

iCash Payment Systems Limited

ABN 87 061 041 281



Company Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000
Via e-lodgement

ASX Release
31 March 2011

Half Year Results 31 December 2010 (amended)

- Revenues up 166% to \$38.4m
- Underlying NPAT up 117% to \$4.4m
- Underlying NPAT (att. to members) up 40% to \$2.6m
- Net debt declined from \$5.8m to \$0.4m
- Cashflow from operating activities of \$6.4m
- 79% of Group revenues derived from Asia
- 63% of underlying NPAT (att. to members) derived from Asia

Sydney, Australia 28 February 2011 (amended 31 March 2011): iCash Payment Systems Limited (ASX: ICP) reports an underlying net profit after tax attributable to members of \$2.6m, an increase of 40% when compared to the previous corresponding period (pcp). This represents 77% of earnings guidance to the half year. Our Asian businesses contributed 63% of these profits.

Underlying net profit after tax has been normalised to exclude \$0.7m of non-recurring corporate costs (net of tax) incurred in connection with maximising the value of the Company's investment in NeolCP. These costs were expensed through the Australian operations.

Revenues rose by \$23.9m or 166% to \$38.4m with 79% of these revenues derived from Asia.

Underlying EBITDA rose by \$4.6m or 151% to \$7.7m due to an increase in sales of high margin products, rising recurring revenue streams, on-going manufacturing efficiencies, and reduced supply chain costs from our Korean operations.

Underlying EBIT margin was maintained at 16%. Underlying Members Net profit margin declined to 7% reflecting increased tax incurred by NeolCP of \$1.4m (pcp: nil).

Operating cashflow of \$6.4m was driven by a strong profit result, and improved inventory and receivables management. This enabled the Company to reduce net debt from \$5.8m to \$0.4m.

Commenting on the results, iCash Executive Chairman, Mr James Manny says, "In Korea, the result reflects the success of our vertically integrated model that has seen revenues more than quadruple since 2009. In Australia, the result is satisfactory given the strong competition from new and existing participants and a generally weak retail sector."

Group financials are set out below.

(\$m)	Dec-09	Jun-10	Dec-10	% Change
PROFIT AND LOSS				
Revenue	14.4	28.0	38.4	166%
EBITDA ⁽²⁾	3.1	3.5	7.7	151%
EBIT ⁽²⁾	2.2	2.2	6.0	168%
NPAT (consolidated) ^{(1) (2)}	2.0	2.3	4.4	117%
NPAT ⁽²⁾⁽³⁾	1.9	1.2	2.6	40%
NPAT (att. to members) ⁽³⁾	1.9	1.2	1.9	5%
EPS ⁽²⁾⁽⁴⁾	2.5 ¢	1.6 ¢	3.0 ¢	19%
EBITDA Margin	21%	12%	20%	
EBIT Margin	16%	8%	16%	
Net Margin ⁽²⁾	13%	4%	7%	
BALANCE SHEET				
Total Assets	46.6	58.2	57.3	-2%
Net Assets	33.4	38.0	41.7	10%
Intangible Assets	17.6	23.1	21.9	-5%
NTA per Share	\$0.19	\$0.17	\$0.21	23%
Net Debt	1.5	5.8	0.4	
Net Debt / Shareholders Funds	4%	15%	1%	
Operating Cashflow	(2.0)	(0.4)	6.4	1700%

(1) Assumes 100% ownership of NeolCP

(2) Exclude \$0.7m of non-recurring corporate costs (net of tax) Profit attributable to owners of the parent

(3) Relates to post-consolidated shares

Korean Operations

Revenues increased by \$22.3m or 281% to \$30.3m and EBIT increased by \$4.5m or 769% to \$5.0m. Of this, \$2.4m or 8% of revenue was recurring in nature representing service and maintenance agreements of up to seven years held with our customers.

(\$m)	Dec-09	Jun-10	Dec-10	% Change
Sales	8.0	20.1	30.3	281%
EBIT	0.6	1.5	5.0	769%
EBIT Margin	7.3%	7.5%	16.7%	128%

NeolCP's advanced payment solutions successfully targeted 3 vertical markets (banks, small retailers, large retailers) with 3 product families (cash recycling machines, back office machines, ATMs) to 7 main customers.

For the full year FY11, NeolCP will manufacture over 3,500 ATMs, equivalent to 13% of the total Australian ATM market or 25% of the Australian non-bank ATM market. Added to this is the manufacture of over 2,000 cash recycling machines and over 130 back office machines.

Each of these integrated electronic payment solutions is designed to automate the daily cash settlement, banking, reconciliation and accounting procedures of our customers, for whom our products generate new revenue streams and reduce administrative costs.

Australian Operations

Revenues increased by \$1.6m or 25% to \$8.1m and underlying EBIT decreased by \$0.7m or 41% to \$1.0m. Of this revenue, we consider \$5.0m or 62% was recurring in nature, represented by five year operating contracts held with most of our customers and a re-sign rate of around 90% at contract maturity.

(\$m)	Dec-09	Jun-10	Dec-10	% Change
Sales	6.5	7.9	8.1	25%
EBIT (underlying)	1.7	0.7	1.0	-42%
EBIT Margin	26%	9%	12%	-54%

Transaction volumes processed was 2.8m, a decline of 3% when compared to the pcp.

Margins were impacted by price competition by new entrants, a softening of the retail sector, and costs associated with upgrading our fleet to accommodate our new remote ATM software known as iRAMS (iCash Real-Time ATM Monitoring Solution).

iRAMS allows ATM operators to monitor, in real-time, over 65 diagnostic parameters of an individual ATM or fleet of ATMs using any web enabled PC, Blackberry or Apple iPhone. This information is displayed visually and reduces operating and service costs for both iCash and its customers. iRAMS also allows our customers to easily create screen-based marketing and advertising campaigns that can benefit their business. The software strengthens iCash's ability to compete on product functionality and other non-price related factors when tendering for new business.

The recent implementation of revised pricing structures across the fleet will contribute to margin recovery in the second half year and beyond.

Outlook

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.

This commentary should be read in conjunction with the iCash Payment Systems Limited Appendix 4D Half Year Information – 31 December 2010, released 28 February 2011.

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About iCash Payment Systems Limited

iCash is a vertically integrated ATM and electronic payments business and has designed, manufactured and sold more than 13,000 installations in Asia Pacific since 2001. Our global product range includes ATMs, multi-function kiosks, automated cash sorting devices, complete public transport ATM solutions, switching and software solutions, and integrated settlement and back office automation systems.

Our global Head Office is in Sydney supporting the ownership of an Australia-wide ATM network of over 1,500 machines. Other services include repair and maintenance facilities, training and on-going technical support. Our payments infrastructure includes transaction processing, switching, and advanced software payment solutions that augment our ATMs.

The Company's South Korean operations – home to iCash's research and development facilities, underpins the company's expansion across Australasia.

www.icashpayments.com.au



iCash Payment Systems

Results for the six month period ended 31 December 2010



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The forward looking statements included in this presentation involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Company. In particular, they speak only as of the date of these materials, they assume the success of iCash's business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from forward looking statements and the assumptions on which those statements are based. Given these uncertainties, readers are cautioned not to place reliance on such forward looking statements.



Group Financial Summary

- ❑ Revenues up \$23.9m or 166% to \$38.4m
- ❑ 79% of Group revenues derived from Asia
- ❑ EBITDA (underlying) growth of 151% to \$7.7m
- ❑ EBIT (underlying) growth of 168% to \$6.0m
- ❑ NPAT (underlying) up 117% to \$4.4m
- ❑ Members NPAT (underlying) up 40% to \$2.6m or 77% of earnings guidance to the half year
- ❑ Members NPAT up 2% to \$1.9m
- ❑ 63% of NPAT (underlying) derived from Asia
- ❑ Cash balances of \$5.4m
- ❑ Net debt from reduced from \$5.8m to \$0.4m
- ❑ Cashflow from operating activities of \$6.4m

Profit and Loss

- Revenues up \$23.9m or 166% to \$38.4m
 - Korea up \$22.3m or 281% to \$30.3m
 - Australia up \$1.6m or 25% to \$8.1m

- EBIT up \$3.8m or 168% to \$6.0m⁽²⁾
 - Korea up \$4.5m or 769% to \$5.0m
 - Australia down \$0.7m or 41% to \$1.0m⁽²⁾

- Significant rise in sales and manufacturing output from our Korean subsidiary

- No dividend paid whilst in current growth phase. Planned payout ratio of 30%+ after two consecutive solid years of NPAT

(\$m)	Dec-09	Jun-10	Dec-10	% Change
PROFIT AND LOSS				
Revenue	14.4	28.0	38.4	166%
EBITDA ⁽²⁾	3.1	3.5	7.7	151%
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EPS ⁽²⁾⁽⁴⁾	2.5 ¢	1.6 ¢	3.0 ¢	19%
EBITDA Margin	21%	12%	20%	
EBIT Margin	16%	8%	16%	
Net Margin ⁽²⁾	13%	4%	7%	

(1) Assumes 100% ownership of NeolCP
 (2) 'Underlying' - excludes \$0.7m of non-recurring corporate costs (net of tax) in Dec-10
 (3) Profit attributable to owners of the parent per appendix 4D
 (4) relates to post-consolidated shares

Balance Sheet

- Cash balances of \$5.4m
- Reduction in inventories of \$4.1m reflecting improved purchasing and manufacturing processes
- Reduction in net debt from \$5.8m to \$0.4m
- NTA of \$0.21

BALANCE SHEET	Dec-09	Jun-10	Dec-10
Cash	6.3	4.7	5.4
Receivables (current)	6.3	9.4	11.4
Inventories	4.9	9.4	5.3
Other Current Assets	0.7	0.6	0.4
Receivables (non-current)	2.5	2.8	3.4
Property, Plant & Equipment	4.3	5.8	7.5
Goodwill and Intangibles	17.6	23.1	21.9
Other Non Current Assets	4.0	2.5	2.1
Total Assets	46.6	58.2	57.3
Trade Liabilities	4.5	8.6	8.8
Interest Bearing Liabs	7.8	10.5	5.7
Other Liabs	0.8	1.1	1.1
Total Liabilities	13.2	20.2	15.6
Equity	33.4	38.0	41.7
RATIOS			
Total Assets	46.6	58.2	57.3
Net Assets	33.4	38.0	41.7
Intangible Assets	17.6	23.1	21.9
Net Tangible Assets	15.8	14.9	19.9
NTA per Share	\$0.19	\$0.17	\$0.21
Net Debt	1.5	5.8	0.4
Net Debt / Shareholders Funds	4%	15%	1%

Cashflow

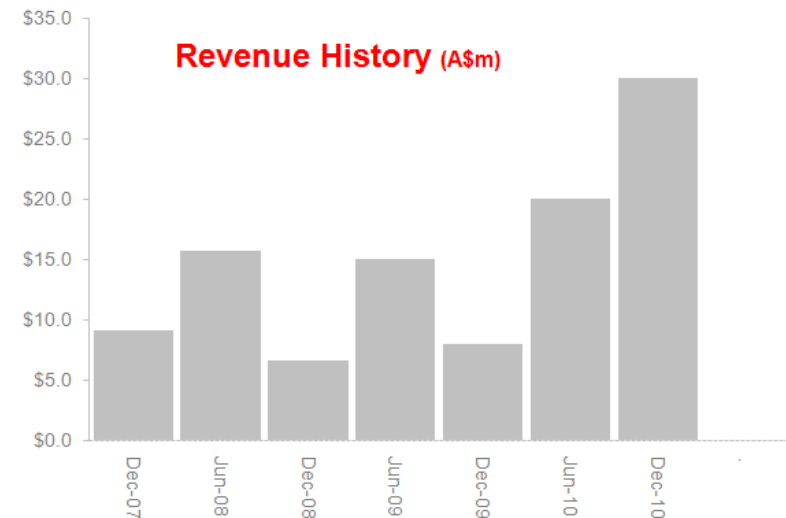
- Strong operating cash flow of \$6.4m was influenced by a strong profit result, and improved inventory and receivables management
- Investing activities were influenced by the purchase of PP&E, tooling and other capex costs, and the acquisition of deployer groups and ATM sites
- Financing activities were influenced by the repayment of borrowings
- Continued strong cash generation anticipated during the current period.

(\$m)	Dec-09	Jun-10	Dec-10
Net cash from operating activities	(2.0)	0.4	6.4
Net cash from investing activities	(0.4)	(7.3)	(2.0)
Net cash from financing activities	6.1	8.9	(3.5)
Net increase/(decrease) in cash held	3.7	2.0	0.9
Cash at the beginning of the period	2.6	2.7	4.7
Foreign Exchange	-	-	(0.2)
Cash held at the end of the period	6.3	4.7	5.4

Korean Operations

- Follow up \$63m cash recycling machine order to Lotte Group to be delivered in two years, with 7 year technical service and maintenance agreement
- Follow up 2,500 ATM order to Family Bank to be delivered before Jun-12. Ongoing ATM sales also made to NICE Bank, a consortium of 22 Korean banks and financial institutions.
- Sales of Back Office Machine made to Lotte Group, Family Mart, E Mart, GS Mart and Hyundai Department stores. These customers represent the largest supermarket, department store and convenience store chains in Korea.
- \$2.4m or 8% of revenue was recurring in nature representing service and maintenance agreements of up to seven years held with our customers.
- Continued R&D of Back Office Machine will broaden customer base to small and medium sized retailers in future periods.

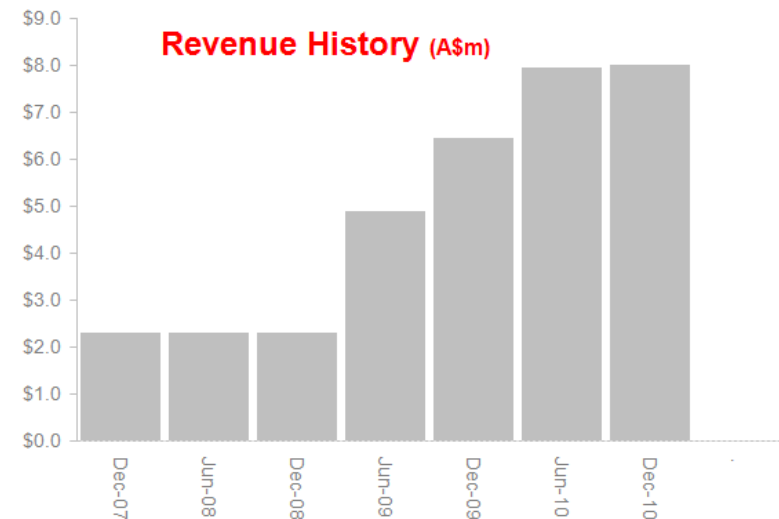
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Australian Operations

- ❑ Margins impacted by price competition from new entrants, a softening of the retail sector, and costs associated with upgrading our fleet with iRAMS remote ATM monitoring software
- ❑ The recent implementation of revised pricing structures across the fleet will contribute to margin recovery in the current half year and beyond
- ❑ Transaction volumes processed was 2.8m, a decline of 3% when compared to the pcp
- ❑ Business characterised by predictable recurring revenue stream, 5 year contracts, and a 90% re-sign rate

(\$m)	Dec-09	Jun-10	Dec-10	% Change
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End of presentation
Thank you for your attention.