



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

APPENDIX 4E

PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2011

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

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

APPENDIX 4E

ASX INFORMATION – 30 JUNE 2011

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1. **Reporting period:** Year ended 30 June 2011

Previous corresponding period: Year ended 30 June 2010

2. **RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				\$
Revenue from ordinary activities	up	66%	to	70,344,869
Profit from ordinary activities after tax	down	-95%	to	221,167
Total Comprehensive Income attributable to the members of the parent entity	down	-263%	to	(4,959,550)

Dividends/distributions	Amount per security	Franked amount per security
Final and interim dividend	Nil	Nil

Explanation for increase in Revenue

The increase in revenue is largely due to increased sales by the Korean operations. NeoICP's sales for the year were \$57,473,979 (previous period: \$32,479,088). In Australia, the benefits of a larger fleet and higher revenue per transaction were offset by lower transaction volumes. As a result revenue of \$14,262,120 was in line with the Company's 2010 result.

Explanation for Profit from ordinary activities after tax

The decrease in profit from ordinary activities after tax for the period was in part due to:

- 'One-off' charges including GST assessment \$1,423,122 and costs associated with the increase in the investment in company's Korean subsidiary, NeoICP, of \$899,658 and \$152,224 of non-recurring corporate costs.
- Impairment charges of \$5,787,232 determined by the Directors as part of the review of the business.
- Tax expense of \$1,701,235 includes utilisation of prior year tax losses of \$1,276,933.

For further information, refer to *FY11 Full Year Results Commentary* release dated 29 August 2011.

Explanation for Total Comprehensive Income attributable to the members of the parent entity

The Australian dollar and Korean Won exchange rate has resulted in a decrement for foreign currency translation for the year of (\$893,538) (2010: (\$51,668)).

A fair value revaluation on financial instruments has resulted in a decrement of \$442,000 (2010:nil).

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

No dividends were paid or declared since the start of the financial year and no recommendations for payment of dividends have been made.

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

No dividend reinvestment plans were in operation at the date of this report.

9. NTA backing	2011 (in cents)	2010 (in cents)
Net tangible asset backing per ordinary share*	17.18	15.35

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

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10. Details of entities over which control has been gained or lost

There were no entities over which control has been gained or lost during the year.

11. Details of associates and joint venture entities

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

12. Other significant information

This report is based on accounts which are in the process of being audited.

13. Foreign Entity Accounting Standards

The financial statements for the entity's foreign subsidiary have been compiled in accordance with International Financial Reporting Standards.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011	2010
		\$	\$
Revenues from continuing operations	6	70,344,869	42,433,951
Network expenses	7a	<u>(47,514,649)</u>	<u>(26,560,762)</u>
GROSS PROFIT		22,830,220	15,873,189
Administrative expenses	7b	<u>(12,552,236)</u>	<u>(9,320,004)</u>
EBITDA		10,277,984	6,553,185
Depreciation, amortisation and impairment expenses	7c	<u>(8,076,090)</u>	<u>(2,122,937)</u>
PROFIT BEFORE FINANCING ITEMS		<u>2,201,894</u>	<u>4,430,248</u>
Financial income	7d	165,462	304,095
Financial expense	7d	<u>(444,954)</u>	<u>(490,062)</u>
NET FINANCING COST		<u>(279,492)</u>	<u>(185,967)</u>
PROFIT BEFORE INCOME TAX		1,922,402	4,244,281
Income tax (expense)/benefit	8	<u>(1,701,235)</u>	<u>136,459</u>
PROFIT FOR THE YEAR AFTER INCOME TAX		<u>221,167</u>	<u>4,380,740</u>
OTHER COMPREHENSIVE INCOME			
Movement in foreign currency translation reserve		(893,538)	(51,668)
Fair value revaluation on financial instruments		<u>(442,000)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(1,114,371)</u></u>	<u><u>4,329,072</u></u>
Total comprehensive income attributable to minority interests		3,845,179	1,278,407
Total comprehensive income attributable to the members of the parent entity		<u>(4,959,550)</u>	<u>3,050,665</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(1,114,371)</u></u>	<u><u>4,329,072</u></u>
		Cents	Cents
		per share	per share
Basic profit/(loss) per share*	9	(4.03)	3.90
Diluted profit/(loss) per share*	9	(4.03)	3.90

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

The above consolidated financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated	
		2011	2010
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	10	7,158,369	4,667,514
Trade and other receivables	11	6,845,963	9,238,984
Other investments	12	1,363,047	120,146
Inventory	13	6,186,322	9,415,364
Other assets	14	214,323	614,318
TOTAL CURRENT ASSETS		21,768,024	24,056,326
NON-CURRENT ASSETS			
Trade and other receivables	11	17,513	1,706,023
Intangible assets	15	20,767,164	23,117,233
Financial instruments	16	78,000	-
Other investments	12	1,882,091	611,950
Deferred tax assets	17	1,394,273	1,842,529
Property, plant and equipment	18	5,765,008	5,839,461
Other assets	14	1,852,824	1,069,990
TOTAL NON-CURRENT ASSETS		31,756,873	34,187,186
TOTAL ASSETS		53,524,897	58,243,512
CURRENT LIABILITIES			
Trade and other payables	19	9,641,904	8,648,902
Financial liabilities	20	4,434,038	10,021,195
Provisions	21	223,537	155,179
TOTAL CURRENT LIABILITIES		14,299,479	18,825,276
NON-CURRENT LIABILITIES			
Financial liabilities	20	159,116	440,525
Provisions	21	1,042,465	913,067
TOTAL NON-CURRENT LIABILITIES		1,201,581	1,353,592
TOTAL LIABILITIES		15,501,060	20,178,868
NET ASSETS		38,023,837	38,064,644
EQUITY			
Share Capital	22	53,333,113	49,431,494
Reserves	23	(2,171,652)	(856,453)
Accumulated losses	24	(21,932,482)	(14,740,503)
Parent entity interest		29,228,979	33,834,538
Minority interest	25	8,794,858	4,230,106
TOTAL EQUITY		38,023,837	38,064,644

The above consolidated financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Consolidated	Note	Issued Capital \$	Reserves \$	Accumulated Profit/ (Loses) \$	Parent Entity Interest \$	Minority Interest \$	Total Equity \$
At 1 July 2009		43,248,994	398,544	(19,161,656)	24,485,882	2,951,699	27,437,581
Profit for the year	24	-	-	3,102,333	3,102,333	1,278,407	4,380,740
Issuance of share capital	22	6,407,500	-	-	6,407,500	-	6,407,500
Share issue costs	22	(225,000)	-	-	(225,000)	-	(225,000)
Issuance of share options	23	-	115,491	-	115,491	-	115,491
Transfer to/from reserves	23	-	(1,318,820)	1,318,820	-	-	-
Recognition of foreign currency translation reserve	23	-	(51,668)	-	(51,668)	-	(51,668)
At 30 June 2010		49,431,494	(856,453)	(14,740,503)	33,834,538	4,230,106	38,064,644
Effect of movement in minority interest		-	-	(146,317)	(146,317)	1,209,577	1,063,260
Profit for the year	24	-	-	(3,624,012)	(3,624,012)	3,845,179	221,167
Issuance of share capital	22	3,911,654	-	(3,421,650)	490,004	(490,004)	-
Share issue costs	22	(10,035)	-	-	(10,035)	-	(10,035)
Issuance of share options	23	-	20,339	-	20,339	-	20,339
Revaluation of financial instruments	23	-	(442,000)	-	(442,000)	-	(442,000)
Recognition of foreign currency translation reserve	23	-	(893,538)	-	(893,538)	-	(893,538)
At 30 June 2011		53,333,113	(2,171,652)	(21,932,482)	29,228,979	8,794,858	38,023,837

The above consolidated financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		71,967,316	37,246,120
Cash payments to suppliers and employees		(60,240,390)	(36,650,458)
Interest paid		(431,654)	(490,062)
Interest received		166,424	304,095
		<hr/>	<hr/>
Net cash from operating activities	26ii.	11,461,696	409,695
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to purchase property, plant and equipment		(3,309,176)	(2,373,140)
Payments for development costs		(168,961)	(923,408)
Payments to purchase intangibles		(307,000)	-
Payments to acquire other non-current assets		(715,368)	-
Payments to purchase investments		(364,344)	(197,565)
Payments made to acquire subsidiaries		-	(1,000,000)
Payments as a result of business combination		-	(315,000)
Payments for deposits		-	(43,265)
Proceeds from sale of investments		46,451	-
Loans received from other parties		1,300,000	-
Loans made to other parties		-	(2,424,156)
		<hr/>	<hr/>
Net cash from investing activities		(3,518,398)	(7,276,534)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		7,826,682	13,751,246
Repayment of borrowings		(13,578,560)	(8,968,449)
Proceeds from share issuance		-	4,316,296
Share issue costs		(10,035)	(225,000)
		<hr/>	<hr/>
Net cash from financing activities		(5,761,913)	8,874,093
NET INCREASE/(DECREASE) IN CASH HELD			
		2,181,385	2,007,254
Cash and cash equivalents at 1 July		<hr/> 4,667,514	<hr/> 2,665,521
Effect of foreign exchange fluctuations on cash held		(176,615)	(5,261)
CASH AND CASH EQUIVALENTS AT 30 JUNE	26i.	<hr/> 6,672,284	<hr/> <hr/> 4,667,514

The above consolidated financial statements should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 REPORTING ENTITY

iCash Payment Systems Limited (the 'company') is a company domiciled in Australia. The address of the company's registered office is Level 17, 115 Pitt Street, Sydney, NSW, 2000. The consolidated financial statements of the company as at and for the year ended 30 June 2011 comprise the company and its subsidiaries (together referred to as the "Group"). The Group is a vertically integrated banking technology business specialising in design, manufacture, sale and operating of Automatic Teller Machines (ATMs) and other banking equipment.

2 BASIS OF PREPARATION

a Statement of compliance

The Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A, Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The Preliminary Final Report is presented in Australian dollars and has been prepared on the basis of historical costs except in accordance with relevant accounting policies where assets and liabilities are stated at their values in accordance with relevant accounting policies. The accounting policies adopted in this report are the same as those disclosed in the annual financial report for the year ended 30 June 2010.

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

Various comparative balances have been reclassified to align with current year presentation. These amendments have no material impact on the Financial Statements.

This report is based on accounts which are in the process of being audited.

The preliminary consolidated financial statements were approved by the Board of Directors on 29 August 2011.

b Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

c Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the company's functional currency and the functional currency of the Group.

d Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 15 – Intangible assets
- Note 17 – Deferred tax assets

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been consistently applied by Group entities.

a Basis of consolidation

i Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the company's financial statements, investments in subsidiaries are carried at cost.

ii Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed off.

b Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to Australian dollars at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences are recognised directly in equity through foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

c Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation for 2011 and 2010 is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Property, plant and equipment – 20% (2010: 10%)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

c Property, Plant and equipment (continued)

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses have been recognised in the income statement this year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

d Intangible assets

i Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss. Goodwill is assessed for impairment on an annual basis.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

ii Other intangible assets

Research and development activities

Research

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

d Intangible assets (continued)

ii Other intangible assets (continued)

Research and development activities (continued)

Development activities

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is recognised at cost and will be amortised from the date it is available for use.

Other intangible assets

Other intangibles that are acquired by the Group, which do have finite useful lives, are measured at cost less accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

e Financial instruments

i Non-derivate financial instruments

Non-derivate financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivate financial instruments are recognised initially at fair value plus, for instruments at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivate financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instruments. Financial assets are derecognised if the Group's contractual rights to the cash flow from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all the risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sale of assets. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and Cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in the component or cash and cash equivalents for the purpose of statement of cash flows.

Accounting for finance income and expense is discussed in Note 3(i).

Available-for-sale financial assets

The Group's investment in the equity securities and certain other investments not classified in any other category are classified as Available-for-sale financial assets.

Purchases and sales on investments are recognised on trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e Financial instruments (continued)

i Non-derivate financial instruments (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred out and the company has transferred substantially all the risks and rewards of ownership.

Subsequent to initial recognition, available-for-sale financial assets are carried at fair value to the extent that an active market can be deemed to exist or an appropriate fair value methodology can be determined. Where there is no active market or where there is no other more appropriate valuation technique; cost, less any impairment losses is deemed the most appropriate estimate of fair value. Unrealised gains and losses arising from changes in fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investment revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Other

Other non-derivate financial instruments are measured at amortised cost using the effective interest method, less impairment losses.

ii Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

iii Compound instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

f Inventories

Inventories are valued at the lower of cost or net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on the basis of weighted average costs.

Net realisable value represents the estimated selling price less all estimated costs of completion and cost necessary to make sale.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

g Impairment

i Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

ii Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

h Revenue

i Transaction Fee

Transaction or ATM fee, which is a significant proportion of the revenue for the Group, is recognised in proportion to the stage of completion of the each transaction, i.e. once the transaction occurs on the ATM.

ii Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount can be measured reliably.

iii Services

Revenue from services rendered is recognised when the services are provided, it is probable that future economic benefits associated with the transaction will flow to the entity, and the amount can be measured reliably.

i Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit and loss, using effective interest method

Finance expenses comprise interest expense on borrowings. All borrowings costs are recognised in profit and loss using the effective interest method.

j Employee benefits

Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

k Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

l Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

l Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

m Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from the taxation authority is included as part of receivables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from the taxation authority.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

n Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

o New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report:

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the Group adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.
- IFRS 10 Consolidated Financial Statements introduces a new approach to determining which investees should be consolidated. The amendments, which will become mandatory for the Group's 30 June 2014 financial statements, are not expected to have a significant impact on the Group's financial statements.
- IFRS 11 Joint Arrangements includes requirements if parties have rights to and obligations for underlying assets and liabilities under a joint arrangement. The amendments, which become mandatory for the Group's 30 June 2014 financial statements, are not expected to have a significant impact on the Group's financial statements.
- IFRS 12 Disclosures or Interests in Other Entities contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structure entities. The amendments, which will become mandatory for the Group's 30 June 2014 financial statements. The Group has not yet determined the potential effect of the standard.
- IFRS 13 Fair Value Measurement introduces new fair value measurements. The amendments, which will become mandatory for the Group's 30 June 2014 financial statements. The Group has not yet determined the potential effect of the standard.
- AASB 124 Related Party disclosures (revised December 2009) simplifies and clarifies the extended meaning of the definition of related party and provides a partial exemption from the disclosure requirements for government related entities. The amendments, which will become mandatory for the Groups 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements.
- IAS 1 Presentation of Financial Statement- Presentation of items of Other Comprehensive Income; the IAS will make a number of changes to the presentation of other comprehensive income including presenting separately those items that would never be reclassified to profit or loss and the impact of tax on those items. The amendments application date which will become mandatory for the Groups 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

o New standards and interpretations not yet adopted (continued)

- AASB 1054 Australian Additional Disclosures removes many of the additional domestic disclosures previously required so as to align the requirements of accounting standards for publicly accountable for-profit entities in both Australia and New Zealand. The amendments are effective 1 July 2011 (with early adoption permitted) and are not expected to have a significant impact on the financial statements.

p Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

q Comparatives

Where necessary comparatives have been adjusted to reflect current year disclosures.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

ii Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets. Where this cannot be reliably estimated, management has determined that costs incurred to date are the best estimates of fair value.

In this instance, intangible assets are still tested for impairment and assessed against the recognition criteria as set out in the Australian Accounting Standard to make sure that they are not overstated.

iii Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

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4 DETERMINATION OF FAIR VALUES (continued)

iv Available-for-sale financial assets

Management has determined that no active market exists for the available-for-sale financial assets identified in Note 12. As a result management believes that the best indication of fair value is the cost incurred to date, after assessing for impairment losses.

v Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

vi Share based payments

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

5 SEGMENT REPORTING

The consolidated entity comprises two primary operating segments, being Australia and Korea and in only one business segment, being the manufacture, sale and operation of banking technology equipment.

A corporate segment is reported separately from the Australian operating segment to reflect internal management reporting practice.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

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5 SEGMENT REPORTING (continued)

	Australia		Corporate		Korea		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total external revenue	12,949,747	14,256,356	-	-	57,473,979	32,464,181	(1,391,230)	(4,406,574)	69,032,496	42,313,963
Inter segments revenue	-	-	-	-	-	-	-	-	-	-
Other revenue	1,312,373	142,908	-	-	-	14,907	-	(37,827)	1,312,373	119,988
Total revenue	14,262,120	14,399,264	-	-	57,473,979	32,479,088	(1,391,230)	(4,444,401)	70,344,869	42,433,951
Profit/(loss) before tax	(1,537,681)	4,380,207	(5,695,971)	(1,908,199)	9,496,586	1,772,273	(340,532)	-	1,922,402	4,244,281
Income tax benefit/(expense)	96,247	(528,862)	356,522	(230,394)	(2,154,004)	895,715	-	-	(1,701,235)	136,459
Profit/(loss) for the year	(1,441,434)	3,851,345	(5,339,449)	(2,138,593)	7,342,582	2,667,988	(340,532)	-	221,167	4,380,740
Other comprehensive income	(442,000)	-	(893,538)	(27,492)	-	(24,176)	-	-	(1,335,538)	(51,668)
Minority interest	-	-	-	-	(3,845,179)	(1,278,407)	-	-	(3,845,179)	(1,278,407)
Total comprehensive income attributable to the parent entity	(1,883,434)	3,851,345	(6,232,987)	(2,166,085)	3,497,403	1,365,405	(340,532)	-	(4,959,550)	3,050,665
Assets										
Segment assets	32,527,528	37,310,254	-	-	23,664,824	24,069,416	(2,667,455)	(3,136,158)	53,524,897	58,243,512
Unallocated assets	-	-	-	-	-	-	-	-	-	-
Total assets	32,527,528	37,310,254	-	-	23,664,824	24,069,416	(2,667,455)	(3,136,158)	53,524,897	58,243,512
Liabilities										
Segment liabilities	6,346,899	3,915,845	-	-	11,481,085	17,843,450	(2,326,924)	(1,580,427)	15,501,060	20,178,868
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	6,346,899	3,915,845	-	-	11,481,085	17,843,450	(2,326,924)	(1,580,427)	15,501,060	20,178,868
Capital expenditure	2,640,955	2,107,879	-	-	1,155,012	1,188,669	(317,830)	-	3,478,137	3,296,548
Depreciation & amortisation	769,596	524,338	-	-	1,519,262	1,338,113	-	-	2,288,858	1,862,451
Impairment	2,171,535	-	2,959,863	-	655,834	260,146	-	-	5,787,232	260,146

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		2011	2010
		\$	\$
6	REVENUE		
	Operating Activities		
	Product revenue	53,269,039	28,203,039
	Transaction fees	10,223,423	9,511,116
	Service revenue	5,540,034	4,599,808
	Other revenue	1,312,373	119,988
		70,344,869	42,433,951
		70,344,869	42,433,951
7	EXPENSES		
a	Network expenses		
	Cost of sales	38,261,674	20,577,768
	Transaction based payments	3,468,884	1,558,629
	Cost of service	3,174,016	2,708,142
	Other ATM expenses	2,610,075	1,716,223
		47,514,649	26,560,762
		47,514,649	26,560,762
b	Administrative expenses		
	Legal, consulting and accounting, salary and wages, directors fees, travel and selling expenses	9,424,390	8,924,189
	Superannuation expense	652,842	395,815
	One company transaction corporate costs (i)	899,658	-
	GST expense (ii)	1,423,122	-
	Non-recurring corporate costs	152,224	-
		12,552,236	9,320,004
		12,552,236	9,320,004
	(i) During 2011 iCash continued to incur material expenditure associated with the acquisition of the remaining shares in its Korean subsidiary NeoICP Korea Inc. On the 1st June 2011 the Directors announced the timing of this should be completed in first half 2012. The costs associated with this activity during year of \$899,658 are non-recurring.		
	(ii) As previously disclosed, legislative change from March 2009 gave rise to a significant change in the method adopted by ATM operators with regard to GST. During 2011 iCash provided full disclosure to the ATO and finalised an assessment of \$1,423,123. This amount is recognised in full this financial year.		
c	Depreciation, amortisation and impairment expenses		
	Depreciation and amortisation of non-current assets	2,288,858	1,862,451
	Impairment (i)	5,787,232	260,486
		8,076,090	2,122,937
		8,076,090	2,122,937

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7 EXPENSES (continued)

c Depreciation, amortisation and impairment expenses (continued)

- (i) Immediately prior to the end of the financial year a detailed business review was finalised. This report highlighted that the carrying value and the period of amortisation of field deployed assets was no longer reflective of the business environment.

Technology enhancements and regulatory change are resulting in the life cycle of deployed ATM's reducing significantly.

Additionally, the realignment of the business to focus on new markets has resulted in the Board taking several non- recurring charges over assets associated with previous market entries into China and New Zealand.

	Australia	Korea	Total
Stock - China	370,800	-	370,800
Intangible assets-development activities	584,181	-	584,181
Intangible assets-other	487,929	655,834	1,143,763
Property, plant and equipment	1,880,619	-	1,880,619
BCT loan	1,669,644	-	1,669,644
Other non-current assets	138,225	-	138,225
	5,131,398	655,834	5,787,232

	2011	2010
	\$	\$
d Financing cost		
Interest received	165,462	304,095
Interest paid	(444,954)	(490,062)
	(279,492)	(185,967)

8 INCOME TAX EXPENSE/(BENEFIT)

The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax as follows:

Prima facie income tax expense calculated at 30% on the profit from ordinary activities (2010: 30%)	576,721	1,273,284
Tax effect of:		
Non-deductible items	549,006	75,547
Effect of tax rates in foreign jurisdictions	(759,729)	(265,841)
Timing differences	58,304	(122,466)
Prior year tax losses utilised	1,276,933	(195,959)
Prior year tax losses not brought into account	-	(901,024)
Total income tax expense/(benefit)	1,701,235	(136,459)

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	2011	2010
	\$	\$
8 INCOME TAX EXPENSE/(BENEFIT) (continued)		
Deferred tax expense/(benefit)	58,304	1,348,832
Current tax expense	<u>1,642,931</u>	<u>(1,212,373)</u>
	<u><u>1,701,235</u></u>	<u>136,459</u>
9 EARNINGS PER SHARE		
	Cents	Cents
	per share	per share
Basic profit/(loss) per share*	(4.03)	3.90
Diluted profit/(loss) per share*	(4.03)	3.90
Net profit/(loss)	(3,624,012)	3,102,333
Profit used in the calculation of basic EPS and diluted EPS*	<u>(3,624,012)</u>	<u>3,102,333</u>
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS*	<u>89,882,407</u>	<u>79,287,008</u>
 **Post consolidation shares. The numbers reported for the prior period have been adjusted and restated.		
	2011	2010
	\$	\$
10 CASH AND CASH EQUIVALENTS		
Current		
Cash on hand	1,300	1,300
Cash at bank	<u>7,157,069</u>	<u>4,666,214</u>
	<u><u>7,158,369</u></u>	<u>4,667,514</u>
11 TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	6,193,848	7,057,161
Provision for doubtful debts	(75,883)	(77,198)
Other debtors	<u>727,998</u>	<u>2,259,021</u>
	<u><u>6,845,963</u></u>	<u>9,238,984</u>

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	2011	2010
	\$	\$
11 TRADE AND OTHER RECEIVABLES (continued)		
Non-current		
Other debtors	215,989	217,775
Loan to BCT (i)	1,669,644	1,684,245
Provision for doubtful debts	(1,868,120)	(195,997)
	17,513	1,706,023
(i) Refer to note 7 (c) (i)		
12 OTHER INVESTMENTS		
Current		
Available-for-sale		
Other short-term investments (i)	63,047	120,146
Investing deposit (ii)	1,300,000	-
	1,363,047	120,146
Non-Current		
Available-for-sale		
Other	1,882,091	611,950
	1,882,091	611,950
(i) Other short-term investments are used as security for some of the consolidated entity's short-term liabilities		
(ii) Prepayment made for the right to purchase shares in NeoICP Korea Inc., as part of the 'One-Company' transaction		
13 INVENTORY		
Inventories (i)	6,912,444	9,664,610
Provision for obsolescence	(726,122)	(249,246)
	6,186,322	9,415,364
(i) Refer to note 7 (c) (i)		
14 OTHER ASSETS		
Current		
Prepayments	146,923	614,318
Lease receivable	67,400	-
	214,323	614,318

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	2011	2010
	\$	\$
14 OTHER ASSETS (continued)		
Non-current		
Security	442,284	428,982
Deferred commission and referrals (i)	1,014,633	502,422
Lease receivable	269,600	-
Other	126,307	138,586
	1,852,824	1,069,990
	1,852,824	1,069,990
(i) Deferred commission and referrals		
At Cost	1,267,708	552,340
Less: Amortisation	(253,075)	(49,918)
	1,014,633	502,422
	1,014,633	502,422
<i>Movements in carrying amount</i>		
Balance at the beginning of the year	502,422	219,429
Additions	715,368	318,590
Amortisation	(64,932)	(35,597)
Impairment (ii)	(138,225)	-
	1,014,633	502,422
	1,014,633	502,422
(ii) Refer to note 7 (c) (i)		
15 INTANGIBLE ASSETS		
Non-Current		
Goodwill	13,934,226	13,934,226
Other intangible assets	5,697,477	7,770,365
Other intangible assets – development activities	-	584,181
ATM Network - Others	1,135,461	828,461
	1,135,461	828,461
	20,767,164	23,117,233
<i>Movements during the year</i>		
Goodwill		
Balance at July 1	13,934,226	12,239,660
Acquisitions through business combinations	-	1,694,566
Impairment losses	-	-
	13,934,226	13,934,226
	13,934,226	13,934,226

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	2011	2010
	\$	\$
15 INTANGIBLE ASSETS (continued)		
Other intangible assets		
Balance at July 1	7,770,365	4,157,547
Additions during the year	168,961	4,923,909
Exchange differences	(262,109)	-
Amortisation	(835,977)	(1,159,985)
Impairment (i)	(1,143,763)	(151,106)
	5,697,477	7,770,365
Other intangible assets – Development activities		
Balance at July 1	584,181	584,181
Additions during the year	-	-
Impairment (i)	(584,181)	-
	-	584,181
ATM Network - Other		
Balance at July 1	828,461	828,461
Additions during the year	307,000	-
Impairment	-	-
	1,135,461	828,461
(i) Refer to note 7 (c) (i)		
16 FINANCIAL INSTRUMENTS		
Non-current		
At cost	520,000	-
Revaluation decrement during the year (i)	(442,000)	-
	78,000	-
(i) Refer to note 23		
17 DEFERRED TAX ASSETS		
Non-current		
Provision	782,316	73,197
Tax loss	611,957	1,769,332
	1,394,273	1,842,529

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	2011	2010
	\$	\$
17 DEFERRED TAX ASSETS (continued)		
Unrecognised deferred tax losses		
Deferred tax assets have not been recognised in respect of the following items:		
Deductible temporary differences	-	-
Tax losses	1,372,695	-
	1,372,695	-
	1,372,695	-

The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

18 PROPERTY, PLANT AND EQUIPMENT

Non-Current

Property, plant and equipment

At cost	12,941,187	10,069,639
<i>Less:</i> Accumulated depreciation and impairment	(7,176,179)	(4,230,178)
	5,765,008	5,839,461
	5,765,008	5,839,461

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Balance at the beginning of year	5,839,461	4,400,832
Additions	3,309,716	2,373,140
Dispositions	(8,724)	-
Assets acquired as a result of business combination	-	256,858
Transfer to other non-current assets	-	(318,590)
Exchange differences	(126,353)	-
Impairment (i)	(1,880,619)	-
Depreciation	(1,368,473)	(872,779)
	5,765,008	5,839,461
	5,765,008	5,839,461

(i) Refer to note 7 (c) (i)

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	2011	2010
	\$	\$
19 TRADE AND OTHER PAYABLES		
Current		
<i>Unsecured liabilities</i>		
Trade creditors	5,597,176	6,801,946
Sundry creditors and accrued expenses	4,044,728	1,846,956
	9,641,904	8,648,902
	9,641,904	8,648,902
20 FINANCIAL LIABILITIES		
Current		
Bank overdraft (i)	486,085	-
Short-term borrowings (ii)	3,847,681	8,688,850
Convertible bonds	-	1,332,345
Other financial liabilities	100,272	-
	4,434,038	10,021,195
	4,434,038	10,021,195
Non-Current		
Long-term borrowings and payables (iii)	159,116	440,525
	159,116	440,525
(i) Bank overdraft relates to drawn Australian balance of overdraft facility of \$2,000,000.		
(ii) Short-term borrowings – debt facilities with interest rates ranging from 3.73% to 8.44%		
(iii) Long-term borrowings & payables – interest rates on long-term borrowings ranges from 4.25% to 4.43%		
21 PROVISIONS		
Current		
Provision for holiday pay	223,537	155,179
	223,537	155,179
Non-current		
Provision for retirement benefits	1,042,465	913,067
	1,042,465	913,067

Nature and purpose of Provisions

Provision for holiday pay

Provision for holiday pay 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 in the company.

iCASH PAYMENT SYSTEMS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

22 ISSUED CAPITAL

	Consolidated		Consolidated	
	June 2011 Shares*	June 2010 Shares*	June 2011 \$	June 2010 \$
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 (i)	6,985,096	-	3,911,654	-
February 2010 (ii)	-	3,300,000	-	1,802,500
November 2009 (iii)	-	9,000,000	-	4,500,000
October 2009 (iv)	-	1,050,000	-	105,000
Share issue costs	-	-	(10,035)	(225,000)
Rounding due to consolidation	-	145	-	-
Balance at the end of the period	92,331,975	85,346,879	53,333,113	49,431,494

(i) In November 2010 6,985,096 ordinary shares were issued at 56 cents per share.

(ii) In February 2010, 3,050,000 ordinary shares were issued at 55 cents per share and 250,000 ordinary shares were issued at fair value of 50 cents per share.

(iii) In November 2009, the company raised \$4,500,000 through placement of 9,000,000 ordinary shares at 50 cents per share.

(iv) In October 2009, 1,050,000 shares were issued at 10 cents per share raising \$105,000.

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

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its issued shares.

	2011 \$	2010 \$
23 RESERVES		
Equity options reserve	270,248	249,909
Foreign currency translation reserve	(1,999,900)	(1,106,362)
Revaluation reserve	(442,000)	-
	(2,171,652)	(856,453)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

23 RESERVES (continued)

Nature and purpose of Reserves

Equity options reserve

The equity options reserve represents the options issued at fair value on grant date.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustained foreign operations.

Revaluation reserve

The revaluation reserve represents the movements in fair value of the financial instruments.

Movements during the year

Equity options reserve

Balance at July 1	249,909	1,453,238
Transfer to accumulated losses	-	(1,318,820)
Movement during the year (i)	20,339	115,491
	<hr/>	<hr/>
Balance at June 30	270,248	249,909
	<hr/> <hr/>	<hr/> <hr/>

(i) Movement of \$20,339 represents the re-valuation of options granted on 24 February 2010.

Foreign currency translation reserve

Balance at July 1	(1,106,362)	(1,054,694)
Movement during the year	(893,538)	(51,668)
	<hr/>	<hr/>
Balance at June 30	(1,999,900)	(1,106,362)
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Revaluation reserve

Balance at July 1	-	-
Movement during the year (i)	(442,000)	-
	<hr/>	<hr/>
Balance at June 30	(442,000)	-
	<hr/> <hr/>	<hr/> <hr/>

(i) Refer to note 16.

24 ACCUMULATED LOSSES

Balance at July 1	(14,740,503)	(19,161,656)
Effect of movement in minority interest	(146,317)	-
Acquisition of economic interest in subsidiary by issue of shares	(3,421,650)	-
Transfer from equity options reserve	-	1,318,820
Profit for the year	(3,624,012)	3,102,333
	<hr/>	<hr/>
Balance at June 30	(21,932,482)	(14,740,503)
	<hr/> <hr/>	<hr/> <hr/>

iCASH PAYMENT SYSTEMS LIMITED
ABN 87 061 041 281
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
25 MINORITY INTERESTS		
Minority interest in controlled entities comprise		
Share capital	5,493,063	4,285,582
Accumulated losses	3,301,795	(55,476)
	8,794,858	4,230,106
	8,794,858	4,230,106
26 NOTES TO THE CASH FLOW STATEMENTS		
i. Reconciliation of cash		
Cash at bank and on hand	7,158,369	4,667,514
Overdraft	(486,085)	-
	6,672,284	4,667,514
	6,672,284	4,667,514
ii. Reconciliation of net cash from operating activities		
Profit for the period	221,167	4,380,740
Non-cash flows in profit from ordinary activities:		
Depreciation and amortisation expense	2,288,858	2,214,779
Impairment and write-off of assets	5,787,232	-
Income tax benefit	433,047	(141,768)
Share options expense	20,339	240,491
Other non-cash movements	11,154	56,664
Foreign exchange	(64,635)	243,752
<i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries</i>		
Change in trade and term debtors	(228,341)	(4,758,161)
Change in prepayments and other debtors	(443,575)	(282,217)
Change in inventory	2,470,991	(6,106,585)
Change in current investments	(91,109)	-
Change in trade creditors	565,908	4,449,948
Change in provisions	(250,667)	103,028
Change in employee entitlements	741,327	9,024
	11,461,696	409,695
	11,461,696	409,695

27 CONTINGENT LIABILITY

The Group is not aware of any contingent liabilities at reporting date.

28 EVENTS SUBSEQUENT TO REPORTING DATE

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

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

CORPORATE INFORMATION

iCash Payment Systems Limited

ABN 87 061 041 281

Directors

Mr James Andrew Manny - Executive Chairman, Executive Director
Mr Sin Pyng (Tony) Teng - Director
Mr Kyung Shik (Steve) Ham - Executive Director
Mr Kim Adrian Stewart - Executive Director
Mr Barry George Sechos - Non Executive Director

Company Secretary

Mr Sin Pyng (Tony) Teng

Registered and Corporate Office

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