



Managing Directors Update  
November 2011



# The Industry

## INDUSTRY

- Very competitive with low Barriers to entry.
- Dominated by two large Competitors and the Banks
- Transactions numbers are closely tied to retail sales which are currently in decline
- New products emerging that allow multiple transactions such as cash recycling, bill payment and mobile top ups.
- Victorian laws preventing ATMs from being within 50 metres of gaming entrances in August 2012
- Many smaller players looking for exit strategies, so consolidation likely which present opportunities.
- Retailers have been the big winners in the direct charge environment which needs to change

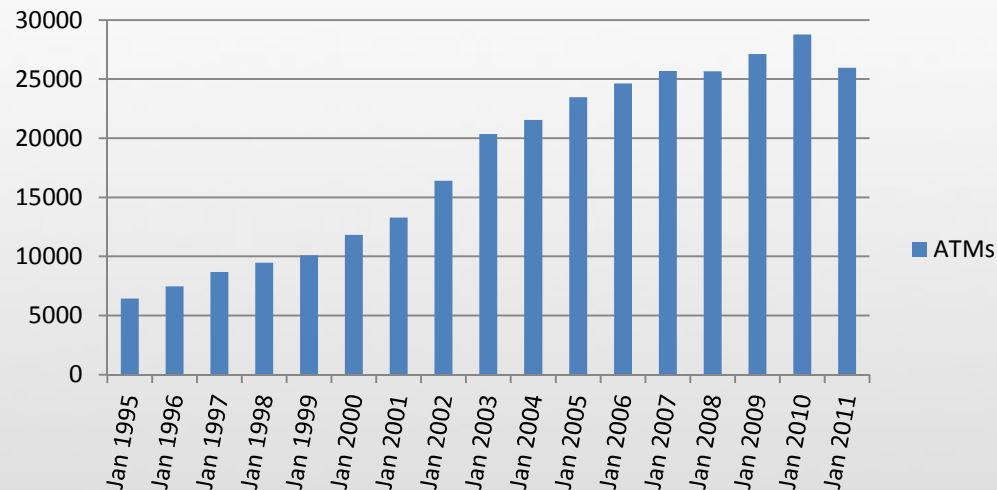
## OUR BUSINESS

- To be successful we believe economies of scale is critical
- Our growth Strategy is part acquisition and part organic.
- Improvement required in deployment arm as ATMs not performing at required levels.
- Payments Business requires different solutions and new products to be successful and keep up with any changes in Legislation eg. Ban on ATMs in Poker venues

# ATM Statistics

## ATMs In Australia

Source RBA Statistics 2011



- The No of ATM declined last year for the first time since the mid 90's mainly driven by some mergers amongst the secondary banks and building societies

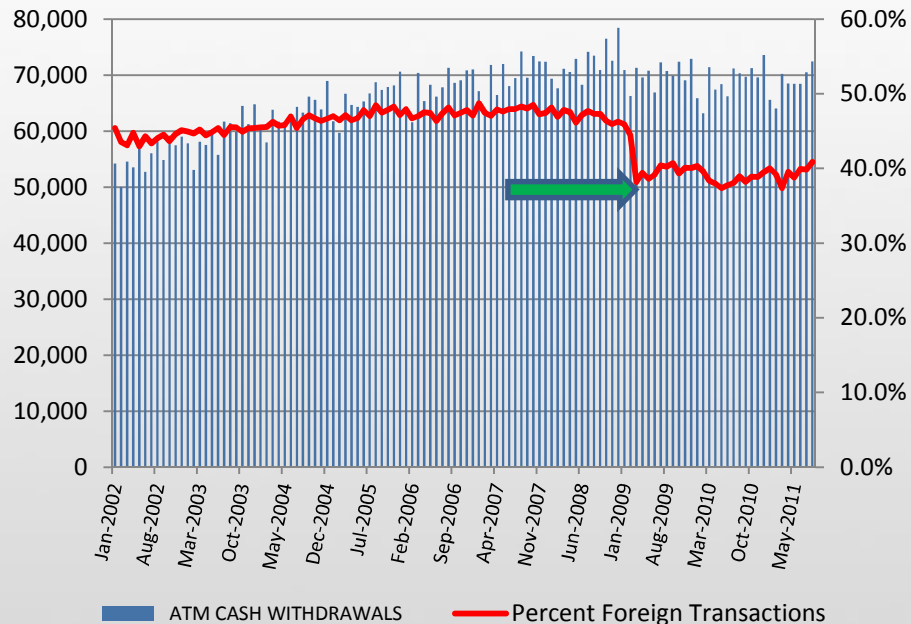
- The Banks only earn income from 20% of their transactions whereas we earn income from 100% of transactions.

- This has and will create further opportunities for the Independent deployers, as non profitable bank sites become very profitable Independent sites.

# ATM Statistics

## Australian ATM Withdrawals

Source RBA Stats 2011



- When direct charging was introduced in March 2009, the initial reaction was a 10% drop in the use of Independent ATMs to approx. 36%

- This has since settled back at approx 40% of transaction and shows cardholders are more accepting of the fee being charged.

- During this period as well the charge by Independents has been increasing to \$2.50 in convenience locations.

- The no of transactions remains steady at 800 M p.a. although the trend is harder to predict.

# My EFTPOS



- In Australia and New Zealand the surcharging of cards has been legal for many years.
- Our company choose to invest in a surcharging business in NZ by acquiring a 30% share of Integrated Payments Limited.
- This company places EFTPOS terminals into merchant sites that allow the merchant to charge cardholders the fees.
- Our 100% owned subsidiary My EFTPOS Limited sell EFTPOS terminals to investors for a minimum return per month plus some upside depending on transactions. They are sold in batches of 20.
- We intend to bring this model to Australia once proven.

# Cashless ATM



- A new product soon to be introduced will be the Cashless ATM of which we are a 50% shareholder.
- Cardholders swipe their own cards and PINs as normal.
- Instead of receiving cash, they get a secured docket to present to the retail counter to purchase goods and or cash
- Saves the retailer from holding large amounts of cash in ATM.
- Stops the OH & S issues of cash handling
- Break even transaction no's at a much lower level.
- Suitable for clubs, pubs and smaller retailers such as news agencies etc.