

iCASH PAYMENT SYSTEMS LIMITED

ABN 87 061 041 281
and Controlled Entities

APPENDIX 4D

HALF YEAR INFORMATION – 31 DECEMBER 2010

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

APPENDIX 4D

ASX HALF-YEAR INFORMATION – 31 DECEMBER 2010

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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 2010 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 2010
RESULTS FOR ANNOUNCEMENT TO THE MARKET

\$

Revenue from ordinary activities	Up	166%	to	38,354,541
Profit from ordinary activities after tax attributable to members	Up	5%	to	1,941,184
Comprehensive income for the period attributable to members	Up	61%	to	2,926,806

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

RESULTS FOR THE HALF YEAR

For the half year to 31 December 2010, iCash Payment Systems Limited (iCash) recorded an underlying net after tax profit attributable to members of \$2,595,465, an increase of 40% when compared to the previous corresponding period (pcp). Our Asian businesses contributed 63% of these profits. This represents 77% of earnings guidance to the half year.

Underlying net profit after tax has been normalised to exclude \$654,281 of non-recurring corporate costs (net of tax) incurred in connection with maximising the value of the Company's investment in NEO ICP Korea, Inc. This has been expensed through the Australian operations.

Revenues rose by \$23,947,973 or 166% to \$38,354,541 with 79% of Group revenues derived from Asia.

Underlying EBITDA rose by \$4,650,748 or 151% to \$7,739,382 due to an increase in contributions from our Korean operations.

Underlying EBIT margin was consistent at 16%. Underlying net profit margin declined to 7% reflecting increased tax incurred by NEO ICP Korea, Inc. of \$1,372,781 (pcp: nil).

Cashflow from operating activities of \$6,355,693 was driven by a strong profit result and improved inventory and receivables management. This enabled the Company to reduce net debt from \$5,794,206 to \$361,966 during the last six months.

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2010.

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
Steave Ham
Barry Sechos (appointed on 9 August 2010)

2 Review and Results of Operations

For the half year to 31 December 2010, iCash Payment Systems Limited (iCash) recorded an unaudited underlying net profit after tax attributable to members of \$2,595,465, an increase of 40% when compared to the previous corresponding period (pcp). Our Asian businesses contributed 63% of these profits.

Underlying net profit after tax has been normalised to exclude \$654,281 of non-recurring corporate costs (net of tax) incurred in connection with maximising the value of the Company's investment in NEO ICP Korea, Inc. This has been expensed through the Australian operations.

Underlying Earnings Per Share (EPS) was 2.97 cents per share (pcp: 2.50 cents per share).

Revenue rose by 166% to \$38,354,541 with 79% of Group revenues derived from Asia.

Underlying EBITDA rose by 151% to \$7,739,382 due an increase in contributions from our Korean operations.

Underlying EBIT margin was consistent at 16%. Underlying net profit margin declined to 7% reflecting increased tax incurred by NEO ICP Korea, Inc. of \$1,372,781 (pcp: nil).

Cashflow from operating activities of \$6,355,693 was driven by a strong profit result, improved inventory and receivables management. This enabled the Company to reduce net debt from \$5,794,206 to \$361,966 for the period.

Korean Operations

Sales revenue increased by 281% to \$30,167,012 and EBIT by 767% to \$5,107,660. Of this \$2,449,456 or 8% of revenue was recurring in nature. NEO ICP Korea, Inc.'s advanced payment solutions successfully targeted three vertical markets (banks, small retailers, large retailers) with three product families (cash recycling machines, back office machines, ATMs) to seven main customers, including;

- Lotte Group #1 in department stores and #2 in discount store chains
- E Mart #1 in discount store chains
- Family Mart #1 convenience stores
- Hyundai #2 in department stores
- GS Mart

DIRECTORS' REPORT

2 Review and Results of Operations (continued)

iCash is continuing to generate strong product revenue through the sale of cashPod and related services. These include the provision of maintenance and switching services or transaction processing to third party deployers who have chosen the cashPod and other cash handling devices over those of our rivals. The Company benefits from the increase in recurring revenue streams at a reduced cost to capital. New products are currently being tested and certified for the Australian market and like the cashPod will also meet the same high levels of compliance.

Australian Operations

Revenues increased by 25% to \$8,057,155. Margins were impacted by a number of factors. These included increased price competition by new entrants, a softening of the retail sector and costs associated with upgrading our fleet to accommodate the introduction of our new remote ATM monitoring tool known as iRAMS (iCash Real-Time ATM Monitoring Solution).

iRAMS provides ATM operators with real-time access to over 65 diagnostic parameters of an individual ATM or fleet of ATMs using any web enabled PC or Apple iPhone. The software strengthens iCash's ability to compete on product functionality and other non-price metrics when tendering for new business.

The recent implementation of a revised pricing structure will contribute to margin recovery in the second half of the year and beyond.

We have successfully deployed new technologies in Korea which has turned a saturated market into new opportunities. We look forward to those same market dynamics spreading to Australia and elsewhere in the Asian region.

In China, we continue to work with our strategic partner Yunnan Nantian where we have jointly developed a cash dispensing module as a key component within their own ATMs. The commercial terms of any future arrangements are still being negotiated.

The Board has determined that entry to the New Zealand market is not commercially attractive to us at this stage. The banking environment is dominated by two major retail banking institutions, of which one will not permit direct charge of its cardholders. We remain uncertain how its competitors will react and if they will follow suit. However we are poised to move swiftly once we have confidence that we can enter the market on reasonable commercial terms.

The Group is confident that the continued pursuit of its strategic growth platform to increase its footprint across Asia will deliver strong revenues and profit growth in the second half of the financial year.

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

DIRECTORS' REPORT

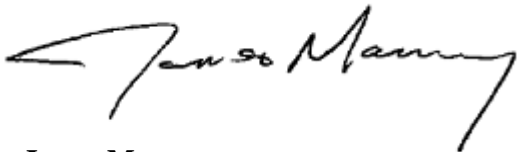
3 Contingent Liability

The contingent liability relating to the GST referred to in note 35 of the 2010 Annual Report remains undetermined.

4 Auditor's Independence Declaration

The Auditor's independence declaration is set out on page 18 and forms part of the directors' report for the half year ended 31 December 2010.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read "James Manny". The signature is written in a cursive style with a large initial "J" and "M".

James Manny
Executive Chairman

Sydney

Dated: 28 February 2011

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		Consolidated	
	Note	December 2010	December 2009
		\$	\$
CONTINUING OPERATIONS			
Revenue	3i	38,354,541	14,406,568
Network expenses	3ii	<u>(33,011,502)</u>	<u>(12,170,599)</u>
PROFIT FROM OPERATING ACTIVITIES BEFORE INCOME TAX AND FINANCE COSTS		<u>5,343,039</u>	2,235,969
Finance costs		(156,186)	(192,100)
PROFIT BEFORE INCOME TAX		<u>5,186,853</u>	2,043,869
Income tax expense		(1,400,499)	-
PROFIT AFTER INCOME TAX FROM OPERATIONS		<u>3,786,354</u>	2,043,869
OTHER COMPREHENSIVE INCOME			
Exchange differences arising on translation of foreign operations		985,622	(35,673)
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period (net of tax)		<u>985,622</u>	<u>(35,673)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>4,771,976</u>	2,008,196
PROFIT ATTRIBUTABLE TO:			
Owners of the parent		1,941,184	1,855,682
Non-controlling interest		<u>1,845,170</u>	<u>188,187</u>
		<u>3,786,354</u>	2,043,869
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		2,926,806	1,820,009
Non-controlling interest		<u>1,845,170</u>	<u>188,187</u>
		<u>4,771,976</u>	2,008,196
EARNINGS PER SHARE*			
Basic (in cents)		2.22	2.50
Diluted (in cents)		2.22	2.50

The accompanying notes form part of these financial statements.

*Post consolidation shares. The numbers reported for the prior period have been adjusted and restated.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	December 2010	Consolidated June 2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		5,355,046	4,667,514
Trade and other receivables		9,979,977	9,238,984
Other investments		1,408,766	120,146
Inventory		5,286,214	9,415,364
Other assets		433,399	614,318
		22,463,402	24,056,326
NON-CURRENT ASSETS			
Trade and other receivables		1,906,270	1,706,023
Intangible assets		21,882,400	23,117,233
Financial instruments		520,000	-
Other investments		700,361	611,950
Deferred tax assets		913,787	1,842,529
Plant and equipment	4	7,483,300	5,839,461
Other assets		1,505,634	1,069,990
		34,911,752	34,187,186
TOTAL NON-CURRENT ASSETS		34,911,752	34,187,186
TOTAL ASSETS		57,375,154	58,243,512
CURRENT LIABILITIES			
Trade and other payables		8,848,817	8,648,902
Financial liabilities		5,630,032	10,021,195
Provisions		215,235	155,179
		14,694,084	18,825,276
TOTAL CURRENT LIABILITIES		14,694,084	18,825,276
NON-CURRENT LIABILITIES			
Financial liabilities		86,980	440,525
Provisions		841,657	913,067
		928,637	1,353,592
TOTAL NON-CURRENT LIABILITIES		928,637	1,353,592
TOTAL LIABILITIES		15,622,721	20,178,868
NET ASSETS		41,752,433	38,064,644

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010 (continued)

		Consolidated	
	Note	December 2010	June 2010
		\$	\$
EQUITY			
Share capital	5	53,333,113	49,431,494
Reserves		(1,842,075)	(856,453)
Accumulated losses		(16,367,286)	(14,740,503)
		<hr/>	<hr/>
Equity attributable to the owners of the parent		35,123,752	33,834,538
Non-controlling interest		6,628,681	4,230,106
		<hr/>	<hr/>
TOTAL EQUITY		41,752,433	38,064,644
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated	
	December 2010	December 2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	36,821,274	10,675,118
Payments to suppliers and employees	(30,309,395)	(12,519,426)
Interest paid	145,671	(192,100)
Interest received	(301,857)	44,101
	6,355,693	(1,992,307)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(1,936,653)	(351,729)
Purchase of investments	(88,410)	(10,613)
	(2,025,063)	(362,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	-	4,605,000
Share issue costs	(10,035)	(225,000)
Proceeds from short term borrowings	6,028,324	2,890,289
Payments for development costs	-	(1,077,073)
Repayment of borrowing	(9,440,686)	(141,611)
	(3,422,398)	6,051,605
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD	908,233	3,696,956
Cash and cash equivalents at the beginning of the financial period	4,667,514	2,603,988
Effects of exchange rate changes on the balance of cash held in in foreign currencies	(220,701)	11,769
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	5,355,046	6,312,713

The accompanying notes form part of these financial statements.

iCASH PAYMENT SYSTEMS LIMITED
(and consolidated entities)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Consolidated	Issued Capital	Reserves	Accumulated Losses	Minority Equity Interests	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2010	49,431,494	(856,453)	(14,740,503)	4,230,106	38,064,644
Effect of movement in minority interest	-	-	(146,317)	1,043,409	897,093
Profit for the period	-	-	1,941,184	1,845,170	3,786,354
Movement in the foreign currency translation reserve	-	(985,622)	-	-	(985,622)
Total comprehensive income for the period	-	(985,622)	1,794,868	2,888,579	3,697,824
Minority Interest	-	-	-	-	-
New shares issued to acquire economic interest of NEOICP	3,911,654	-	(3,421,650)	(490,004)	-
Share issue costs	(10,035)	-	-	-	(10,035)
At 31 December 2010	53,333,113	(1,842,075)	(16,367,286)	6,628,681	41,752,433
At 1 July 2009	43,248,994	398,529	(19,162,300)	2,463,300	26,948,523
Profit for the period	-	-	1,855,682	188,187	2,043,869
Movement in the foreign currency translation reserve	-	(35,673)	-	-	(35,673)
Total comprehensive income for the period	-	(35,673)	1,855,682	188,187	2,008,196
Minority Interest	-	-	-	-	-
New shares issued	4,605,000	-	-	-	4,605,000
Share issue costs	(225,000)	-	-	-	(225,000)
At 31 December 2009	47,628,994	362,856	(17,306,618)	2,651,487	33,336,719

The accompanying notes form part of these financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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 2010 comprises the Company and its subsidiaries (together referred to as the “group”) and the consolidated entity’s interests in associates.

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 2010 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 2010 financial report.

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

This half-year consolidated interim financial report was approved by the Board of Directors on 28 February 2011.

2.2 Basis of Preparation

The half-year 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 has been applied.

2.3 Change in Parent Entity ownership interest

The parent entity’s economic interest in its subsidiary, NEO ICP Korea Inc., changed during the period, from 52% at 30 June 2010 to 47.11% at 31 December 2010. This did not result in a loss of control. Per AASB 127R this transaction is accounted for as an equity transaction (i.e. as a transaction with owners in their capacity as owners).

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3 REVENUE AND EXPENSES

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

		Consolidated	
		December 2010	December 2009
		\$	\$
(i)	Revenue		
	Product sales	28,938,440	8,044,959
	Contract income	8,149,627	6,292,165
	Other income	1,266,474	69,444
		38,354,541	14,406,568
		38,354,541	14,406,568
(ii)	Expenses		
	Cost of sales - product	20,471,884	5,425,807
	Cost of sales - contract income	4,633,023	3,030,967
	Administration and general fees	4,936,345	2,618,787
	Research and development costs	815,525	6,130
	Depreciation and amortisation	1,742,062	852,665
	Travel expenses	234,325	26,054
	Consulting fees	161,671	178,189
	Director fees	16,667	32,000
		33,011,502	12,170,599
		33,011,502	12,170,599

4 PLANT AND EQUIPMENT

Acquisitions

During the six months ended 31 December 2010 the consolidated entity acquired assets with a cost of \$1,936,653 (six months ended 31 December 2009: \$351,729).

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

5 ISSUED CAPITAL

	Consolidated		Consolidated	
	December 2010	June 2010	December 2010	June 2010
	Shares*	Shares*	\$	\$
Ordinary shares				
Share Capital	92,331,975	85,346,879	53,333,113	49,431,494
<i>Movements during the year</i>				
Balance at beginning of the period	85,346,879	71,996,734	49,431,494	43,248,994
November 2010	6,985,096	-	3,911,654	-
February 2010	-	3,050,000	-	1,677,500
February 2010	-	250,000	-	125,000
November 2009	-	9,000,000	-	4,500,000
October 2009	-	1,050,000	-	105,000
Share issue costs	-	-	(10,035)	(225,000)
Rounding due to share consolidation	-	145	-	-
Balance at the end of the period	92,331,975	85,346,879	53,333,113	49,431,494

*Post consolidation shares. The numbers reported for the prior period have been adjusted and restated.

6 SEGMENT REPORTING

The Group has adopted AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast the predecessor Standard (AASB 114 Segment Reporting) required the entity to identify two segments (business and geographical), using risk and rewards approach, with entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has not changed.

Information regarding these segments is presented below. The accounting policies of the new reportable segments are the same as the Group's accounting policies.

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

6 SEGMENT REPORTING (continued)

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

	Australia	Korea	December 2010 Consolidated	June 2010 Consolidated
	\$	\$	\$	\$
External sales	6,924,542	30,167,012	37,091,554	42,313,963
Other segments	-	-	-	-
Total sales revenue	6,924,542	30,167,012	37,091,554	42,313,963
Other revenue	1,132,612	130,375	1,262,987	119,988
Total revenue	8,057,154	30,297,387	38,354,541	42,433,951
Profit before tax	325,379	4,861,474	5,186,853	4,244,281
Income tax benefit/(expense)	(27,718)	(1,372,781)	(1,400,499)	136,459
Profit for the year	297,661	3,488,693	3,786,354	4,380,740
Other comprehensive income	985,622	-	985,622	51,668
Minority interest	-	(1,845,170)	(1,845,170)	(1,278,407)
Total comprehensive income attributable to the parent entity	1,283,283	1,643,523	2,926,806	3,154,001
Segment assets	43,329,834	14,045,319	57,375,154	52,243,513
Total assets	43,329,834	14,045,319	57,375,154	52,243,513
Segment liabilities	5,737,346	9,885,374	15,622,721	20,178,868
Total liabilities	5,737,346	9,885,374	15,622,721	20,178,868

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 contingent liability relating to the GST referred to in note 35 of the 2010 annual report remains undetermined.

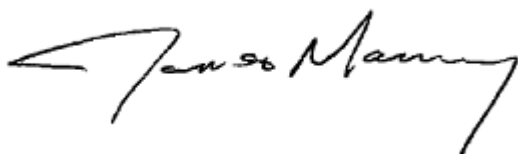
iCASH PAYMENT SYSTEMS LIMITED
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DIRECTORS' DECLARATION

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 6 to 14 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 2010 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: 28 February 2011

Independent Auditor's 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 statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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.

Directors' Responsibility for the Half-Year 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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 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 a 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.

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*, which has been given to the directors of iCash Payment Systems Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Conclusion

Included in the financial statements is a non-current amount receivable from Beijing Yinkatong Technology Co, Ltd of \$1,684,245. We have not been provided with nor been able to gather by the application of alternate audit procedures, sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of this amount. Consequently, we have not been able to determine whether impairment exists in relation to this amount.

Qualified Conclusion

Based on our review except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the matter referred to in the preceding paragraph; the financial report of iCash Payments System Limited is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of company and consolidated entity's financial position as at 31 December 2010 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*.



David Gallery
Partner



Nexia Court & Co
Chartered Accountants

28 February 2011

Sydney

The Board of Directors
iCash Payment Systems Limited
Level 17, 115 Pitt Street
SYDNEY NSW 2000

28 February 2011

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 financial year ended 31 December 2010, 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



David Gallery
Partner

Nexia Court & Co.

Nexia Court & Co
Chartered Accountants

Sydney

SUPPLEMENTARY APPENDIX 4D INFORMATION

1. NTA Backing (in cents)

Description	December 2010	June 2010
Net tangible asset backing per ordinary share*	21.52	17.51
Net asset backing per ordinary share*	45.22	44.60

*Post consolidation shares. The numbers reported for the prior period have been adjusted and restated.

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 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')

7. Audit Alert

N/A