

**ICASH PAYMENT SYSTEMS LIMITED**  
**(and consolidated entities)**  
*ABN 87 061 041 281*

**APPENDIX 4D**

**ASX HALF-YEAR INFORMATION – 31 DECEMBER 2007**

**LODGED WITH THE ASX UNDER LISTING RULE 4.2A**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by iCash Payment Systems Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**ICASH PAYMENT SYSTEMS LIMITED**  
**(and consolidated entities)**  
*ABN 87 061 041 281*

**HALF-YEAR ENDED 31 DECEMBER 2007**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				<b>\$</b>
<b>Revenue</b> from ordinary activities	Up	9,007%	to	11,491,765
<b>Loss</b> from ordinary activities after tax attributable to members	Down	N/A	to	(1,989,247)
<b>Net loss</b> for the period attributable to members	Down	N/A	to	(1,989,247)

<b>Dividend Information</b>	Amount per share	Franked amount per share
Final dividend	\$Nil	N/A
Interim dividend	\$Nil	N/A

**DIRECTORS' REPORT**

Your directors submit their report for the half-year ended 31 December 2007.

**1 Directors**

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

James Manny  
David McDonald  
Tony Teng

**2 Review and Results of Operations**

The consolidated entity recorded consolidated gross revenue for the half year ending 31 December 2007 of \$11,491,765 (Dec.2006: \$125,462). The net loss of the consolidated entity for the half-year ending 31 December 2007 was \$1,989,247 (Dec 2006 loss: \$462,312) reflecting the Company's new activities and restructuring through the first half of the year.

The 2007/2008 half year result reflects the extensive restructuring of the company.

The directors anticipate that the Company's operating revenue to continue to increase during the remainder of the year. These business units are expected to continue to provide a positive contribution to the group as they continue to refine the operational process and reduce costs.

During the half-year, the company completed its \$10 million raising through the conversion of a convertible note issue that was approved at the EGM held on 3 September 2007

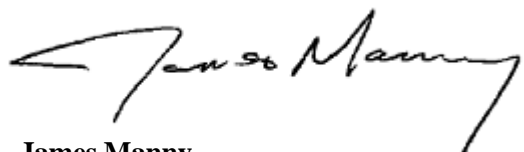
Significant items which contribute to this loss were:

- Directors options expensed in the profit and loss, were approved at the EGM on 3 September, 2007 and based on the Black Scholes valuation model was \$1,318,820. This was expensed in accordance with applicable Australian accounting standards.
- These costs were at a corporate level as the daily operations of the business units were providing a profitable contribution to the group.

**3 Auditor's Independence Declaration**

The Auditor's independence declaration is set out on page 15 and forms part of the directors' report for the half year ended 31 December 2007.

**Signed in accordance with a resolution of the directors:**



**James Manny**  
*Executive Chairman*

**Sydney**

**Dated:** 29 February 2008

**ICASH PAYMENT SYSTEMS LIMITED**  
**(and consolidated entities)**  
*ABN 87 061 041 281*

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**CONDENSED INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Note	<b>Consolidated</b> December 2007 \$	December 2006 \$
Revenue	3	11,491,765	125,262
Other expenses		(13,205,003)	(587,574)
<b>LOSS FROM OPERATING ACTIVITIES BEFORE INCOME TAX AND FINANCE COSTS</b>		(1,713,237)	(462,312)
Finance costs		(188,340)	-
<b>LOSS BEFORE INCOME TAX</b>		(1,901,577)	(462,312)
Income tax expense		-	-
<b>LOSS AFTER INCOME TAX FROM OPERATIONS</b>		(1,901,577)	(462,312)
Profit attributable to minority interests		87,670	-
<b>LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		(1,989,247)	(462,312)
Loss per share – basic		(0.347) cents	(0.251) cents
Loss per share – diluted		(0.347) cents	(0.251) cents

**The accompanying notes form part of these financial statements.**

**ICASH PAYMENT SYSTEMS LIMITED**  
**(and consolidated entities)**  
*ABN 87 061 041 281*

**CONDENSED BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

	<b>Consolidated</b>	
	<b>December 2007</b>	<b>June 2007</b>
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	989,103	2,743,822
Receivables	2,634,795	128,137
Other financial assets	2,350,007	-
Other	2,765,940	1,236,000
<b>TOTAL CURRENT ASSETS</b>	8,739,845	4,107,959
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	4 2,653,848	11,165
Intangible assets	15,038,740	1,894,722
Investments	4,091,978	7,131,651
Other financial assets	454,248	-
Other	-	77,523
<b>TOTAL NON-CURRENT ASSETS</b>	22,238,814	9,115,061
<b>TOTAL ASSETS</b>	30,978,659	13,223,020
<b>CURRENT LIABILITIES</b>		
Payables	5,791,954	286,849
<b>TOTAL CURRENT LIABILITIES</b>	5,791,954	286,849
<b>NON-CURRENT LIABILITIES</b>		
Financial liabilities	1,801,761	-
Employee provisions	790,168	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	2,591,929	-
<b>TOTAL LIABILITIES</b>	8,383,883	286,849
<b>NET ASSETS</b>	22,594,776	12,936,171
<b>EQUITY</b>		
Issued capital	5 40,270,880	32,076,545
Equity options reserve	1,453,238	-
Accumulated losses	(21,129,621)	(19,140,374)
Parent entity interest	20,594,497	12,936,171
Minority interest	2,000,279	-
<b>TOTAL EQUITY</b>	22,594,776	12,936,171

The accompanying notes form part of these financial statements.

**ICASH PAYMENT SYSTEMS LIMITED**  
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*ABN 87 061 041 281*

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**CONDENSED CASH FLOW STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	<b>Consolidated</b>	
	<b>December 2007</b>	<b>December 2006</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	9,988,279	41,310
Payments to suppliers and employees	(11,105,611)	(561,034)
Interest received	115,722	83,406
Finance costs	(188,340)	-
	(1,189,950)	(436,318)
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(703,738)	-
Purchase of investments	(3,260,326)	(614,823)
	(3,964,064)	(614,823)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	5,979,675	-
Payments to acquire entities	(2,580,380)	-
Proceeds from convertible notes issue	-	1,029,000
	3,399,295	1,029,000
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS HELD</b>	(1,754,719)	(22,141)
Cash and cash equivalents at the beginning of the financial period	2,743,822	502,643
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	989,103	480,502

The accompanying notes form part of these financial statements.

**ICASH PAYMENT SYSTEMS LIMITED**  
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**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

<b>Consolidated</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Minority Equity Interests \$</b>	<b>Total Equity \$</b>
<b>At 1 July 2007</b>	32,076,545	-	(19,140,374)	-	12,936,171
(Loss)/Profit for the period	-	-	(1,989,247)	87,670	(1,901,577)
Equity options reserve	-	1,453,238	-	-	1,453,238
New shares issued	8,194,335	-	-	-	8,194,335
Acquisition of minority interest	-	-	-	1,912,609	1,912,609
<b>At 31 December 2007</b>	<b>40,270,880</b>	<b>1,453,238</b>	<b>(21,129,621)</b>	<b>2,000,279</b>	<b>22,594,776</b>
<b>At 1 July 2006</b>	18,408,965	-	(17,790,487)	-	618,478
Profit for the period	-	-	(462,342)	-	(462,342)
Convertible notes issue	1,029,000	-	-	-	1,029,000
New shares issued	1,894,722	-	-	-	1,894,722
<b>At 31 December 2006</b>	<b>21,332,687</b>	<b>-</b>	<b>(18,252,829)</b>	<b>-</b>	<b>3,079,858</b>

**The accompanying notes form part of these financial statements.**

**ICASH PAYMENT SYSTEMS LIMITED**  
**(and consolidated entities)**  
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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**1 REPORTING ENTITY**

iCash Payment Systems Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the company as at and for the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the “group”) and the consolidated entity’s interests in associates.

**2 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

**2.1 Statement of Compliance**

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2007, together with any public announcements made during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

This consolidated interim financial report was approved by the Board of Directors on 29 February 2008.

**2.2 Significant Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**3 REVENUE AND EXPENSES**

Loss before income tax includes the following revenue and expenses whose disclosure is relevant in explaining the performance of the entity:

	<b>Consolidated</b>	
	<b>December 2007</b>	<b>December 2006</b>
	<b>\$</b>	<b>\$</b>
<b>(i) Revenue</b>		
Interest bank	115,722	12,680
Contract income	3,938,975	70,726
Other	25,068	41,856
Product sales	7,412,000	-
	<hr/>	<hr/>
	11,491,765	125,262
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**ICASH PAYMENT SYSTEMS LIMITED**  
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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**3 REVENUE AND EXPENSES (Continued)**

	<b>Consolidated</b>	
	<b>December 2007</b>	<b>December 2006</b>
	<b>\$</b>	<b>\$</b>
<b>ii) Expenses</b>		
Depreciation and amortisation	782,364	1,197
Directors fees	150,000	37,630
Administration & general fees	1,893,690	151,644
Cost of Sales Product	5,587,291	-
Cost of Sales Contract income	3,011,901	-
Travel expenses	232,907	16,614
Borrowing costs	-	244
Consulting fees	35,500	330,245
Research and development costs	192,530	-
Impairment of investment	-	50,000
Directors options *	1,318,820	-

\*Directors options, approved at EGM 3 September, 2007 are valued based on the Black Scholes valuation model and expensed in accordance with applicable Australian accounting standard.

**4 PLANT AND EQUIPMENT**

**Acquisitions**

During the six months ended 31 December 2007 the consolidated entity acquired assets with a cost of \$3,425,047 (six months ended 31 December 2006: \$8,887).

**5 ACQUISITION OF SUBSIDIARIES**

**a ATM One Pty Limited acquisition of the Transact Group**

On 1 July 2007 the consolidated entity acquired all shares in Transact Pty Limited and subsidiaries. The Transact group was acquired for \$6,030,380, paid as to cash for \$3,530,380 and shares for \$2,500,000 (50 million shares issued with a fair value of 5cents each).

The acquisition had the following effect on the consolidated entity's assets and liabilities:

	<b>Recognised values on acquisition</b>	<b>Fair value adjustments</b>	<b>Pre-acquisition carrying amount</b>
Cash and cash Equivalents	(26,293)	-	(26,293)
Current assets	328,834	-	328,834
Fixed assets	1,266,218	-	1,266,218
Non-current liabilities	(2,277,175)	-	(2,277,175)
Current liabilities	(1,919,403)	-	(1,919,403)
	<u>(2,627,819)</u>	<u>-</u>	<u>(2,627,819)</u>

**ICASH PAYMENT SYSTEMS LIMITED**  
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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**5 ACQUISITION OF SUBSIDIARIES (Continued)**

**b Acquisition of Substantial interest in Foreign Company**

On 1 July 2007 the consolidated entity acquired 52% of the issued shares in Neo Technology Inc. The total cost of \$3,849,077 paid as to cash for \$3,396,980 and shares and options at fair value of \$452,097 (6,353,589 shares at fair value of 5cents each and 5 million options)

The acquisition had the following effect on the consolidated entity's assets and liabilities:

	<b>Recognised values on acquisition</b>	<b>Fair value adjustments</b>	<b>Pre-acquisition carrying amount</b>
Cash and cash equivalents	1,371,443	-	1,371,443
Other current assets	7,675,802	-	7,675,802
Non-current assets	3,848,457	-	3,848,457
Non-current liabilities	(2,469,754)	-	(2,469,754)
Current liabilities	(6,246,383)		(6,246,383)
	<u>4,179,565</u>	-	<u>4,179,565</u>

**6 ISSUED CAPITAL**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>Dec 2007 Shares</b>	<b>June 2007 Shares</b>	<b>Dec 2007 \$</b>	<b>June 2007 \$</b>
<b>Ordinary shares</b>				
Issued	650,867,341	466,732,102	40,270,880	27,689,685
Convertible notes	-	-	-	4,386,860
Share Capital	<u>650,867,341</u>	<u>466,732,102</u>	<u>40,270,880</u>	<u>32,076,545</u>
<b>Movements during the year</b>				
Balance at beginning of the period	466,732,102	208,107,270	32,076,545	18,408,965
December 2006 – 47,368,051	-	47,368,051	-	1,894,722
February 2007 – 68,358,171	-	68,358,171	-	2,280,701
February 2007 -9,687,500 shares	-	9,687,500	-	310,000
March 2007 - 72,500,000 shares	-	72,500,000	-	2,900,000
May 2007 – 60,711,110 shares	-	60,711,110	-	2,531,500
Convertible notes 30/6/2007 converted to shares			(4,386,860)	-
September 2007 conversion of convertible notes	124,330,650	-	10,000,000	-
September 2007 3,451,000 shares	3,451,000	-	345,100	-
September 2007 56,353,589	56,353,589	-	2,817,680	-
Convertible notes	-	-	-	4,386,860
Share issue costs	-	-	(581,585)	(636,203)
Balance at the end of the period	<u>650,867,341</u>	<u>466,732,102</u>	<u>40,270,880</u>	<u>32,076,545</u>

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**7 SEGMENT REPORTING**

The consolidated entity operates in one geographic area and one business industry.

**8 EVENTS SUBSEQUENT TO BALANCE DATE**

There are no significant events subsequent to balance which are at the stage of requiring disclosure.

**9 CONTINGENCIES**

The directors are of the opinion that no contingent liabilities existed at balance date

**ICASH PAYMENT SYSTEMS LIMITED**  
**(and consolidated entities)**  
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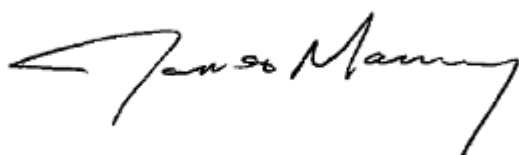
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**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of ICash Payment Systems Limited, I state that, in the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of their performance as represented by the results of their operations and their cash flows for the half-year ended on that date; and
  - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, with the continued financial support of major shareholders.

On behalf of the Board



**James Manny**  
*Executive Chairman*

**Sydney**  
**Dated:** 29 February 2008

**INDEPENDENT AUDITORS REVIEW REPORT  
TO THE MEMBERS OF ICASH PAYMENT SYSTEMS LIMITED**

***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of iCash Payment Systems Limited which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year period.

***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the iCash Payment Systems Limited's financial position at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of iCash Payment Systems Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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**Partners**

Stephen J Rogers  
Ian D Stone  
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Neil R Hillman  
Stephen W Davis  
David M Gallery  
Robert A McGuinness  
Kirsten Taylor-Martin  
Andrew S Hoffmann  
Graeme J Watman  
David R Cust  
Craig J Wilford  
Sean P Urquhart  
Robert Mayberry

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AND CONSULTING FIRMS.



LIABILITY LIMITED BY A  
SCHEME APPROVED UNDER  
PROFESSIONAL STANDARDS  
LEGISLATION.

**INDEPENDENT AUDITORS REVIEW REPORT**  
**TO THE MEMBERS OF ICASH PAYMENT SYSTEMS LIMITED**  
**(Continued)**

***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

***Conclusion***

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of iCash Payment Systems Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the of the company and consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

*Nexia Court & Co.*

**Nexia Court & Co**  
*Chartered Accountants*

**Sydney**  
29 February 2008

*Gallery*

**David Gallery**  
*Partner*

**LEAD AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

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To the directors of iCash Payment Systems Limited

In relation to our review of the financial report of iCash Payment Systems Limited for the half-year ended 31 December 2007, to the best of my knowledge and belief there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

*Nexia Court & Co.*

**Nexia Court & Co**  
*Chartered Accountants*

**Sydney**  
*29 February 2008*

*David Gallery*

**David Gallery**  
*Partner*

**Partners**

Stephen J Rogers  
Ian D Stone  
Paul W Lenton  
Neil R Hillman  
Stephen W Davis  
David M Gallery  
Robert A McGuinness  
Kirsten Taylor-Martin  
Andrew S Hoffmann  
Graeme J Watman  
David R Cust  
Craig J Wilford  
Sean P Urquhart  
Robert Mayberry

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## SUPPLEMENTARY APPENDIX 4D INFORMATION

### NTA Backing

	31.12.2007	30.6.2007
Net tangible asset backing per ordinary share	1.16 cents	2.56 cents
Net asset backing per ordinary share	3.47 cents	3.0 cents

No controlled entities were acquired during the period.

Disposed entities

No entities were disposed of during the period.

Acquired entities

The following entities were acquired during the period:

- Transact Pty Limited (100%)
- Transact (ATM) Pty Limited (100%)
- Transact (ATM) Finance Pty Limited (100%)
- Advanced Technology and Maintenance Pty Limited (100%)
- Neo Technology Inc. (52%)

No dividend or distributions have been paid or declared for the current reporting period

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

Associated and Joint Venture Entities

N/A

Foreign Accounting Standards

Neo Technology Inc is incorporated and operates in Korea. The financial statements of the company have been prepared in accordance with generally accepted accounting standards of Korea and adopted Korean GAAP.

Audit Alert

N/A