



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

APPENDIX 4D

HALF-YEAR INFORMATION - 31 DECEMBER 2008

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

APPENDIX 4D

ASX HALF-YEAR INFORMATION – 31 DECEMBER 2008

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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 2008 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 2008
RESULTS FOR ANNOUNCEMENT TO THE MARKET

\$

Revenue from ordinary activities	Down	21%	to	9,089,301
Loss from ordinary activities after tax attributable to members	Down	82%	to	(350,783)
Net loss for the period attributable to members	Down	82%	to	(350,783)

Dividend Information	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 2008.

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
Tony Teng
Kim Stewart

2 Review and Results of Operations

For the half year to December 2008, iCash Payment Systems (iCash) recorded revenues of \$9,089,301 and posted a small after tax loss of \$350,783. In light of the significant progress the Company has made and the difficult economic circumstances over the period, management is pleased with this result.

At our last Annual General Meeting, we spoke of the challenges that lay ahead for the Company in an increasingly difficult global economy. We commented that we had seen the storm clouds early and had positioned the Company to not only survive through these times but grow securely. iCash has maintained low debt levels, and structured its businesses to grow out of cash flow. We avoided the risks of depending on banks to extend credit and we have continued to structure our business to be cost efficient, technically agile and secure.

Since our AGM, iCash has focused on preparing for the introduction of "Direct Charge" on 3 March. This has been a significant financial, technical and logistical exercise. The results of this effort will be reflected in stronger earnings and greater processing efficiencies. Importantly, we will be better able to provide strong competition to the bank-owned ATMs without the introduction of unfair "foreign ATM" fees, which is the aim of the reforms introduced by the Reserve Bank of Australia and Australian Payments Clearing Association.

We continue to make strong progress in the region. NeoICP Korea has moved to consolidate its position as the leading ATM provider in the Korean retail market. iCash China is coordinating our device development, relationship management and sales strategies.

In Australia, revenues will grow strongly through increased ATM fee income, due to "Direct Charge" reforms. This reform removes interchange fees paid between banks and replaces this with a Direct Charge, which will now be retained by iCash. Revenues will also benefit from the introduction of our new Australian designed ATM "CashPod" which will also be made available to independent deployers and financial institutions. Ongoing integration of the businesses acquired is anticipated to deliver further efficiency gains and lower operating costs.

In Korea, product development continues with the introduction of specialised machines like "CashPod Go" deployed on public transport networks and other special device programs that will deliver strong growth in the forward order book in the near future.

iCASH PAYMENT SYSTEMS LIMITED
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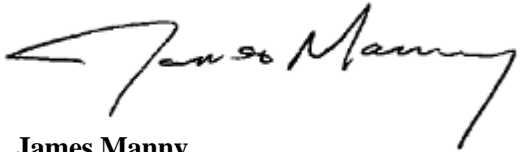
In China, the establishment of our Beijing office has allowed us to secure a strong technical and commercial partnership with Nantian, China's leading IT and banking business automation provider. Nantian has completed over 1,000 banking applications running in more than 20,000 bank branches and operates 3,000 ATM throughout China. Technical development is continuing in line with specifications set down by Nantian and is progressing in line with management expectations.

We look forward to delivering increased shareholder value and thank investors and staff for their continued support.

3 Auditor's Independence Declaration

The Auditor's independence declaration is set out on page 16 and forms part of the directors' report for the half year ended 31 December 2008.

Signed in accordance with a resolution of the directors:



James Manny
Executive Chairman

Sydney

Dated: 27 February 2009

iCASH PAYMENT SYSTEMS LIMITED
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CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated	
		December 2008	December 2007
		\$	\$
Revenue	3	9,089,301	11,491,766
Other expenses		(9,285,703)	(13,205,003)
LOSS FROM OPERATING ACTIVITIES BEFORE INCOME TAX AND FINANCE COSTS		(196,402)	(1,713,237)
Finance costs		(133,874)	(188,340)
LOSS BEFORE INCOME TAX		(330,276)	(1,901,577)
Income tax expense		-	-
LOSS AFTER INCOME TAX FROM OPERATIONS		(330,276)	(1,901,577)
Profit attributable to minority interests		20,507	87,670
LOSS ATTRIBUTABLE TO THE MEMBERS OF THE PARENT ENTITY		(350,783)	(1,989,247)
Loss per share - basic (in cents)		(0.050)	(0.347)
Loss per share - diluted (in cents)		(0.050)	(0.347)

The accompanying notes form part of these financial statements.

iCASH PAYMENT SYSTEMS LIMITED
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CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	Consolidated December 2008 \$	June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		1,190,232	1,102,178
Trade and other receivables		3,640,253	2,546,929
Financial assets		2,019,505	3,286,954
Inventory		3,084,768	2,356,496
Other assets		178,232	208,587
TOTAL CURRENT ASSETS		<u>10,112,990</u>	<u>9,501,144</u>
NON-CURRENT ASSETS			
Plant and equipment	4	3,660,088	3,711,331
Intangible assets		15,863,065	15,233,823
Financial assets		2,936,814	2,626,548
Trade and other receivables		1,083,965	382,848
TOTAL NON-CURRENT ASSETS		<u>23,543,932</u>	<u>21,954,550</u>
TOTAL ASSETS		<u>33,656,922</u>	<u>31,455,694</u>
CURRENT LIABILITIES			
Trade and other payables		2,948,457	2,763,186
Financial liabilities		3,549,023	3,211,311
Employee benefits		1,122,528	858,319
TOTAL CURRENT LIABILITIES		<u>7,620,008</u>	<u>6,832,816</u>
NON-CURRENT LIABILITIES			
Financial liabilities		1,473,085	889,978
TOTAL NON-CURRENT LIABILITIES		<u>1,473,085</u>	<u>889,978</u>
TOTAL LIABILITIES		<u>9,093,093</u>	<u>7,722,794</u>
NET ASSETS		<u>24,563,829</u>	<u>23,732,900</u>
EQUITY			
Issued capital	5	43,048,994	42,796,244
Reserves		1,142,522	562,267
Accumulated losses		(22,024,801)	(21,674,020)
Parent entity interest		22,166,715	21,684,491
Minority equity interest		2,397,114	2,048,409
TOTAL EQUITY		<u>24,563,829</u>	<u>23,732,900</u>

The accompanying notes form part of these financial statements.

iCASH PAYMENT SYSTEMS LIMITED
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CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	December 2008	December 2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	8,698,115	9,988,279
Payments to suppliers and employees	(8,558,926)	(11,105,611)
Interest received	48,804	115,722
Finance costs	(133,874)	(188,340)
	<hr/>	<hr/>
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	54,119	(1,189,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(534,200)	(703,738)
Purchase of investments	-	(3,260,326)
	<hr/>	<hr/>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(534,200)	(3,964,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	252,750	5,979,675
Proceeds from short term borrowings	2,369,226	-
Payments to acquire entities	-	(2,580,380)
Repayment of borrowings	(2,053,841)	-
	<hr/>	<hr/>
NET CASH INFLOW FROM FINANCING ACTIVITIES	568,135	3,399,295
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		
	88,054	(1,754,719)
Cash and cash equivalents at the beginning of the financial period	<hr/>	<hr/>
	1,102,178	2,743,822
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		
	<hr/> <hr/>	<hr/> <hr/>
	1,190,232	989,103

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 2008

Consolidated	Issued Capital	Reserves	Accumulated Losses	Minority Equity Interests	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2008	42,796,244	562,267	(21,674,018)	2,048,409	23,732,900
(Loss)/Profit for the period	-	-	(350,783)	20,507	(330,276)
New shares issued	252,750				252,750
Movement in the foreign currency translation reserve	-	580,255	-	-	580,255
Minority interest	-	-	-	328,198	328,198
At 31 December 2008	<u>43,048,994</u>	<u>1,142,522</u>	<u>(22,024,801)</u>	<u>2,397,114</u>	<u>24,563,829</u>
At 1 July 2007	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
Minority interest	-	-	-	1,912,609	1,912,609
At 31 December 2007	<u>40,270,880</u>	<u>1,453,238</u>	<u>(21,129,621)</u>	<u>2,000,279</u>	<u>22,594,776</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

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 2008 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 2008, together with any public announcements made during the half-year ended 31 December 2008 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 27 February 2009.

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:

	Consolidated	
	December 2008	December 2007
	\$	\$
(i) Revenue		
Interest bank	53,834	115,722
Contract income	3,722,423	3,938,975
Other	67,703	25,069
Product sales	5,245,341	7,412,000
	<hr/>	<hr/>
	9,089,301	11,491,766
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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

3 REVENUE AND EXPENSES (continued)

	Consolidated	
	December 2008	December 2007
	\$	\$
ii) Expenses		
Depreciation and amortisation	932,834	782,364
Directors fees	18,000	150,000
Administration & general fees	2,443,560	1,893,690
Cost of Sales Product	3,344,892	5,587,291
Cost of Sales Contract income	2,253,456	3,011,901
Travel expenses	195,904	232,907
Consulting fees	1,782	35,500
Research and development costs	95,276	192,530
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 2008 the consolidated entity acquired assets with a cost of \$534,200 (six months ended 31 December 2007: \$3,425,047).

5 ISSUED CAPITAL

	Consolidated		Consolidated	
	December 2008	June 2008	December 2008	June 2008
	Shares	Shares	\$	\$
Ordinary shares				
Share Capital	711,967,341	700,967,341	43,048,994	42,796,244

iCASH PAYMENT SYSTEMS LIMITED
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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

5 ISSUED CAPITAL (continued)

	Consolidated		Consolidated	
	December 2008	June 2008	December 2008	June 2008
	Shares	Shares	\$	\$
<i>Movements during the year</i>				
Balance at beginning of the period	700,967,341	466,732,102	42,796,244	32,076,545
September 07	-	56,353,589	-	2,817,679
September 07	-	124,330,650	-	5,613,140
September 07	-	3,451,000	-	345,100
February 08	-	40,600,000	-	2,030,000
April 08	-	1,000,000	-	10,000
June 08	-	8,500,000	-	595,000
December 08	11,000,000	-	275,000	-
Share issue costs	-	-	(22,250)	(691,221)
Balance at the end of the period	<u>711,967,341</u>	<u>700,967,341</u>	<u>43,048,994</u>	<u>42,796,244</u>

6 SEGMENT REPORTING

The company and its controlled subsidiaries operate in one business segment and two geographic segments, being Australia and Korea.

	Australia	Korea	December 2008	June 2008
	\$	\$	Consolidated	Consolidated
			\$	\$
External sales	2,307,494	6,660,270	8,967,764	20,332,544
Other segments	-	-	-	-
Total sales revenue	<u>2,307,494</u>	<u>6,660,270</u>	<u>8,967,764</u>	<u>20,332,544</u>
Other revenue	79,660	41,877	121,537	115,517
Total revenue	<u>2,387,154</u>	<u>6,702,147</u>	<u>9,089,301</u>	<u>20,448,061</u>
Segment result				
Loss before minority interest	(372,996)	42,720	(330,276)	(2,476,088)
Less Minority interest	-	(20,507)	(20,507)	(57,557)
Loss before income tax expense	(372,996)	22,214	(350,783)	(2,533,645)
Income tax expense	-	-	-	-
Loss after income tax	(372,996)	22,214	(350,783)	(2,533,645)

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

6 SEGMENT REPORTING (Continued)

	Australia	Korea	December 2008	June 2008
	\$	\$	Consolidated	Consolidated
			\$	\$
Segment assets	22,261,058	11,395,864	33,656,922	31,455,694
Total assets	<u>22,261,058</u>	<u>11,395,864</u>	<u>33,656,922</u>	<u>31,455,694</u>
Segment liabilities	2,324,949	6,768,144	9,093,093	7,722,794
Total liabilities	<u>2,324,949</u>	<u>6,768,144</u>	<u>9,093,093</u>	<u>7,722,794</u>

7 EVENTS SUBSEQUENT TO BALANCE DATE

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

8 CONTINGENCIES

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

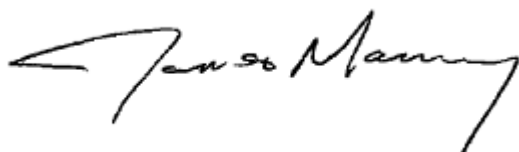
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DIRECTORS' DECLARATION

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 12 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 2008 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: *27 February 2009*

**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 2008, 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.

Level 29, Australia Square
264 George Street,
Sydney NSW 2000
PO Box H195,
Australia Square NSW 1215
T 61 2 9251 4600
F 61 2 9251 7138
info@nexiacourt.com.au
www.nexiacourt.com.au

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 and Other Financial Reports 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 2008 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.

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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PROFESSIONAL STANDARDS
LEGISLATION.

**INDEPENDENT AUDITORS REVIEW REPORT
TO THE MEMBERS OF
iCASH PAYMENT SERVICES 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 Services Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the company and consolidated entity's financial position as at 31 December 2008 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*.

Nexia Court & Co.

Nexia Court & Co
Chartered Accountants

Sydney
Dated: 27 February 2009

Gallery

David Gallery
Partner

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

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 2008, 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 review

Nexia Court & Co.

Gallery

Nexia Court & Co
Chartered Accountants

David Gallery
Partner

Sydney
Dated: 26 February 2009

■
Level 29, Australia Square
264 George Street,
Sydney NSW 2000
PO Box H195,
Australia Square NSW 1215
T 61 2 9251 4600
F 61 2 9251 7138
info@nxiacourt.com.au
www.nxiacourt.com.au

Partners

Stephen J Rogers
Ian D Stone
Paul W Lenton
Neil R Hillman
Stephen W Davis
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Robert A McGuinness
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Graeme J Watman
David R Cust
Craig J Wilford
Sean P Urquhart
Robert Mayberry
Russell Reid

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LEGISLATION.

SUPPLEMENTARY APPENDIX 4D INFORMATION

1. **NTA Backing (in cents)**

Description	December 2008	June 2008
Net tangible asset backing per ordinary share	1.32	1.21
Net asset backing per ordinary share	3.45	3.39

2. **Details of individual and total dividends and dividend payments**

No dividends were paid or declared since the start of financial year and no recommendation for the payments of dividend have been made.

3. **Details of dividend reinvestment plans in operation**

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

4. **Details of associates and joint ventures.**

There were no associates or joint ventures entities at the date of this report.

5. **Segment information**

The company and its controlled subsidiaries operate in one business segment and two geographic segments, being Australia and Korea.

6. **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.

7. **Audit Alert**

N/A