

iCash Payment Systems Limited

ABN 87 061 041 281



5th May 2010

Company Announcements
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Shareholder Update May 2010

Group Overview

The Board is pleased to provide the following update on business activities: As part of iCash Payments Systems Limited's ("iCash") plan to strengthen business growth prospects and progress regional expansion plans we completed a \$4.5 million capital raising (90 million shares) in November 2009. This capital raising ensured sufficient funding to support organic growth and acquisitions in the Australian market.

Implementation of these plans together with the expansion of our product range and services, is underpinning our continued growth and positive outlook.

The iCash Group has continued to perform strongly since its interim profit announcement for the period ending 31 December 2009. With our ATM manufacturing capabilities within our Korean based subsidiary, NeoICP, our vertical integration strategy has allowed the Group to consolidate its operations and deliver the platforms required for growth domestically and abroad.

Our ability to design, manufacture and deploy market leading payments solutions has earned iCash long term direct alliances with institutions established throughout the region, mitigating the need for local agent negotiated agreements. This has enabled us to pilot in growth markets, such as China and Taiwan where our alliance partners already have success.

Across the Group, sales volumes and revenues have been trending significantly higher compared to corresponding periods last year. ATM and other cash handling device orders for future production are strong.

Together these initiatives have resulted in substantial new business agreements, providing a positive outlook for revenue and profits in the medium to long term.

Australian Operations

As part of our business growth strategy iCash has launched the first of its new products for the Australian market in 2010, the **cashPod Kratos** (named after the Greek god of Strength). The **cashPod Kratos** is a “Level One” or vault integrated ATM. iCash will now actively compete in the “level One” market through direct placement and in support of third party deployers. The cashPod Kratos was designed in Australia to meet the stringent APCA certification requirements and brings the same or better levels of data and patron security as its “business hours” sibling, the **cashPod**.

The **cashPod Kratos** has been on trial in high volume locations in Sydney and has passed all its operational and reliability tests.

Apart from its compliance and vault features the **cashPod Kratos** will also have full video capability in both display and record modes. The video display will provide large format moving image and sound platforms for advertising for future revenue generation. Additional location and patron protection is provided by the record mode which will snap images of usage to assist in transaction reconciliation and deter security threats.

The addition of the **cashPod Kratos** to our product range enhances iCash’s premium supplier status and demonstrates the Company’s commitment to compliance in support of the Australian banking system’s integrity. Recognition of our commitment to APCA standards has directly resulted in our being awarded key business and fleet transactions with companies who place high value on data security and compliance.

As testament to the functionality and design of the business hour **cashPod**, placements and existing orders (including third party placements) currently exceed 500 units. We anticipate a similarly strong reception of the **cashPod Kratos**, with current orders exceeding 200 units.

In addition to organic growth, iCash has been seeking to acquire businesses that have a presence in Australian market sectors where we have previously been unrepresented. We are at the advanced contract stage with various business acquisitions. The Company hopes to finalise some of these opportunities shortly, subject to satisfactory due diligence.

iCash also anticipates finalisation of a strategic branding relationship with a globally respected financial institution within this calendar year. This would be in addition to regional relationships secured through NeolCP.

Korea

Through continued innovation, our subsidiary NeolCP (which manufactures a range of ATM and other advanced cash handling machines) has secured strategic alliances with major Korean conglomerates. Working side by side with business partners has led to the development of the **Back Office Machine (“BOM”)** a sophisticated cash handling, reconciliation and account management machine. In addition to our other high functionality machines, demand for the **BOM** in Korea and throughout the region has seen our factory utilisation move to near optimum levels. Advanced orders currently held by the Group will maintain similar levels of utilisation well beyond the next three years.

Since 2008, factory output has increased from around 160 units per month to over 600 high value units per month. Part of this increase is attributable to the Lotte Group transaction announced last year. The Board is pleased to report that rollout is exceeding expectations and has resulted in the Group receiving new orders of similar value from other substantial region companies. This growth will be reflected in revenue and Group performance in current and subsequent financial reporting periods.

Our market leading position in Korea in the non-bank retail ATM sector is largely attributable to our commitment to providing cash handling solutions that meet specific customer requirements. The Group has earned the respect of some of the largest retail conglomerates in the region and this is reflected in our being awarded long term supply agreements.

Additionally, these established relationships provide access to international markets as our key customers pursue their own regional expansion objectives.

China

iCash and NeolCP are seeking to replicate in China the business successes secured by the **BOM** in the Korean market. The market leading position and unchallenged reputation of this device supports the Group’s prudent approach to entering new Asian markets by generating direct customer relationships.

The ability to secure direct customer relationships without the engagement of agents has provided iCash with more transparent business arrangements, better control over costs and activities with greater certainty of revenue and returns.

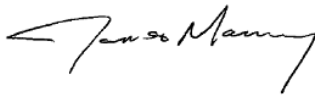
The **BOM** solution has been the key relationship driver in Korea. It is anticipated that it (along with other high value/high functionality machines) will be deployed in substantial numbers in China via the existing customers of the Group. It will also be deployed directly with major Sino based retail companies seeking its processing capabilities.

Our support of a directly negotiated solutions based strategy is in preference to traditional ATM placement models and is consistent with our proven approach to entering new markets. iCash will not pursue agent negotiated agreements that depend on unsubstantiated operational forecasts, and fragmented supply chains given the high capital cost and low fees chargeable.

NeolCP is in advanced negotiations to supply and operate the **BOM** with a leading Sino based retail group. Finalisation of the agreement requires confirmation of a production schedule and sign-off of machine specifications.

New Zealand

iCash is continuing to develop New Zealand specific cash handling solutions in consultation with its technology and distribution partners. iCash's Australian management and engineering teams are also reviewing the specification and required amendments, if any, for deployment of the cashPod ATM in New Zealand.



James Manny
Executive Chairman