



iCash Payment Systems Limited  
ABN 87 061 041 281

**iCASH PAYMENT SYSTEMS LIMITED**  
and Controlled Entities  
*ABN 87 061 041 281*

APPENDIX 4D

HALF YEAR REPORT – 31 DECEMBER 2013

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

**APPENDIX 4D**

**ASX HALF-YEAR INFORMATION – 31 DECEMBER 2013**

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The half-year financial report covers iCash Payment Systems Limited as a consolidated entity consisting of iCash Payment Systems Limited and the entities it controlled.

The half-year financial report is presented in Australian dollars, which is iCash Payment Systems Limited's functional and presentation currency.

This half-year 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 2013 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*.

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**HALF-YEAR ENDED 31 DECEMBER 2013**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

**COMPANY DETAILS**

**Name of entity:** iCash Payment Systems Limited  
**Reporting period:** For the half-year ended 31 December 2013  
**Previous period:** For the half-year ended 31 December 2012

\$

<b>Revenue</b> from ordinary activities	<b>Up</b>	<b>9%</b>	<b>to</b>	<b>\$8,794,933 (2012: \$8,095,745)</b>
<b>Loss</b> from ordinary activities after tax attributable to members	<b>Down</b>	<b>8%</b>	<b>to</b>	<b>(\$1,752,425) (2012: (\$1,907,564))</b>
<b>Comprehensive income</b> for the period attributable to members	<b>Down</b>	<b>87%</b>	<b>to</b>	<b>(\$97,852) (2012: (\$730,655))</b>

**RESULTS FOR THE HALF YEAR**

For detailed commentary on the results of the half year, refer to the review of operations in the directors' report, which is part of the attached interim report – 31 December 2013.

**SUPPLEMENTARY APPENDIX 4D INFORMATION**

**NTA Backing (in cents)**

<b>Description</b>	<b>December 2013</b>	<b>June 2013</b>
Net tangible asset backing per ordinary share	<b>14.41</b>	14.47
Net asset backing per ordinary share	<b>14.60</b>	14.74

**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.

**Details of dividend reinvestment plans in operation**

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

**Details of associates and joint ventures.**

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

**Segment information**

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

**Foreign Accounting Standards**

NEO ICP Korea 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, which comply with International Financial Reporting Standards ('IFRSs').

**Audit Alert**

Not applicable

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**DIRECTORS' REPORT**

The Directors of iCash Payment Systems Limited submit their report for the half-year ended 31 December 2013.

**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.

<b>Name</b>	<b>Position</b>	<b>First appointed</b>
Julia King	Executive Chair	26 June 2012 to 21 August 2013
Christopher Charlton	Non-executive Chair	26 June 2012 to 18 December 2013
Steave Ham	Executive Director (Chairman of Remuneration Committee)	8 October 2009
Sung Ki Lee	Non-executive Director (Chairman of Audit & Risk Committee)	21 August 2013
Jung Ho Lee	Non-executive Director	21 August 2013
Daniel Altiok Brown	Non-executive Director	22 May 2013 to 21 August 2013
Barry Sechos	Non-executive Director	22 May 2013 to 21 August 2013

**Company Secretary**

<b>Name</b>	<b>Position</b>	<b>First appointed</b>
Alistair McKeough	Company Secretary	10 July 2012 to 30 August 2013
Sung Ki Lee	Company Secretary	22 August 2013

**Principal Activities**

The principal activities of iCash Payment Systems Limited during the half-year was the operation of its Korean subsidiary, NeoICP Korea, Inc (**NeoICP**). There were no significant changes to the nature of these activities during the half year.

**Dividends Paid or Recommended**

The Directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year.

**Review and Results of Operations**

For the half year to 31 December 2013, iCash Payment Systems Limited (iCash) recorded an underlying net after tax loss attributable to members of (\$1,752,425) (2012: (\$1,907,564)), a decrease of 8% when compared to the previous corresponding period (pcp). Our Asian operations contributed (\$149,213) (2012: (\$1,431,079)) to this result.

For the half year to 31 December 2013 Australian operations of the Company recorded a loss of \$1,659,093 (2012: \$1,012,423).

**Australian Operations**

The Board has been working towards restructuring distribution channels in Australia to give the Company its own income stream and to foster self-sufficiency. The Board has subsequently put in plan and is working with its subsidiary, NeoICP to make the following changes:

**iCASH PAYMENT SYSTEMS LIMITED**  
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- Exclusive distribution agreement of NeoICP ATM products in Australia and Indonesia with EzeATM Ltd was terminated. EzeATM was not meeting its performance obligations and the termination provides the Company flexibility to sell the ATM products through other channels and customers.
- NeoICP products in Australia & New Zealand are to now be distributed by iCash. This provides a sales revenue stream for the Company for both ATM and other value adding cash handling products.
- The coverage of ATM switching is to be extended to multiple switching providers from the current and only arrangement with EzeATM. The Company has negotiated with Indue Ltd, an ATM switching provider to provide access for the NeoICP ATMs. All required testing has been completed in January 2014 and the NeoICP ATM products are now approved to be switched through Indue.
- Negotiated with multiple ATM deployment customers for the sales of NeoICP ATM products and has resulted in an initial order in February 2014, as well as the first shipment through the Company.

The Company is continuing to actively explore other opportunities to generate both direct and recurring sales revenues in Australia.

#### **Korean Operations**

- **Lotte Group** – The dispute with Lotte was settled and NeoICP was subsequently awarded a service contract for approximately 3,500 ATMs on the 1 September 2013; generating steady service revenue of around \$300,000 per month. With the Lotte relationship improving, NeoICP has started to receive orders for cash handling hardware products, including the Back Office Settlement Solution for 17 locations of Lotte Mart.
- **Macau casino gaming market** – The cash redemption terminal product successfully received gaming regulation approval in Macau and is currently undergoing demonstration deployment. If successful, the Company anticipates a sizeable deployment of this product into newly developed online Baccarat gaming areas of casinos. The gaming table automatic settlement product is continuing its product development and approval process with a casino operator. The third, and hopefully the final revised hardware is expected to be available in May 2014 for further customer testing and approval process through the second half of the 2014 calendar year.
- **Intelligent cash handling solution** for notes analysis and sorting systems, co-developed with HOTS (Hitachi Omron Terminal Solutions) and Seetech – The high-end product was officially launched in December 2013 with both HOTS and NeoICP taking investment position into Seetech to cement a close partnership. The first production units are currently undergoing evaluation testing with a major Indonesian bank customer.
- **New factory construction** – The new factory provides several key benefits for NeoICP including increased product manufacturing capacity to handle the new products being launched; saving of overall cost when compared to leasing a factory; and increase in work efficiency by consolidating all NeoICP departments in one location. The bank finance for the factory construction was approved in December 2013 and the civil work has subsequently commenced, with the factory to be completed by July 2014. The savings from leasing costs is expected to cover the interest payments of the bank finance.

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**Events subsequent to reporting date**

The Company has made an announcement on the 17 January 2014 to shareholders that it completed its previously announced cancellation of fully paid ordinary iCash shares, following its approved selective reduction of capital to absorb minority shareholdings. Details of the cancellation are as follows:

- previous number of ordinary shares on issue: 104,757,842
- number of shares cancelled: 1,601,280
- shareholders whose shares were cancelled: 1,116
- cancellation price, per cancelled share: \$0.13
- total funds returned to shareholders: \$208,166.40
- number of shares on issue after cancellation: 103,156,562.

The Company is currently undertaking an Equal Access Scheme - Share Buyback of a maximum of 26,372,033 shares, which is valued at \$3,428,364.29. The offer has closed on the 19 February 2014 oversubscribed.

The Company has relocated its office to Lane Cove on the 3 February 2014. The new location offers both office and warehousing space, suitable for a distribution and service operation for the NeoICP products.

**Contingent Liability**

The litigation with Mr. Wayne Robinson continues. There is no update from the previous 2013 Annual Report announcement.

The company expects no contingent liabilities to arise as a result of the termination of the distribution agreement with EzeATM.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

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



**Kyung Shik (Steve) Ham**  
*Executive Director*

**Sydney**

**Dated:** 28 February 2014

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

		<b>Consolidated</b>	
	<b>Note</b>	<b>December 2013</b>	<b>December 2012</b>
		<b>\$</b>	<b>\$</b>
<b>CONTINUING OPERATIONS</b>			
Revenue	3i	8,794,933	8,095,745
Cost of Sales	3ii	(5,416,607)	(5,817,938)
Other expenses	3iii	(5,124,368)	(4,850,988)
<b>LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX AND FINANCE COSTS</b>		<b>(1,746,042)</b>	<b>(2,573,181)</b>
Finance (costs)/income	3iv	(2,614)	153,204
<b>LOSS BEFORE INCOME TAX</b>		<b>(1,748,656)</b>	<b>(2,419,977)</b>
Income tax expense		(59,649)	-
<b>LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX</b>		<b>(1,808,305)</b>	<b>(2,419,977)</b>
<b>DISCONTINUED OPERATIONS</b>			
Loss from discontinued operations after income tax		-	(23,526)
<b>NET LOSS FOR THE PERIOD</b>		<b>(1,808,305)</b>	<b>(2,443,503)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Movement in foreign currency translation reserve		1,622,350	1,176,909
Expiration of share options		32,223	-
Other comprehensive income for the period (net of tax)		1,654,573	1,176,909
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(153,732)</b>	<b>(1,266,594)</b>
<b>LOSS ATTRIBUTABLE TO:</b>			
Members of the parent entity		(1,752,425)	(1,907,564)
Non-controlling interest		(55,880)	(535,939)
		<b>(1,808,305)</b>	<b>(2,443,503)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Members of the parent entity		(97,852)	(730,655)
Non-controlling interest		(55,880)	(535,939)
		<b>(153,732)</b>	<b>(1,266,594)</b>
<b>EARNINGS PER SHARE</b>			
Basic/Diluted (in cents)		(1.68)	(1.82)
Basic/Diluted - Continuing Operations (in cents)		(1.68)	(1.80)

The accompanying notes form part of these financial statements.

**iCASH PAYMENT SYSTEMS LIMITED**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

		<b>Consolidated</b>	
	<b>Note</b>	<b>December 2013</b>	<b>June 2013</b>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	9,858,427	9,924,443
Trade and other receivables		2,539,513	3,230,479
Other financial assets	10	-	47,884
Inventory		3,235,301	3,724,458
Other assets		53,890	82,909
<b>TOTAL CURRENT ASSETS</b>		<b>15,687,131</b>	<b>17,010,173</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		533,981	566,668
Intangible assets		193,617	205,368
Other financial assets	10	2,096,094	1,296,098
Plant and equipment	5	5,896,589	1,685,787
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,720,281</b>	<b>3,753,921</b>
<b>TOTAL ASSETS</b>		<b>24,407,412</b>	<b>20,764,094</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,467,268	1,519,150
Financial liabilities	11	2,326,141	840,725
Provisions	12	1,605,412	2,942,428
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,398,821</b>	<b>5,302,303</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		34,442	-
Financial liabilities	11	3,687,574	21,484
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,722,016</b>	<b>21,484</b>
<b>TOTAL LIABILITIES</b>		<b>9,120,837</b>	<b>5,323,787</b>
<b>NET ASSETS</b>		<b>15,286,575</b>	<b>15,440,307</b>

The accompanying notes form part of these financial statements.



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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013 (continued)**

		<b>Consolidated</b>	
	<b>Note</b>	<b>December 2013</b>	<b>June 2013</b>
		<b>\$</b>	<b>\$</b>
<b>EQUITY</b>			
Share capital	6	<b>55,362,257</b>	55,362,257
Reserves		<b>935,449</b>	(686,901)
Accumulated losses		<b>(45,738,833)</b>	(44,018,631)
		<hr/>	<hr/>
Equity attributable to the owners of the parent		<b>10,558,873</b>	10,656,725
Non-controlling interest		<b>4,727,702</b>	4,783,582
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>15,286,575</b>	15,440,307
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

**iCASH PAYMENT SYSTEMS LIMITED**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

Consolidated	Issued Capital	Reserves	Accumulated Losses	Parent Entity Interests	Minority Equity Interests	Total Equity
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2013</b>	<b>55,362,257</b>	<b>(686,901)</b>	<b>(44,018,631)</b>	<b>10,656,725</b>	<b>4,783,582</b>	<b>15,440,307</b>
Loss for the period	-	-	(1,752,425)	(1,752,425)	(55,880)	(1,808,305)
<b>Other comprehensive income</b>						
Movement in foreign currency translation reserve	-	1,622,350	-	1,622,350	-	1,622,350
Expiry of share option	-	32,223	-	32,223	-	32,223
<b>Total comprehensive income for the year</b>	-	<b>1,654,573</b>	<b>(1,752,425)</b>	<b>(97,852)</b>	<b>(55,880)</b>	<b>(153,732)</b>
<b>Transactions with owners of the Company</b>						
<i>Changes in ownership interests in subsidiaries</i>						
Purchase of non-controlling interest	-	-	-	-	-	-
<i>Contributions by and distributions to owners of the company</i>						
Transfer to/from reserve	-	(32,223)	32,223	-	-	-
<b>At 31 December 2013</b>	<b>55,362,257</b>	<b>935,449</b>	<b>(45,738,833)</b>	<b>10,558,873</b>	<b>4,727,702</b>	<b>15,286,575</b>
At 1 July 2012	53,333,113	(2,152,016)	(33,828,590)	17,352,507	7,919,437	25,271,944
Loss for the period	-	-	(1,907,564)	(1,907,564)	(535,939)	(2,443,503)
Other comprehensive income	-	1,176,909	-	1,176,909	-	1,176,909
<b>Total comprehensive income for the year</b>	-	<b>1,176,909</b>	-	<b>1,176,909</b>	-	<b>1,176,909</b>
<b>Transactions with owners of the Company</b>						
<i>Changes in ownership interests in subsidiaries</i>						
Transactions with non-controlling interest	-	-	(1,001,103)	(1,001,103)	(1,313,526)	(2,314,629)
<i>Contributions by and distributions to owners of the company</i>						
Issuance of shares	2,029,144	-	-	2,029,144	-	2,029,144
Expiry of options	-	(209,372)	209,372	-	-	-
<b>At 31 December 2012</b>	<b>55,362,257</b>	<b>(1,184,479)</b>	<b>(36,527,885)</b>	<b>17,649,892</b>	<b>6,069,972</b>	<b>23,719,865</b>

The accompanying notes form part of these financial statements.

**iCASH PAYMENT SYSTEMS LIMITED**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	<b>Consolidated</b>	
	<b>December 2013</b>	<b>December 2012</b>
	<b>Note</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	<b>9,751,019</b>	9,575,724
Payments to suppliers and employees	<b>(10,694,159)</b>	(7,918,600)
Interest paid	<b>(29,411)</b>	(25,915)
Interest received	<b>26,798</b>	186,621
<b>Net cash flow from operating activities</b>	<b>(945,753)</b>	1,817,830
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	<b>(3,749,243)</b>	(702,321)
Payments to purchase intangibles	<b>(14,612)</b>	(177,102)
Proceeds from sale of vehicles	<b>7,831</b>	-
Proceeds from sale of investments	<b>(657,861)</b>	146,913
Proceeds from sale of controlled entity	<b>-</b>	370,396
<b>Net cash flow from investing activities</b>	<b>(4,413,885)</b>	(362,114)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	<b>1,278,718</b>	50,958
Proceeds from long-term borrowings	<b>3,663,735</b>	-
Repayments of sources of liability finance	<b>-</b>	(1,422,274)
<b>Net cash flow from financing activities</b>	<b>4,942,453</b>	(1,371,316)
<b>Net (decrease)/ increase in cash and cash equivalents held</b>	<b>(417,185)</b>	84,400
Cash and cash equivalents at the beginning of the financial period	<b>9,924,443</b>	11,696,892
Effects of exchange rate changes on the balance of cash held in In foreign currencies	<b>351,169</b>	107,353
<b>Cash and cash equivalents at the end of the financial period</b>	<b>4 9,858,427</b>	11,888,645

The accompanying notes form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**1 REPORTING ENTITY**

iCash Payment Systems Limited (the “Company”) is a company domiciled in Australia. The consolidated half-year financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the “group”).

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**2.1 Statement of Compliance**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by iCash Payment Systems Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2013 financial report.

The half-year consolidated report does not include full disclosures of the type normally included in an annual financial report.

This half-year consolidated financial report was approved by the Board of Directors on 28 February 2014.

**2.2 Basis of Preparation**

The half-year consolidated report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and where applicable, financial assets and financial liabilities for which the fair value basis of accounting have been applied.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**3 REVENUE AND EXPENSES**

Profit before income tax includes the following revenue and expenses:

		<b>Consolidated</b>	
		<b>December 2013</b>	<b>December 2012</b>
		\$	\$
<b>(i)</b>	<b>Revenue</b>		
	Product sales	4,861,501	5,929,218
	Contract income	3,918,725	2,166,527
	Other income	14,707	-
		<b>8,794,933</b>	<b>8,095,745</b>
<b>(ii)</b>	<b>Cost of Sales</b>		
	Cost of sales - product	3,812,765	4,552,721
	Cost of sales - contract income	1,603,842	1,265,217
		<b>5,416,607</b>	<b>5,817,938</b>
<b>(iii)</b>	<b>Expenses</b>		
	Administration and general fees	3,560,245	2,982,186
	Reversal of impairment expense	(29,383)	169,103
	Research and development costs	1,097,479	914,490
	Depreciation and amortisation	193,242	487,096
	Travel expenses	152,845	159,885
	Consulting fees	21,800	14,524
	Director fees	128,140	161,954
	Profit on sale of business	-	(38,250)
		<b>5,124,368</b>	<b>4,850,988</b>
<b>(iv)</b>	<b>Finance costs</b>		
	Interest income	26,797	179,119
	Interest expense	(29,411)	(25,915)
		<b>(2,614)</b>	<b>153,204</b>

**4 CASH AND CASH EQUIVALENTS**

Cash at bank and in hand

**December 2013**  
\$

**June 2013**  
\$

**9,858,427**

**9,924,443**

**Reconciliation to statement of cash flows**

For the purposes of the statement of cash flows,  
Cash and cash equivalents comprise the following  
Cash at bank and in hand

**9,858,427**

**iCASH PAYMENT SYSTEEMS LIMITED**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**5 PLANT AND EQUIPMENT**

**Acquisitions**

During the six months ended 31 December 2013 the consolidated entity acquired assets with a cost of \$3,749,243 (six months ended 31 December 2012: \$702,321).

Land was acquired with a cost of \$2,778,451 to build a new factory.

**6 ISSUED CAPITAL**

There was no movement in issued capital during the six months ended 31 December 2013. There are 104,757,842 iCash ordinary shares on issue.

**7 SEGMENT REPORTING**

The company and its controlled subsidiaries operate in one segment and two geographic segments, being Australia and Korea. The Group did not have new discontinued operations during the half-year therefore the disclosure represents continued operations. In 2012, the Korean segment was disclosed in terms of continued and discontinued operations based on the discontinuation of Wiz Mechatronics Co Ltd.

<b>31 December 2013</b>	<b>Australia</b>	<b>Korea</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total external revenue	10,013	8,784,919	-	8,794,932
Inter segment revenue	-	-	-	-
Other revenue	-	-	-	-
Total revenue	10,013	8,784,919	-	8,794,932
Loss before tax	(1,659,092)	(89,564)	-	(1,748,656)
Income tax expense	-	(59,649)	-	(59,649)
Loss for the period	(1,659,092)	(149,213)	-	(1,808,305)
Other comprehensive income	1,654,573	-	-	1,654,573
Minority interest	-	55,880	-	55,880
Total comprehensive income attributable to the parent entity	(4,519)	(93,333)	-	(97,852)
Segment assets	13,537,055	22,649,744	(11,779,387)	24,407,412
Segment liabilities	4,085,581	9,093,593	(4,058,337)	9,120,837
Depreciation & amortisation	2,609	190,633	-	193,242
Impairment	-	(29,383)	-	(29,383)

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**7 SEGMENT REPORTING (cont'd)**

31 December 2012	<b>Australia</b>	<b>Korea Continuing Operations</b>	<b>Korea Discontinued Operations</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
Total external revenue	-	8,095,745	73,679	-	8,169,424
Inter segment revenue	-	-	-	-	-
Other revenue	-	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>8,095,745</b>	<b>73,679</b>	<b>-</b>	<b>8,169,424</b>
Loss before tax	(1,012,423)	(1,407,554)	(23,526)	-	(2,443,503)
Income tax expense	-	-	-	-	-
Loss for the period	(1,012,423)	(1,407,554)	(23,526)	-	(2,443,503)
Other comprehensive income	1,176,909	-	-	-	1,176,909
Minority interest	-	535,939	-	-	535,939
<b>Total comprehensive income attributable to the parent entity</b>	<b>164,486</b>	<b>(871,615)</b>	<b>(23,526)</b>	<b>-</b>	<b>(730,655)</b>
Segment assets	17,748,890	17,257,763	1,843,837	(8,530,437)	28,320,053
Segment liabilities	4,196,879	2,477,995	1,671,497	(3,746,183)	4,600,188
Depreciation & amortisation	92,583	394,513	19,893	-	506,989
Impairment	97,500	71,603	-	-	169,103

**8 EARNINGS PER SHARE**

	<b>2013</b>	2012
Basic/Diluted loss per share (in cents)	<b>(1.68)</b>	(1.82)
Basic/Diluted (loss)/profit per share – continuing operations (in cents)	<b>(1.68)</b>	(1.80)
Loss used in the calculation of basic and diluted EPS (in \$)	<b>(1,752,425)</b>	(1,907,564)
Loss used in the calculation of basic and diluted EPS – continuing operations (in \$)	<b>(1,752,425)</b>	(1,884,038)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS	<b>104,757,842</b>	104,757,842

**iCASH PAYMENT SYSTEMS LIMITED**  
**(and consolidated entities)**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**9 DISCONTINUED OPERATIONS**

During the half-year the Company did not have new discontinued operations. The previous reporting period includes the discontinuation of Wiz Mechatronics Co. Ltd. Refer to the half-year report for the period ended 31 December 2012 for full details of this transaction.

<b>10 OTHER FINANCIAL ASSETS</b>	<b>December 2013</b>	<b>June 2013</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
<b>Available-for-sale</b>		
Term deposits	-	47,884
Investing deposit	-	1,300,000
Impairment of deposit	-	(1,300,000)
	<hr/>	<hr/>
<b>Total Current Other Financial Assets</b>	<b>-</b>	<b>47,884</b>
<b>Non-Current</b>		
<b>Available-for-sale</b>		
Unlisted shares in companies	1,220,212	619,826
<b>Held-to-maturity</b>		
Savings accounts at cost (i)	875,882	676,272
	<hr/>	<hr/>
<b>Total Current Other Financial Assets</b>	<b>2,096,094</b>	<b>1,296,098</b>

(i) Savings insurance and instalment savings accounts held by NeoICP Inc. with fixed and variable interest rates.

**11 FINANCIAL LIABILITIES**

<b>Current</b>		
Short-term borrowings (i)	2,326,141	840,725
	<hr/>	<hr/>
<b>Non-Current</b>		
Long-term borrowings and payables (ii)	3,687,574	21,484
	<hr/>	<hr/>

(i) Short term debt facilities for working capital with interest rates ranging from 0% to 4.79% (2013 0% to 6.05%).

(ii) Long term debt facilities for the construction of the new factory with interest rates ranging from 0% to 4.25%. The new facilities have a term of 5 years.



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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

12	<b>EMPLOYEE BENEFITS</b>	<b>December 2013</b>	June 2013
		\$	\$
	<b>Current</b>		
	Provision for employee benefits	17,898	149,021
	Provision for retirement benefits	1,587,514	2,793,407
		<b>1,605,412</b>	2,942,428

**Nature and purpose of Employee Benefits**

*Provision for employee benefits*

Provision for employee benefits represents employee benefits for annual leave in respect of present obligations resulting from employees' services provided to balance date.

*Provision for retirement benefits*

The Group's foreign subsidiary has a provision for retirement benefit for all employees who have worked more than one year. The movement in the balance of the provision for retirement benefits is the result of payments made to employees during the year for (a) termination of employment and (b) payments made to key employees upon termination of their existing employment arrangements and in entering into new employment arrangements with the company. Under these new arrangements, the key employees will not be eligible for further retirement benefits from the company moving forward. This arrangement is in accordance with Korean legislation, Enforcement Decree of The Corporate Tax Act 2008 Article 44.

**13 COMMITMENTS**

**Operating Leases**

Non-cancellable operating lease payments are payable as follows:

Less than one year	89,657	505,668
Between one and five years	74,953	65,951
	<b>164,610</b>	571,619

Lease was made with Moorim Capital for using the ATM in Korea.

**Capital Commitments**

During the year NeoICP Korea Inc. committed to construction work in progress in relation to the new factory in Korea. The following payments are due subsequent to period end:

Less than one year	4,250,806	2,629,310
Between one and five years	-	-
	<b>4,250,806</b>	2,629,310

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**14 EVENTS SUBSEQUENT TO BALANCE DATE**

The Company has made an announcement on the 17 January 2014 to shareholders that it completed its previously announced cancellation of fully paid ordinary iCash shares, following its approved selective reduction of capital to absorb minority shareholdings. Details of the cancellation are as follows:

- previous number of ordinary shares on issue: 104,757,842
- number of shares cancelled: 1,601,280
- shareholders whose shares were cancelled: 1,116
- cancellation price, per cancelled share: \$0.13
- total funds returned to shareholders: \$208,166.40
- number of shares on issue after cancellation: 103,156,562.

The Company is currently undertaking an Equal Access Scheme - Share Buyback of a maximum of 26,372,033 shares, which is valued at \$3,428,364.29. The offer has closed on the 19 February 2014 oversubscribed.

The Company has relocated its office to Lane Cove on the 3 February 2014. The new location offers both office and warehousing space, suitable for a distribution and service operation for the NeoICP products.

**15 CONTINGENT LIABILITY**

The litigation with Mr. Wayne Robinson continues. There is no update from the previous 2013 Annual Report announcement.

The company expects no contingent liabilities to arise as a result of the termination of the distribution agreement with EzeATM.

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

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**DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



**Kyung Shik (Steve) Ham**  
*Executive Director*

**Sydney**

**Dated:** 28 February 2014

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ICASH PAYMENT SYSTEMS LIMITED

We have reviewed the accompanying half-year financial report of iCash Payment Systems Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2013, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising iCash Payment Systems Limited (the Company) and the entities it controlled at the period's end or from time to time during the half year.

### Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### 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 Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As 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 a interim 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.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of iCash Payment Systems Limited.

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF ICASH PAYMENT SYSTEMS LIMITED  
(CONT'D)**

**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 Payments System Limited and controlled entities is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of consolidated entity's financial position as at 31 December 2013 and of its performance for the 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  
Chartered Accountants**



**Robert Mayberry  
Partner**

28 February 2014  
Sydney

The Board of Directors  
iCash Payment Systems Limited  
Unit 7, 15 – 17 Chaplin Drive  
Lane Cove NSW 2066

28 February 2014

Dear Board Members

**Auditor's Independence Declaration under section 307C of the *Corporations Act 2001***

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of iCash Payment Systems Limited.

As lead audit partner for the review of the financial statements of iCash Payment Systems Limited for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely



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



**Robert Mayberry**  
**Partner**

Sydney

**Sydney Office**

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