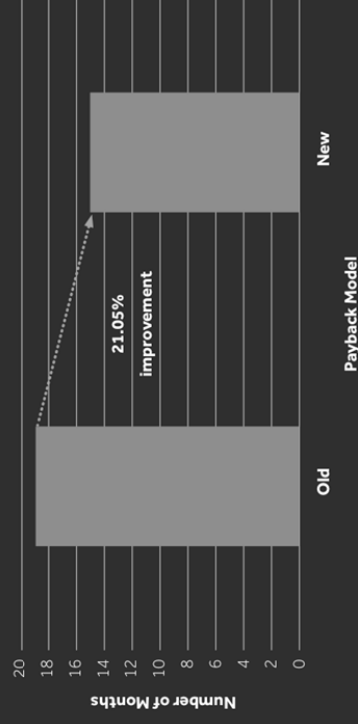


- Typically a 15 month payback on initial capital investment
- >240 ATMs across Australia
- \$2.50 charge for withdrawal

Significantly lower operating costs and reduced payback by +20%

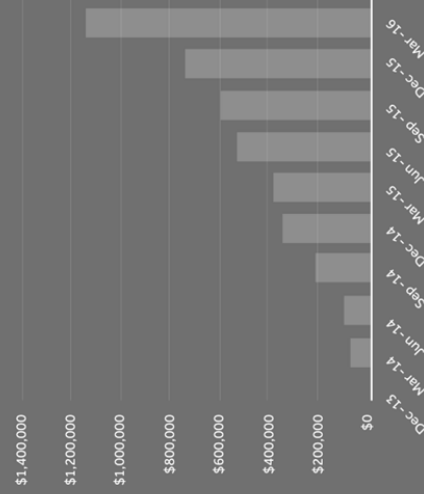
- ▶ Star Payment Systems has reduced major operating costs of its ATM network by 52.90%
- ▶ The reduction has accelerated the payback on initial investment per ATM by 4 months (over 20% reduction in payback period), to 15 months
- ▶ Star Payment Systems expects further cost savings in 2016 as part of ongoing negotiations with other key suppliers

Star Payments typical return on initial investment per ATM



Revenue Profile

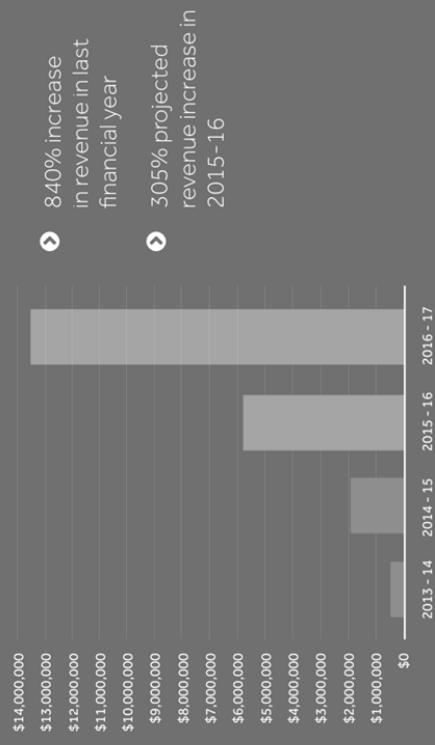
QUARTERLY GROUP REVENUE **ACTUAL**



"The transactions on our ATM network were up 51% on the previous quarter and this is the second quarter that we have delivered greater than a 50% growth."

TODD ZANI
CEO & EXECUTIVE CHAIRMAN

ACTUAL REVENUE **FY 14, FY15 AND PROJECTED FY16, FY17**



➤ 840% increase in revenue in last financial year

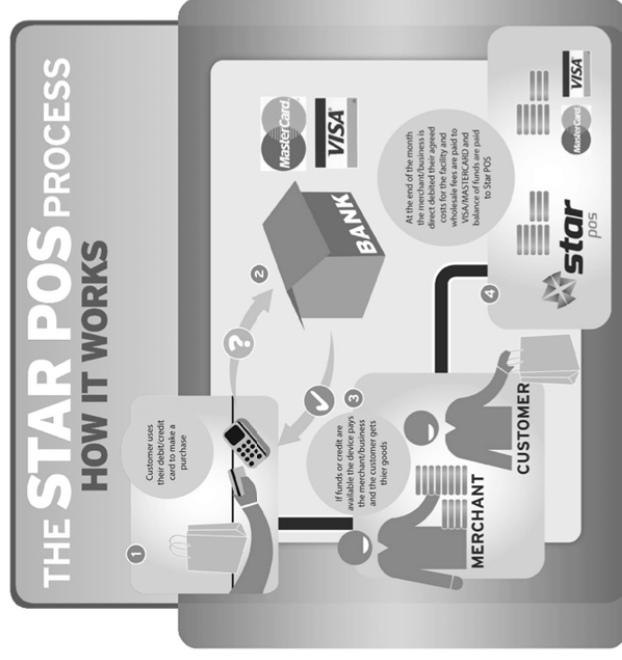
➤ 305% projected revenue increase in 2015-16

StarPOS revenue rising

STARPOS PROCESS

- A 1.00% to 2.50% fee is charged to the business owner for acceptance of VISA and Mastercard based on their card payment metrics
- A \$0.15 to \$0.40 fee is charged for the processing of Debit Card transactions
- A 0.70% to 0.95% fee is charged to StarPOS for the processing of VISA and Mastercard transactions dependent upon the type of card used by the customer.
- A \$0.14 fee is charged to StarPOS for the processing of debit card transactions
- The average EFTPOS device in Australia processes approximately \$27,000 per month in VISA and Mastercard transactions (219 transactions) and \$24,000 in debit card transactions (410 transactions)

13





EFTPOS industry statistics

EFTPOS CONTINUES GROW WITH THE INTRODUCTION OF PAYWAVE, THUS PROVIDING AN OPPORTUNITY FOR STARGROUP TO PROVIDE ITS TECHNOLOGIES TO BUSINESSES.

956,167

EFTPOS terminals at
30 December 2015

13.34%

growth in the number
of EFTPOS Terminals
in 2015

\$529.2 Billion

in purchases through
debit and credit
cards in 2015

6,357 Billion

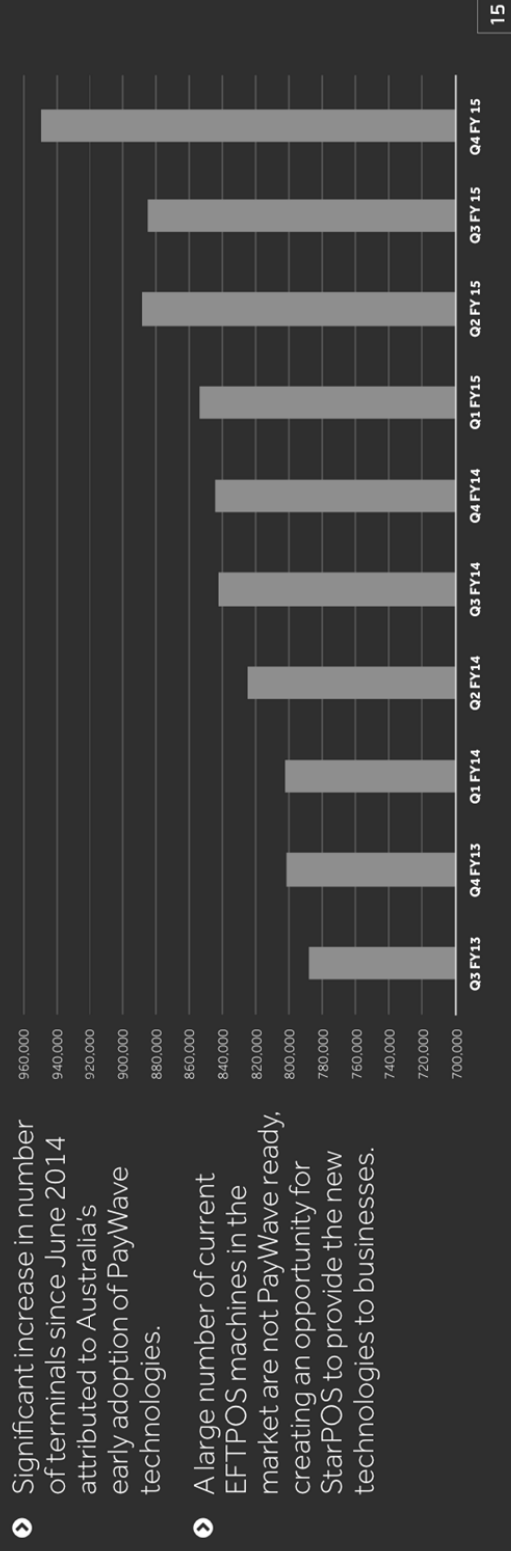
transactions on debit
and credit cards in 2015

9.24%

increase in number of
transactions on debit and
credit cards in 2015

EFTPOS/PayWave terminals growing rapidly in Australia

NUMBER OF EFTPOS/PAYWAVE TERMINALS IN AUSTRALIA



- ▶ Significant increase in number of terminals since June 2014 attributed to Australia's early adoption of PayWave technologies.
- ▶ A large number of current EFTPOS machines in the market are not PayWave ready, creating an opportunity for StarPOS to provide the new technologies to businesses.



NeolCP provides strategic advantage

STARGROUP IS THE ONLY ASX-LISTED COMPANY WITH A DIRECT OWNERSHIP INTEREST IN THE MANUFACTURER OF ITS ATMS

- Direct ownership interest in NeolCP, the manufacturer of the ATMs, back office and casino settlement solutions (11.28%)
- NeolCP at 31 December 2015 had AUD\$18.3million in net assets
- Three year dividend policy with Stargroup
- NeolCP finalised a successful pilot of its unique casino settlement solutions with four Macau casinos in 2HY2016 and are now distributing this technology throughout Asia.

- NeolCP is a private South Korean Company with >80% of the back office market with the following conglomerate customers in Korea:





Quarterly Group Highlights

STARGROUP LIFTS ATM REVENUE BY 65% TO ACHIEVE 9TH RECORD QUARTER

- ▶ 65% increase in gross ATM revenue compared to prior quarter
- ▶ 57% increase in the average number of active ATMs compared to prior quarter
- ▶ 53% increase in gross revenue for the Group compared to prior quarter
- ▶ 51% increase on ATM transactions compared to prior quarter
- ▶ Average monthly transactions still among "industry best"
- ▶ StarPOS now generating revenue

Current growth drivers



- ▶ Intelligent Deposit certification to be completed in Q2 2016.
- ▶ New tenders being pursued with large Australian businesses

- ▶ New EMV technology upgrades required by Australian businesses and significant upgrade revenue agreed with major customer (1,000 ATMs)
- ▶ In negotiation with multiple targets for EPS accretive roll up

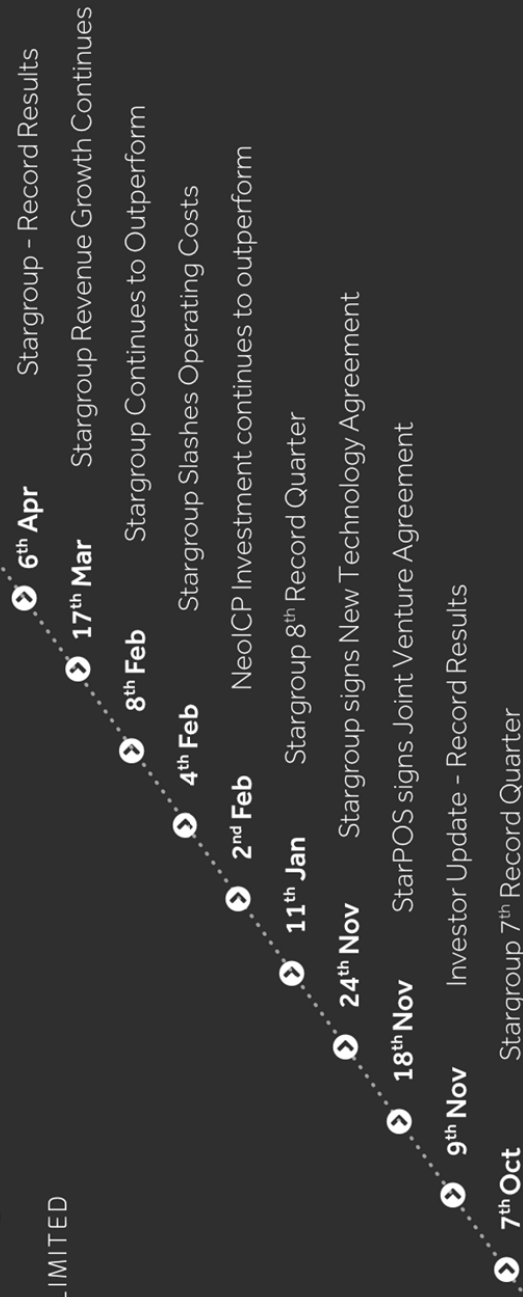


- ▶ 5 year wholesale EFTPOS/payWave agreement signed with world's leading payment processing Company
- ▶ First terminal installed in late July and soft pilot concluded in September

- ▶ Customers include any business looking to accept Visa, Mastercard and debit card payments
- ▶ 3 year contracts with merchants
- ▶ Announced preferred supplier status with one of the largest Australian buying groups on November 24, 2015

Significant progress since listing

STARGROUP LIMITED
ASX : STL



Key Investment Summary

- ▶ STL is profitable post Cash Plus acquisition
- ▶ Recurring revenue from long term contracts in ATM business
- ▶ Growth in EFTPOS/PayWave business in Australia will be captured by StarPOS division in FY2016
- ▶ Attractive entry point, EV of \$5mil, 1 x FY16 Gross Revenue
- ▶ Multiple targets under contract being rolled up into ATM business
- ▶ Growing revenue base from multiple divisions
- ▶ Disruptive new technologies including the intelligent deposit/recycling ATMs and casino back office technology being launched in FY2016
- ▶ Highly experienced Board and Management Team with combined >75 years experience and track record of building large scale operations
- ▶ Reduced major operating costs of ATM network by 52.90%, accelerated the payback on initial investment per ATM by 4 months (over 20% reduction in payback period), to 15 months
- ▶ 5 year Exclusive Distribution Agreement of world leading ATM, back office and casino settlement solutions
- ▶ Significant catalysts expected to be delivered by calendar year end and Q1 2016, including but not limited to, large preferred supplier deals in both StarATM and StarPOS, the launch of the recycler ATM and casino settlement solutions



Contacts

Todd Zani

CEO & Executive Chairman

M +61 419 912 566

E todd@starpaymentsystems.com.au

ANNEXURE B – INVESTOR NOTICE



STARGROUP LTD (ASX: STL)

Institutional/Sophisticated Placement (\$3m) and 1 : 6 Rights Issue (\$3m)

FOR SOPHISTICATED AND PROFESSIONAL INVESTORS ONLY NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN THE UNITED STATES OR TO U.S. PERSONS

INTRODUCTION

- Stargroup Ltd ("STL or the "Company") is an ATM and Payments systems technology company executing a significant growth plan by consolidating the highly fragmented ATM sector and expanding into other growing verticals such as Eftpos/Paywave, ATM recycling and casino back-office technology.
- To accelerate its growth plans, STL has agreed to acquire a 97 Automatic Teller Machine (ATM) network from Cash My ATM (CMA) taking the total number of operational Stargroup ATM's to 365 machines processing some 2.9m transactions each year and annualised revenue of >\$7.5mil with that figure increasing to >\$11m next financial year with further organic growth. Projected EBITDA for 2017 will increase from \$3.3mil to \$4.3mil.
- The total consideration, including on costs (\$5m) for the CMA acquisition is made up of 10% equity (priced at 5c/sh which represents a material premium to STL's current share price) and 90% cash. The cash component will be funded by STL's current cash and a \$6m placement/rights issue.
- The Company has also negotiated a \$1.5mil facility from a major bank to assist the funding of this acquisition and/or future acquisitions.
- The owner of CMA has voluntarily agreed to escrow his 5c shares for a period of 12 months and will become the National Business Development Manager for Stargroup.
- A recent research report by PAC Partners suggested a 12 month price target of 8.1 c/share

THE OFFER

- The Company intends to raise \$3m via a institutional and sophisticated placement and \$3mil via a fully underwritten non-renounceable 1 for 6 rights issue at 3.6¢ per share.
- Existing Top 20 STL shareholders and institutions have already cornered >50% of both the \$3mil placement and the rights issue.
- Patersons and PAC Partners have been appointed Joint Lead Manager to the rights issue and Morgans are also participating at a sub-underwriting level.

PRICING

The placement offer and rights issue are both placed at 3.6c/sh.

USE OF FUNDS

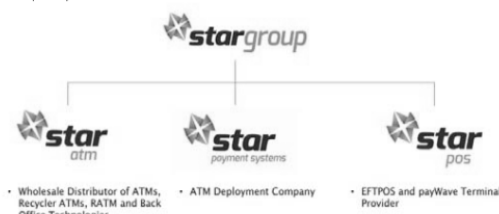
- The use of funds (Assuming \$3m raise from placement and subsequent rights issue) will include:
 - Cash My ATM acquisition (\$4.5m)
 - Working Capital (\$1.5m)

INDICATIVE TIMETABLE	2016
Bids due by 5.00pm (EST) Monday	30 May
Commitment letters sent, signed and returned Tuesday (PM)	31 May
Settlement of Placement Funds, Thursday	2 Jun
Placement shares trading, Friday	3 June
Rights Issue Shortfall Date, Tuesday	30 Jun
Settlement of shortfall funds due, Monday	6 Jul
Shortfall shares trading, Tuesday	8 Jul

Timetable is subject to change.

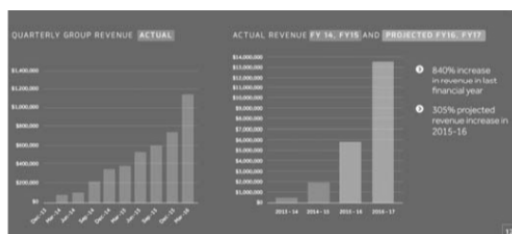
ABOUT STARGROUP LTD

Stargroup Ltd is the ASX's only vertically integrated, Australian Automatic Teller Machine ("ATM") deployment company. STL also offers EFTPOS and payWave Terminal facilities and other payment technologies such as new intelligent deposit/recycling ATM technologies, back office, coin counting technologies as the exclusive distributor of the CashPod series of ATMs and technology manufactured by NeolCP, a private South Korean company that STL owns 11.28% of.



TRACK RECORD OF DELIVERY

STL has delivered impressive revenue growth as highlighted by the chart below and announcements to date. Growth has been driven by the roll-out of STL's ATMs into new customer sites with the company targeting 20 new ATMs per month.



*Extract from May 2016 Investor Presentation

CASH MY ATM Acquisition

STL has identified a significant opportunity to consolidate the highly fragmented ATM sector with the goal of achieving critical mass which will drive profitability and may also lead to STL becoming an attractive corporate target.

The Cash My ATM acquisition will be the second acquisition undertaken in executing STL's consolidation strategy and post completion will result in STL's ATM network increasing to 365 ATMs. In addition, STL profitability and cashflows will further improve after a minimum of \$1m EBITDA will be added to the bottom line.

The CASH My ATM acquisition is expected to complete in mid June with an effective 1 June transfer date and is subject to the usual conditions expected in transactions of this nature.

The current CEO of Cash My ATM, Jason Warren will become the National Business Development Manager of STL.

Important: This Indicative Term Sheet specifies the indicative timetable and terms and conditions on which the Placement will proceed. Please refer to the disclaimer page for full disclosures.



STARGROUP LTD (ASX: STL)

Institutional/Sophisticated Placement (\$3m) and 1 : 6 Rights Issue (\$3m)

FOR SOPHISTICATED AND PROFESSIONAL INVESTORS ONLY NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN THE UNITED STATES OR TO U.S. PERSONS

KEY CATALYSTS

- Key Near Term Catalysts include:
- Completion of Cash My ATM acquisition (June 2016)
- Preferred Supplier ATM Agreement for large Australian business (July 2016)
- Launch of ATM recycler (July 2016)
- Launch of Stargroup Debit and Credit Cards (July 2016)
- Trading updates (ongoing)

BID PROCESS

- cc all emails to Todd Zani:
todd@starpaymentsystems.com.au
- All bids must be lodged by 5.00pm (EST) Monday 30 May 2016
- We reserve the right to close the book early

Board	Summary
Todd Zani Executive Chairman	Todd was the former CEO and CFO of Ezeatm Limited (ASX:EZA). He was a founder of the business in 2000 and vended the business into Ezeatm Ltd in 2011, which was the 3rd most successful float of 2011. Ezeatm became the largest ASX listed ATM deployer in July 2012 with a market cap of \$34.45mil.
Shaun Sutton Executive Director	Shaun was the former National Logistics Manager of Ezeatm Limited and has significant experience in the Australian ATM industry.
Jong Ho Kim Non-Executive Director	CEO and President of Design Studio Inc and held a senior NED role with Korean multi national LG. Has an extensive network in the casino gaming industry in Macau, Hong Kong and Japan.

CAPITAL STRUCTURE

The indicative capital structure of the Company following the \$3m placement and \$3m rights issue and CASH My ATM acquisition will be:

	Number of Shares (m)	Gross Amount Raised (m\$)/Cash	Market Cap @3.6c/sh (\$m)	Enterprise Value @3.6c/sh (\$m)
Existing Shares	416	5.3		
Existing Options*	48	-		
Placement of \$3m (3.6c/sh)	83	3		
Rights Issue at 1 : 6 (3.6c/sh)	83	3		
CASH My ATM Consideration	9			
Total	639	1.5	23.0	21.5

* The 48 million options (Dec 2018), have a strike price of 5c/sh.

OPPORTUNITY

Investors exempt under s708 and for whom we have relevant documentation on file are offered the opportunity to bid for the placement and for sub-underwriting in the rights issue.

Bids will only be considered if clients are existing Section 708 investors who meet the requirements of the Anti-Money Laundering Act as reflected in documentation retained by Stargroup Ltd.

It is the responsibility of advisers to ensure their s708 clients are evidenced as such and current at the time of submitting bids.

MORE INFORMATION

For more information, please contact Todd Zani the CEO/Executive Chairman (todd@starpaymentsystems.com.au).

DISCLAIMER

Stargroup Ltd, its servants or agents, make no recommendation as to whether you should participate in the new issue by the Company nor do they make any recommendation or warranty to you concerning the shares or accuracy, reliability or completeness of the information provided or the performance of the Company. This note is intended to provide background information only and does not purport to make any recommendation upon which you may reasonably rely without taking further and more specific advice. You should make your own decision whether to participate based on your own enquires. Potential investors must make their own independent assessment and investigation of the opportunity and should not rely on any statement or the adequacy or accuracy of the information provided by Stargroup Ltd. Securities of small to mid-cap companies typically involve a higher degree of risk and more volatility than securities of more established companies. As such, an investment in the Company must be considered as speculative. The information provided does not purport to cover all relevant information about any potential investment in the Company. Accordingly potential investors are advised to seek appropriate independent advice, if necessary, to determine the suitability of this investment.

ANNEXURE C

(Unaudited) Pro-forma Consolidated Balance Sheet

	Actual 30-Apr-15 (A\$'s)	Pro-forma 30-Apr-15 Assuming Rights Issue Fully Subscribed (A\$'s)	Pro-forma 30-Apr-15 Assuming Placement and Rights Issue Fully Subscribed and Shares Issued on completion (\$A's)
CURRENT ASSETS			
Cash and cash equivalents	265,757	3,265,757	2,179,757
Trade and other receivables	425,906	425,906	425,906
Inventory	1,137,936	1,137,936	1,137,936
Other assets	66,517	66,517	66,517
TOTAL CURRENT ASSETS	<u>1,896,116</u>	<u>4,896,116</u>	<u>3,810,116</u>
NON-CURRENT ASSETS			
Property, plant and equipment	1,133,482	1,133,482	1,587,482
Other financial assets	1,599,015	1,599,015	1,599,015
Intangibles	5,430,326	5,430,326	9,516,326
TOTAL NON-CURRENT ASSETS	<u>8,162,823</u>	<u>8,162,823</u>	<u>12,702,823</u>
TOTAL ASSETS	<u>10,058,939</u>	<u>13,058,939</u>	<u>16,512,939</u>
CURRENT LIABILITIES			
Trade and other payables	972,488	972,488	972,488
Provisions	62,428	62,428	62,428
TOTAL CURRENT LIABILITIES	<u>1,034,916</u>	<u>1,034,916</u>	<u>1,034,916</u>
TOTAL LIABILITIES	<u>1,034,916</u>	<u>1,034,916</u>	<u>1,034,916</u>
NET ASSETS	<u>9,024,023</u>	<u>12,024,023</u>	<u>15,478,023</u>
EQUITY			
Share Capital	11,938,155	14,938,155	18,392,155
Accumulated losses	- 2,914,132	- 2,914,132	- 2,914,132
TOTAL EQUITY	<u>9,024,023</u>	<u>12,024,023</u>	<u>15,478,023</u>

INTENTIONALLY LEFT BLANK

