

iCash Payment Systems Limited

ABN 87 061 041 281



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Company Announcements
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Via e-lodgement

iCash Issues Earnings Guidance for FY 2011

- **Revenue up 72% to \$73m**
- **EBITDA growth of 166% to \$17.3m**
- **NPAT (Consolidated) up 161% to \$12m**
- **NPAT (Attributable to Members) up 95% to \$6.2m**
- **Korean business sees stronger sales and production - order book \$50m**

iCash Payment Systems Limited (ASX code: **ICP**) today released earnings guidance for the 2010/11 financial year ("FY2011"). This is the result of a strong pipeline of supply agreements for the sale of our cash dispensing and cash recycling ATMs in Korea and supports a very positive forward order book for the next two to three years. As at 20 October 2010 the Company's forward order book, comprising executed supply contracts with its high quality customer base, totals \$50 million.

At the time of its full year results announcement for the year ended 30 June 2010 (FY10), iCash Payment Systems Limited indicated that sales and production output in the Company's Korean subsidiary, neoICP, had increased to over 600 high value ATMs per month. neoICP continues to maintain production output of 500 - 600 ATMs per month compared with 150 per month one year ago. Our strategy of improving our recurring revenue line in Korea is steadily moving towards our target of a consistent 15% of sales.

In Australia, sales of our cashPod ATMs have been buoyant and an increase in transaction volumes and our ATM fleet has contributed to the improved financial performance of the group this year.

Executive Chairman Mr James Manny said: “The above guidance affirms Board and management confidence in the strategic decisions we have made since acquiring neoICP in 2007. This has led to a near quadrupling of revenue since FY09.”

Mr. Manny added that the uptrend in sales and production in Korea is “very encouraging. It is a testament to the excellent working relationship we enjoy with our Korean partners and the strong commitment we have to our strategy of a vertically integrated payments platform using leading technology.”

iCash unaudited results for the six month period ended 31 December 2010 are scheduled for release on 28th February 2011.

Further Information

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iCash Payment Systems Limited

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APPENDIX

FY11 Forecast

The table below sets out the Company's actual (audited) consolidated financial performance for the years ended 30 June 2009 and 2010 and the Directors' Forecast for the year ended 30 June 2011.

| (\$m) | Jun-09 | Jun-10 | Jun-11 |
|------------------------|--------|--------|--------|
| Revenue | 19.1 | 42.4 | 73.0 |
| EBITDA | 2.6 | 6.5 | 17.3 |
| NPAT (consolidated) | 2.6 | 4.6 | 12.0 |
| NPAT (att. to members) | 2.5 | 3.2 | 6.2 |
| EPS (cps) | 3.5 | 3.9 | 7.8 |

Notes to EPS Calculation

- In August 2010, iCash shareholders approved a 10 to 1 share and option consolidation
- The EPS calculation for FY11 is based on a post-consolidated shares on issue basis
- The EPS calculations for FY09 and FY10 have been adjusted on post-consolidated shares on issue basis
- NPAT reflects net operating profit after tax

Basis of Preparation of FY11 Forecast

The FY11 forecast is based on:

- The Company's operating budgets for FY11
- The Directors' assessment of the current and likely future operating conditions
- The implementation of the Company's current business strategies and detailed plans prepared on a continuing business basis
- A number of material best estimate assumptions as determined by the Directors.

The Directors have used reasonable care in the preparation of the FY11 forecast and consider their assumptions to be reasonable.

Undue reliance should not be placed on the forecast financial information. Forecasts by their nature are subject to uncertainties and unexpected events outside the control of the Directors. Any change to the basis upon which the forecasts have been prepared could be either materially positive or materially negative to actual financial performance. The Directors are unable to warrant and therefore do not warrant the achievement of the FY11 forecast.

Assumptions

The general assumptions listed below should be read in conjunction with the risk factors set out below:

- No significant change in prevailing economic conditions in the markets in which iCash operates
- No significant changes in the competitive environment
- Current economic interest in neoICP of 42.4%. Following conversion in September 2010 of convertible bonds in neoICP, iCash's economic interest was reduced from 48.4% (voting interest 51.7%) to 42.4% (voting interest 44.9%)
- Korean Won/Australian Dollar exchange rate of 1,100KRW/A\$1
- No significant industrial, operational, contractual or political disturbances affecting the continuity of operations
- No material amendment to, termination of loss of material agreements relating to the business
- No significant changes in statutory, legal, or regulatory requirements that would have a material impact on operations
- No material changes in Australian Accounting Standards that would have a material impact on the financial performance of iCash, its financial position or its cash flows
- No material contingent liabilities to the detriment of iCash

Risks

The following risks might affect the future operating and financial performance of iCash, including general risks associated with any form of business and specific risks associated with iCash.

Economic Conditions

Adverse changes in economic conditions are outside the control of iCash, including interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates.

Regulatory Risks

iCash is exposed to any change in the regulatory conditions under which it operates including:

- Taxation laws and policies
- Accounting laws, policies, standards and practices

Competition

iCash faces competition. iCash might lose market share with consequent adverse effect upon operating and financial performance if there were new entrants or a change in strategy by existing competitors.

Exchange Rates

iCash faces exposure to the Korean Won through its ownership of Neo. The movement in the KRW/AUD exchange rate may impact the earnings. The Korean business sources some of its components from Japan, hence the movement in the KRW/JPY exchange rate may impact earnings.

Reliance on Key Personnel

The responsibility of overseeing the day to day operations and the strategic management of iCash is concentrated amongst a small number of key employees. One or a number of those key employees might cease employment with iCash. The loss of any such key employees could have a detrimental impact.

Technology

Much of the business of iCash is dependent on various technologies. It is therefore financially and operationally at risk to the extent that:

- Its technologies fail or become impaired or obsolete
- Competitors introduce superior technologies