ASX Release
30 August 2017

APPENDIX 4E
Preliminary Final Report

The Board of Stargroup Limited (**"Stargroup"**, ASX:STL) is pleased to announce its preliminary final report for the year ended 30 June 2017.

Please see attached the Appendix 4E Preliminary Final Report lodged with the ASX.

RESULTS SUMMARY	FY 2017 $	FY2016 $	Change $	Change %
Revenue from ordinary activities	8,358,080	3,659,418	4,698,662	128
EBITDA	(1,021,088)	(151,000)	(870,088)	576
NPAT	1,938,308	(1,258,193)	3,196,501	254
Earnings per share (cents)	0.31	(0.37)	-	-
Total Assets	33,940,689	18,435,641	15,505,048	84
Net Assets	19,955,402	14,516,602	5,438,800	37
Cashflow from Operating Activities	1,378,290	(1,501,025)	2,879,315	192

The financial information provided in this report remains subject to finalisation of the audit process.

FURTHER INFORMATION

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stargroup

STARGROUP LIMITED

ABN: 87 061 041 281
and Controlled Entities

APPENDIX 4E

PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2017

APPENDIX 4E

ASX INFORMATION – 30 JUNE 2017

CONTENTS

1. Reporting period: Year ended 30 June 2017

   Previous corresponding period: Year ended 30 June 2016

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from continuing operations	Up	128.4%	to	$8,358,080 (2016: $3,659,418)
Profit (Loss) from continuing operations after tax	Up	254.1%	to	$1,938,308 (2016: ($1,258,193))
Profit (Loss) for the year after tax	Up	254.1%	to	$1,938,308 (2016: ($1,258,193))
Profit (Loss) for the year after tax attributable to members of the parent entity	Up	254.1%	to	$1,938,308 (2016: ($1,258,193))

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

On 5 July 2016, Stargroup Limited completed the capital raising and acquisition of the Cash My ATM network which from 1 June 2016 added 95 ATMs to the network, taking its total ATM network to 348 machines at 30 June 2016. This network was acquired for $4,454,017 with the consideration being satisfied by the payment of $4,008,615 in cash and the balance by the issue of 8,908,060 new fully paid STL shares to the vendor, namely Mr Jason Warren, at $0.05 per share which was above the current market price at the time.

On 8 July 2016, Stargroup achieved its 10th record quarter of revenue in a row with a 242% increase in annual revenue in the FY16 year when compared to the FY15 year.

On 8 July 2016, Stargroup Limited announced that it had agreed to place 5,000,000 fully paid ordinary shares in the Company at $0.036 per share to existing shareholders to raise $180,000 which was largely to take the total shares on issue on a fully diluted basis to 650,000,000 shares.

On 1 August 2016 Stargroup Limited announced that it had changed its auditor from Nexia Court & Co (who operated in Sydney) to Nexia Perth Audit Services Pty Ltd to coincide with the head office relocation from Sydney to Perth that had occurred in late 2015 as part of the reverse takeover of iCash Payment Systems Limited by Stargroup Limited.

On 11 August 2016, NeoICP Korea Inc, a private South Korean Company that Stargroup owns 11.28% of, announced their full year results with all key financial metrics being significantly up on the FY15 results and the payment of a maiden dividend from NeoICP to Stargroup.

On 18 August 2016, Stargroup Limited announced that the Company had issued 2,500,000 fully paid ordinary shares which represented the 2016 performance shares which were issued to key management personnel which vested some six months earlier than expected. These performance shares were approved by members of the Company at the extraordinary general meeting held on 29 July 2015.

On 25 August 2016, Stargroup Limited announced the resignation of Mr Shaun Sutton, the Chief Operating Officer and and an Executive Director, due to ill health and appointed Mr Evan McGregor to the Board.

On 30 August 2016, Stargroup Limited announced that 56,285,714 ordinary shares were released from voluntary escrow and these shares were originally subject to voluntary escrow for a 12 month period from the date of their issue which was 7 August 2015 and these shares were held by nominees of Mr Todd Zani, the Company CEO and Executive Chairman and nominees of major shareholder Mr Arthur Ognenis.

On 30 August 2016, Stargroup Limited announced a five year distribution agreement deal for EFTPOS terminals and software with West International AB via its 100% owned subsidiary, StarApps Pty Ltd, to release next generation payment solutions and applications in Australia and New Zealand.

On 13 September 2016, Stargroup Limited signed a 3 year, $15million, ATM Cash Convenience Agreement with Goldfields Money which significantly lowered the cash costs of the Group. Stargroup, via Star Payment Systems, also agreed to provide Goldfields Money with its own state of the art ATM machines to service customers in remote locations where major banks have withdrawn banking services and successfully installed the "bank in a box" Recycler ATM in the Goldfields Money branches. Stargroup also agreed to partner with Goldfields money and roll out "star labelled" financial products to its customers.

On 28 September 2016, Stargroup announced that it had diversified and signed an exclusive MOU to acquire from Indue Limited an ATM switching, settlement, processing, telecommunications and ATM reseller business which included 70 ATM Deployers, 1,700 ATMs, 1,350 modems and approximately 12,000,000 transactions per annum. The consideration payable was $6.5million, payable in cash and the acquisition was to be fully funded via debt with an intended completion date of 31 December 2016.

On 5 October 2016, Stargroup Limited announced its 11th record quarter of revenue with 51% growth in quarterly revenue.

On 2 December 2016, Stargroup Limited announced it had signed the Asset Sale Agreement with Indue Limited to acquire the ATM Businesses and that it had secured a $15million funding facility to fund the Indue acquisition and other acquisitions from a Sydney credit provider.

On 4 January 2017, Stargroup Limited announced it had achieved another record quarter of revenue, its 12th in a row, with a 218% improvement in 2016 YTD ATM revenue compared to the 2015 YTD ATM revenues generated.

On 13 January 2017, Stargroup Limited announced that all agreements had been executed with Indue and that the transaction was proceeding on an unconditional basis and an expected completion date of 24 January 2017.

On 25 January 2017, Stargroup Limited announced that the settlement of Indue had not completed on 24 January 2017 but the transaction was still processing on an unconditional basis.

On 20 February 2017, Stargroup Limited announced that the funding from the Sydney credit provider was not available on 24 January 2017 and as a result Stargroup had agreed with Indue to further extend the completion date to no later than 13 March 2017 and that the Sydney credit provider was required to pay a 5% non-refundable deposit ($325,000) to Indue which would be forfeited by the Sydney credit provider if the acquisition was not completed on or before 13 March 2017.

On 28 February 2017, Stargroup Limited announced its half year results with revenues up 228%.

On 15 March 2017, Stargroup Limited further announced to the market an update regarding the Indue ATM business acquisition update and that the 5% non-refundable deposit paid by the Sydney credit provider had been forfeited to Indue as the transaction was not completed on 13 March 2017.

On 28 March 2017, Stargroup Limited announced that it had entered into a deed of variation with Indue Limited to vary the terms of the acquisition, which included the payment of a further 5% non-refundable deposit ($325,000) and the payment of a further $2,600,000 on or before 14 April 2017 and the balance of the consideration to be due and payable on or before 28 April 2017. The Board also agreed to commercial terms with a major shareholder to provide loan funds of $3,000,000 for a period of two years to assist in the finalisation of the acquisition.

On 5 April 2017, Stargroup Limited announced that it had achieved its 13th record quarter of revenue with a 297% improvement in 2017 YTD revenue compared to the 2016 YTD total revenue and a further 11% increase in quarterly revenue over the prior quarterly revenue.

On 11 April 2017, Stargroup Limited announced that it had made a $2,600,000 part payment to Indue Limited in relation to the purchase of the ATM businesses and that the balance of the consideration was due and payable on or before 28 April 2017.

On 27 April 2017, Stargroup Limited went into a trading halt and on 1 May 2017 announced that it had successfully raised capital of $3.35million in an oversubscribed placement to sophisticated investors and a number of existing shareholders with the funds being used to finalise the Indue ATM businesses acquisition. The Appendix 3B announced on 4 May 2017 showed that the Company actually issued 129,642,865 new fully paid ordinary shares at an issue price of $0.028 per share in a placement to new high net worth and institutional investors, increasing the total amount raised to $3,615,850. Further, directors elected to participate in the capital raising for an additional amount of $112,000 and under the placement and subject to shareholder approval, investors would also receive one attaching option for every share subscribed for, with each option exercisable at $0.05 and expiring on or before 30 November 2018, increasing the total amount raised to $3,727,850.

On 8 May 2017, Stargroup Limited announced that it had successfully executed the Indue transaction on 5 May 2017 and that there was a greater than 30% increase in the scale of the assets acquired with 2,414 ATMs under management (previously 1,700) and processing approximately 16 million transactions a year (previously 12 million).

On 18 May 2017, Stargroup Limited announced that it has successfully doubled the value of the ATM Cash Convenience Agreement with Goldfields Money from $15 million to $30 million.

On 1 June 2017, Stargroup Limited announced that it had further increased its ATM network by 35% by acquiring the Fast Cash ATM network which would add a further 134 ATMs to its network, taking the number of active ATMs owned by the Group to over 500 ATMs, processing some 4.5 million transactions per year with annualised revenues of greater than $13.5million. This increased the ATM brands owned by the ATM division of Stargroup to now include Star Payments, StarATM, Cash My ATM and Fast Cash. The acquisition was fully funded by way of a $7.5million funding facility with the Sydney credit provider and was completed on 1 June 2017.

On 20 June 2017, Stargroup Limited advised that 8,908,060 ordinary shares were released form voluntary escrow and these represented the vendor shares issued to Mr Jason Warren, the owner of the Cash My ATM business, which was acquired on 20 June 2016 and which were voluntarily escrowed for a 12 month period.

On 26 June 2017, Stargroup announced that the 2017 Performance Shares had vested and 1,875,000 fully paid ordinary shares were issued to the nominee of Mr Todd Zani, Mr Jason Warren and NeoICP Korea Inc and this represented the second tranche of a four tranche performance share tranche approved by the members of the Company at the extraordinary general meeting on 29 July 2015. The milestone for the second tranche was the installation of 500 ATMs and annualised earnings of $5 million and that at the date of the announcement, the Company had more than 500 active ATMs and the total revenues year to date were more than $9 million which was well above the revenue milestone set for the key management personnel.

On 26 June 2017, Stargroup Limited announced that it had breached ASX Listing Rule 10.11, in that as part of the rights issue undertaken to finance the acquisition of the Cash My ATM Network in June 2016, Stargroup made a placement of 8,541,276 ordinary shares to the CEO and Executive Chairman and interests associated with him as part of the rights issue placement, top up facility placement and shortfall placement at 3.6 cents. Further, more recently in May 2017 the Company also issued 4,000,000 ordinary shares to interests associated with Mr Todd Zani at 2.8 cents per share. The ASX determined that Mr Todd Zani could not participate in the top up facility and shortfall placement facility, despite the legality of an underwriting agreement, without shareholder approval under listing rule 10.11 and therefore 4,498,732 ordinary shares together with the 4,000,000 ordinary shares issued in June 2017 would be required to be sold on market.

These shares were almost immediately sold and reacquired by Mr Zani and Mr Zani and interests associated with him did not profit from the Placements and on 29 June 2017 the Company announced that it had completed the corrective action required to be undertaken by the ASX which was directed to be undertaken by the Company by no later than 31 July 2017.

On 14 July 2017, Stargroup Limited announced that it had achieved another record quarter of revenue, its 14th in a row and that it was a 164% improvement on the revenue compared to the 2016 YTD total revenue and a further 12% improvement on the prior quarterly revenue.

On 15 August 2017, Stargroup Limited announced that it launched the release of some new products including the casino table deposit solution, the foreign exchange machines and ticket in and ticket out redemption terminals manufactured by NeoICP Korea Inc. at the Australasian Gaming Expo which is the world's third largest gaming expo. Stargroup Limited is looking to distribute these technologies in Australia and New Zealand and to also explore further international distribution opportunities.

The Company has continued to build on the remarkable transformational period of the 2016 financial year with another remarkable year in 2017 and the further vertical integration of the Indue ATM businesses in May 2017 has significantly increased the Company's presence in the independent ATM deployer ("IAD") market in Australia and has put Stargroup clearly in the 2nd largest IAD position in Australia.

As at 30 June 2017 Star Payments had 509 active ATMs (30 June 2016 : 348 active ATMs) and was processing in excess of 3,500,000 annualised transactions (2016 : 2,400,000 annualised transactions). Further, to this, StarLink is now performing the daily processing on behalf of 70 ATM Deployers, including Star Payments and in total is managing over 2,400 ATMs processing greater than 17 million annualised transactions (up from the 12 million annualised transactions advised in December 2016 and up from the 16 million annualised transactions advised in May 2017).

3. Explanation for revenue

The Group's revenue from continuing operations of $8,358,080 can be explained by reference to the following four operational areas:

Star Payment Systems – ATM Deployment in Australia

The business has increased the number of active ATMs from 348 at 30 June 2016 to 509 active ATMs at 30 June 2017. As a result the annualised transactions have increased from 2,400,000 transactions to well over 3,600,000 annualised transactions which is a 50% improvement.

The revenue for the year ended 30 June 2017 from this division was $6,955,254 (2016: $3,357,751) which was a 107% increase on the prior year result.

The key metrics of this business, namely the average number of transactions per machine, per month continued to outperform the number one IAD in Australia, with the Star Payments yearly average of 595 transactions per machine, per month continuing to beat our largest competitor by greater than 15%.

StarATM – ATMs, ATM Software and Support Sales

Stargroup Limited via its subsidiary, StarATM Pty Ltd, put in a concerted effort in 2017 to regain market confidence in the CashPod ATM range of ATMs and software manufactured by NeoICP Korea Inc.

StarATM is the exclusive distributor of these technologies in Australia and the confidence in the market in this product was poor in the 2014 and 2015 years and in the 2015 year, in particular, the sales of these products was only $159,449 (2014 : $342.418)

We are pleased to advise that the market confidence in this product has significantly increased to the point where the revenue generated from this division in 2017 was $1,004,153 (2016: $211,633) which is a 374% improvement on the 2016 result.

Stargroup anticipates further increases in revenue from this division in the 2018 year on the back of the return in market confidence of the product and the further need for a number of ATM deployers that have previously acquired the CashPod ATM range during the 2000's to have their hardware upgraded for the new EMV requirements and legislative changes occurring in the industry.

Historically in excess of 4,000 ATMs have been distributed into Australia and more than 95% of these will require both hardware and software upgrades to be fully compliant with the new EMV requirements as part of minimizing the fraud risk on hardware deployed in the region. During the year StarATM assisted a large customer with upgrading in excess of 1,250 ATMs in their ATM fleet that required such an upgrade.

Stargroup has also successfully deployed the Recycling ATM ('RATM') in the 2017 year in partnership with approved deposit taking institution, Goldfields Money, at its branches and is working closely with Goldfields Money to transform their regional branches and further support regional banking in Western Australia. Goldfields are marketing the ATM as a "Super ATM".

Stargroup has also more recently displayed and launched at the Australasian Gaming Expo in Sydney the casino table deposit solution, foreign exchange machines and ticket in and ticket out redemption terminals manufactured by NeoICP as part of further expanding the vertical markets that StarATM will be able to operate in, in the 2018 financial year. StarATM will look to distribute these products in Australia whilst also looking at international distribution opportunities on the back of the interest expressed at the Expo.

StarPOS and StarApps – EFTPOS revenues

The business commenced the deployment of EFTPOS facilities in the 2016 year by virtue of a wholesale EFTPOS/payWave agreement it signed with the world's leading payment processing Company, namely First Data, whom provide the EFTPOS terminals and switching processing of the EFTPOS terminals sold and distributed by StarPOS.

As announced in November 2015, StarPOS was looking to develop a unique software development required for the rollout to the business customers of Anthem and ClaimCo as part of a joint venture agreement signed with them but this has not occurred as the development has not been commenced with First Data and their technology partner. The high level estimate provided by First Data and its technology partner to develop this software on behalf of the Company was not considered reasonable and the Board looked at alternatives to progress this development further.

The Board announced in August 2016 that it had secured the rights to acquire the same terminal as provided by First Data but more importantly it had secured the software rights to the source code inside the EFTPOS terminal to facilitate the development of the unique software and opportunities available to the Group. Further, the costs of this certification are being borne by West International AB. As a result a distribution agreement was signed with the NASDAQ listed West International AB to certify the hardware and software in the region and to distribute it to the greater than 50,000 customer base of its joint venture partner on an as soon as practicable basis.

The Board reviewed a number of suitable processing partners to certify the hardware and software secured from West International AB but at the date of this report the certification process has not been finalized. The Board expects the certification of the terminals and software will be concluded in November 2017 with a pre-Christmas launch of the StarApps/StarPOS branded product and in the background is still working with its joint venture partners to ensure that the integration and unique software developments are running in parallel to the EFTPOS terminal and software certification.

Given the significant delay in the certification the joint venture costs were impaired by the Board at 30 June 2017.

The Board will keep its shareholders informed of those developments but at 30 June 2017 the revenues from this Division were only $39,656 (2016 : $20,061). As a result this division has suffered a loss in the 2017 year of $35,186 (2016 : loss of $32,494).

StarLink – ATM processing, switching and telecommunication revenues

Stargroup Limited via its subsidiary, StarLink Pty Ltd, acquired the Indue ATM businesses on 5 May 2017 and the revenues from this division for the 2017 year were $334,576 and its costs of providing such services were $135,981, resulting in a gross profit from this division of $198,595 in the short period the business was owned by StarLink.

As advised to the market on 8 May 2017, the scale of the Indue asset base acquired since the transaction was originally announced was more than 30% larger than expected. At the time of settlement Indue had 2,414 ATMs under management (previously advised 1,700) and was processing approximately 15,922,920 (previously advised 12,000,000).

The Board is pleased to advise that at the date of this report the number of annualised transactions from this division is now in excess of 17,000,000 transactions and that the integration and management of these businesses has been an excellent success.

StarLink has already been successful in attracting new ATM deployers to Starlink and the vertical integration of this business has also further reduced some key operating costs to Star Payments by a further 15%.

StarLink is looking to provide additional services to the 70+ ATM Deployers and is in the process of developing for release a fully integrated customer relationship management software for use by the ATM Deployers, called StarHub which is an advanced version of the software used by the Group called StarBASE. This will be marketed and commercialized in the 2018 financial year with some of the new Deployers signed to StarLink already taking up of the offer of the use of this cloud based software offering.

The Group has also been advised that the costs incurred in the development of StarHub and the StarApps certification may be eligible for refunds to the Group under the Australian Taxation Office research and development rules. The Board will keep shareholders informed of these developments but will only bring such refund to account, when received.

4. Explanation for profit after tax for the year

Stargroup – ATM Deployment and ATM, ATM Software and Support Sales

The Group has made a profit (loss) after tax of $1,938,308 (2016: ($1,258,193)). The profit is attributable to the following major income and expenses:

- The Company has recorded an income tax benefit of $6,632,946 during the financial year which represents the total 27.5% (2016 : 30%) tax benefit of the carried forward income tax losses of the Group of $19,571,443. The Group also has significant carried forward capital losses of $10,899,364 and the Company has obtained a tax ruling in relation to the ability to carry forward these income tax losses and capital losses and it has had advice that it satisfies both the same business test and continuity of ownership tests which are the major tests required to be satisfied to recognize these losses. In order to utilize these losses a Company need only satisfy one of those tests but the Board wishes to advise that the Company actually satisfies both of the tests applied to carry forward these losses.

  Traditionally, the carry forward tax losses were removed from the accounts of iCash Payment Systems Limited as a result of the uncertainty of that Company continuing as a going concern.

  The Board has seen a significant transformation in the business since the reverse takeover of iCash in August of 2015 and the Company has raised in excess of $17,000,000 to fund acquisitions during the last two years. Further, the recent acquisitions of the Indue ATM Businesses and the integration of the Fast Cash ATM Network into the business will see the revenues of the business significantly increase again in the 2018 year and a 3 year model has been prepared for the business by the Board and therefore there are no concerns about going concern by the Board and therefore the Board believes it is reasonable to recognize these tax benefits as at year end.

- The investment in NeoICP has been revalued upward during the 2017 year by $633,661 and this is on the back of an upward net revaluation of $1,061,632 in the 2016 year after taking into account the agreed buy back as part of the reverse takeover acquisition between iCash and Stargroup in August of 2015. The Board has commissioned independent valuations of the investment for the revaluation amounts in the half year accounts and prior year accounts and during the course of the acquiring of the Indue ATM Businesses, NeoICP Korea Inc provided a $3,000,000 advance over a 2 year period with an interest rate of 10% and as part of this arrangement, an equity pledge was provided to NeoICP Korea Inc, whereby the shares held by the Company in NeoICP Korea Inc could be taken at $2,000 KRW per share, if the Company defaulted on the payment of the interest and repayment of the loan. Accordingly, the investment has been revalued to represent the amount realisable based on $2,000 KRW per share in the current annual accounts. The Board understands that it is the intention of NeoICP

Korea Inc to publicly list its shares on an exchange in the next twelve to eighteen months and the Company will be assisting in this regard and believes that the $2,000 KRW per share valuation is reasonable and that the eventual listing of its securities on an exchange will see a significantly higher valuation of the shares owned by the Company.

- The Company has recorded a $325,000 gain in relation to the forfeiture of a 5% deposit made by the Sydney credit provider that was involved in the proposed funding of the Indue ATM Businesses acquisition. As advised to the market on 20 February 2017, the delay in the settlement of the Indue acquisition resulted in the payment of a $325,000 non-refundable deposit by the Sydney credit provider as part of a proposed $15mil facility to fund this acquisition and other acquisitions for the Group. The Sydney credit provider failed to settle the transaction on or before 13 March 2017 and therefore the deposit was forfeited but Stargroup was successful in negotiating this payment as still being a part payment to Indue for the full settlement of the acquisition which occurred on 8 May 2017.

- In the 2016 year, the Company recorded a discount on acquisition in relation to the reverse takeover acquisition of Stargroup Investments Limited of $879,966 (refer Note 6) as part of the reverse take over of iCash Payment Systems Limited.

5. Details of dividend reinvestment plans in operation

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

6. NTA backing

	2017 (in cents)	2016 (in cents)
Net tangible asset backing per ordinary share	0.34	0.89

7. Details of associates and investments

During the year ended 30 June 2017, Stargroup's interest in NeoICP has remained at 11.28% and as outlined above, the investment has been upwardly revalued in the last two financial years. However during the year the NeoICP Korea Inc operations were split into two entities, with the ATM hardware, software, back office and coin counting manufacturer remaining in NeoICP Korea Inc but the servicing division of NeoICP was split out into an entity called NeoIOT to provide the servicing and maintenance to the Neo product in South Korea and also to other third parties. This was predominantly done to split out the sales and service division from the manufacturing division of the NeoICP business as recommended to the Board of NeoICP by its lawyers.

At the time, the Company was offered to retain an 11.28% interest in the service division being split up by NeoICP Korea but elected to dispose of this interest in this division and recorded an amount of $78,444 from the proceeds of the sale of these shares.

As at 30 June 2017, Stargroup continues to own an 11.28% interest in NeoICP and the investment in NeoICP has been valued by the Board at $2,633,661 (2016 : $2,000,000).

This investment has been revalued during the year and a $633,661 revaluation amount was booked as revenue and this revaluation was performed based on the valuation of the underlying NeoICP shares at a valuation of $2,000 KRW per share. During the year NeoICP provided a $3,000,000 loan to Stargroup to assist in the funding of the Indue Limited ATM businesses acquisition and this 2 year facility is attracting an interest only, interest rate of 10% per annum and was provided on the basis that the agreed value of the NeoICP shares held by Stargroup which were offered as an equity pledge as against the advance in the event of default and would result in the shares being sold back to NeoICP at $2,000 KRW per share. As at 30 June 2017, Stargroup owns 1,152,964 shares in NeoICP and hence the valuation of $2,633,661.

During the year Stargroup has written off the $105,524 invested in its joint venture with Anthem Software Pty Ltd ("Anthem") and Claim Co Pty Ltd ("ClaimCo") for the development of unique and proprietary EFTPOS software at the terminal for release and integration with the EDI developed and already used by Anthem and Claim Co Customers.

The investment in this joint venture is expected to bring significant benefits to the Company in the 2018 financial year as the development of the software is finalised and the solution is distributed to the in excess of 50,000 Anthem and Claim

Co customers. However, the certification of the EFTPOS terminals and software secured from West International AB is still ongoing and has not concluded at 30 June 2017 and therefore the Board has elected to impair this investment.

8. Audit status

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

9. Foreign entity accounting standards

There was no foreign subsidiary at the date of this report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

		Consolidated	
	Note	2017	2016
		$	$
CONTINUING OPERATIONS			
Revenues from continuing operations	4	8,358,080	3,659,418
Cost of Sales	5a	(6,289,668)	(2,607,977)
GROSS PROFIT		2,068,412	1,051,441
OTHER INCOME			
Other income	6	325,000	879,966
Revaluation increment	7	633,661	1,284,683
Share proceeds	8	78,444	-
OPERATING EXPENSES			
Administrative expenses	5b	(4,126,597)	(3,366,968)
Depreciation, amortisation and impairment expenses	5c	(3,180,888)	(1,088,138)
LOSS FROM CONTINUING OPERATIONS BEFORE FINANCING ITEMS		(4,201,968)	(1,239,016)
Net financing income	5d	(492,670)	(19,177)
PROFIT (LOSS) BEFORE INCOME TAX		(4,694,638)	(1,258,193)
Income tax benefit (expense)	9	6,632,946	-
PROFIT (LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX		1,938,308	(1,258,193)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT (LOSS)		1,938,308	(1,258,193)
PROFIT (LOSS) PER SHARE			
Basic / Diluted profit (loss) per share (in cents)	10	0.31	(0.37)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
CURRENT ASSETS			
Cash and cash equivalents	11	1,631,718	2,656,515
Trade and other receivables	12	256,191	1,103,418
Inventory	13	868,551	495,546
Other assets	14	780,383	586,416
TOTAL CURRENT ASSETS		3,536,843	4,841,895
NON-CURRENT ASSETS			
Other financial assets	15	2,693,054	2,139,503
Intangibles	16	17,456,155	9,319,023
Property, plant and equipment	17	3,621,690	2,135,220
Deferred Tax Benefit	9	6,632,946	-
TOTAL NON-CURRENT ASSETS		30,403,845	13,593,746
TOTAL ASSETS		33,940,689	18,435,641
CURRENT LIABILITIES			
Borrowings	20	364,942	49,162
Trade and other payables	18	4,386,616	3,625,460
Provisions	19	125,152	82,084
TOTAL CURRENT LIABILITIES		4,876,710	3,756,706
NON-CURRENT LIABILITIES			
Borrowings	20	9,108,577	162,333
		9,108,577	162,333
TOTAL LIABILITIES		13,985,287	3,919,039
NET ASSETS		19,955,402	14,516,602
EQUITY			
Share Capital	21	21,248,146	17,502,178
Reserves	22	332,006	577,482
Accumulated losses		(1,624,750)	(3,563,058)
TOTAL EQUITY		19,955,402	14,516,602

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

AS AT 30 JUNE 2017	Issued Capital $	Reserves $	Accumulated Profit/ (Losses) $	Parent Entity Interest $	Minority Interest $	Total Equity $
At 1 July 2016	17,502,178	577,482	(3,563,058)	14,516,602	-	14,516,602
Loss for the year	-	-			-	
Other comprehensive income	-	-	1,938,308	1,938,308	-	1,938,308
Total comprehensive income for the year	-	-			-	
Transactions with owners of the Company						
Issues of share capital	3,979,957			3,979,957		3,979,957
Capital raising costs	(233,989)			(233,989)		(233,989)
Share Performance Reserve		(245,476)		(245,476)		(245,476)
Prior years adjustments	-	-			-	
At 30 June 2017	21,248,146	332,006	(1,624,750)	19,955,402	-	19,955,402

	Issued Capital	Reserves	Accumulated Profit/ (Losses)	Parent Entity Interest	Minority Interest	Total Equity
Balance as at 1 July 2015	51,725,739-	-	(49,840,746)	1,884,993	-	1,884,993
Loss for the year	-	-	(1,258,193)	(1,258,193)	-	(1,258,193)
Other comprehensive income	-	-	-	-	-	_
Total comprehensive income for the year	-	-	(1,258,193)	(1,258,193)	-	(1,258,193)
Transactions with owners of the Company						
Contributions by and distributions to owners of the company						
Reversals of pre-acquisition shares capital	(52,000,883)	-	49,747,216	(2,253,667)	-	(2,253,667)
Reverse acquisition transaction – effective consideration and share capital	5,922,716	-	-	5,922,716	-	5,922,716
Reverse acquisition transaction – retained earnings of Stargroup at acquisition	-	-	(2,211,337)	(2,211,337)	-	(2,211,337)
Issues of share capital	13,337,944	-	-	13,337,944	-	13,337,944
Share buyback	(224,856)	-	-	(224,856)	-	(224,856)
Capital raising costs	(926,476)	-	-	(926,476)	-	(926,476)
Share Performance Reserve	-	245,476	-	245,476	-	245,476
Options Reserve	(332,006)	332,006	-	-	-	-
At 30 June 2016	17,502,178	577,482	(3,563,058)	14,516,602	-	14,516,602

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		9,141,970	3,619,269
Cash payments to suppliers and employees		(7,210,389)	(5,102,246)
Interest paid		(554,071)	(29,885)
Interest received		780	11,837
Net cash from operating activities	23(ii)	1,378,290	(1,501,025)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to purchase property, plant and equipment		(1,088,790)	(1,450,218)
Cash from business combination		-	1,636,500
Payments for site contracts and other intangibles		(8,023,813)	(4,149,132)
Payments to purchase other financial assets		-	(111,121)
Net cash from investing activities		(9,112,603)	(4,073,971)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing shares		3,657,840	8,924,141
Proceeds from funding arrangements		3,495,531	
Costs of capital raising		(209,287)	(926,476)
Repayment of interest bearing liabilities		(234,568)	(55,089)
Net cash from financing activities		6,709,516	7,942,576
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		(1,024,797)	2,367,580
Cash and cash equivalents at 1 July		2,656,515	288,935
CASH AND CASH EQUIVALENTS AT 30 JUNE	23(i)	1,631,718	2,656,515

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1 REPORTING ENTITY

Stargroup Limited (the 'Company') is a for-profit company domiciled in Australia. The address of the company's registered office is Unit 1, 25 Montgomery Way, Malaga, WA 6090.

The consolidated financial statements of the Company as at and for the year ended 30 June 2017 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 2016.

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. 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 30 August 2017.

b Going concern

The Company has incurred a net profit (loss) from continuing operations of $1,938,308 (2016 : ($1,258,193)) and positive net cash flows from operating activities of $1,378,290 (2016 : ($1,501,025)) and has a working capital deficiency of ($1,637,282).

The Board of Directors have considered the following factors in determining the going concern position of the Group:

- The Board has seen a significant transformation in the business since the reverse takeover of iCash in August of 2015 and the revenues from continuing operations has increased 1,318% since the year ended 30 June 2015;
- The Company has successfully raised in excess of $17,000,000 to fund a number of high quality acquisitions and during the course of performing such capital raisings the offers have always been oversubscribed;
- The most recent acquisitions of both the Fast Cash ATM Network and the Indue ATM Businesses in May and June of 2017, adds further considerable gross revenues to the Company and more importantly significant EBITDA contributions to the businesses of the Company for the year ended 30 June 2018 and beyond;
- The Company has successfully regained market confidence in the CashPod ATMs and other technologies manufactured by NeoICP Korea Inc, with the revenue in the StarATM division increasing 374% in the 2017 financial year;
- The Company has successfully launched the casino table deposit solution, foreign exchange machines and ticket in and ticket out redemption terminals at the Australasian Gaming Expo in Sydney in August 2017 as part of further expanding the vertical markets that StarATM will operate in, in the 2018 financial year and beyond;
- The revenues of the business will significantly increase again in the 2018 year and a detailed 3 way model for the business to the year ended 30 June 2020 has been prepared for the Board by an external party and therefore there are no concerns about going concern by the Board and therefore the Board believes it is reasonable to recognize these tax benefits as at year end;

Based on the above and the history of successful capital raising, the directors claim the going concern basis which contemplates the continuity of normal business and the realisation of assets and the settlement of liabilities in the ordinary course of business, is appropriate.

2 BASIS OF PREPARATION (continued)

c Basis of measurement

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

d 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.

e 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 13 – Investment in Associates
- Note 15 – Other Financial Assets
- Note 17 – Property, plant and equipment

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of.

iii Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

c Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation for 2017 and 2016 is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Property, plant and equipment – 20% (2016: 20%)

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 de-recognition 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e Financial instruments (continued)

ii Other intangible assets(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 of 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.

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 exits 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.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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
- 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

m Other taxes (continued)

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.

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 Adoption of new and revised accounting standards

During the current year, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

At the date of authorization of the financial statements, the Standards and Interpretations that were issued but not effective are listed below:

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact of the adoption of these Standards and Interpretations has had on the financial statements of Stargroup.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15 and AASB 2016-3'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-3 'Amendments to Australian Accounting Standards- Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards- Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2018	30 June 2019
AASB 2015-1 'Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

AASB 2015-5 'Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 2016-5 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions'	1 January 2018	30 June 2019
AASB 2016-6 'Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts'	1 January 2018	30 June 2019
AASB 2017-1 'Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments'	1 January 2018	30 June 2019
AASB 2017-2 'Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle'	1 January 2017	30 June 2018

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.

r Share-based payments

Equity-settled share-based payments are provided to directors and officers. These share-based payments are measured at the fair value of the equity instrument at the grant date. Further details on how the fair value of share based payments has been determined can be found in Note 21b.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. For options with non-market based vesting conditions, at each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
4	REVENUE FROM CONTINUING OPERATIONS	$	$
	ATM sales and software revenue	1,004,153	211,633
	ATM transaction fees and service revenue	6,955,254	3,409,628
	ATM switching revenue	334,576	-
	EFTPOS revenue	39,656	20,061
	Insurance recovery	24,441	18,096
		8,358,080	3,659,418
5	EXPENSES FROM CONTINUING OPERATIONS		
a	Cost of Sales		
	Cost of goods sold	667,705	179,291
	Cost of service	5,411,139	2,428,686
	Cost of switching services	135,981	-
	Cost of EFTPOS services	74,842	
		6,289,668	2,607,977
b	Administrative expenses		
	Advertising/promotion expenses	169,923	85,208
	Corporate advisory fees	55,650	176,326
	Directors fees	92,473	68,147
	Freight expenses	97,968	20,296
	Insurance expenses	105,471	39,675
	Motor vehicle expenses	174,457	66,495
	Public relations and investor services	113,289	81,357
	Rent and outgoings	210,985	163,442
	Salaries and wages	1,733,977	1,282,426
	Share issues expenses	29,827	88,156
	Share based payment expenses	(61,369)	245,476
	Superannuation expenses	166,860	122,859
	Telephone/internet expenses	80,335	38,157
	Travel and accommodation	277,696	168,801
	Legal expenses	58,066	12,936
	Other expenses	820,984	707,211
		4,126,597	3,366,968
c	Depreciation, amortisation and impairment expenses		
	Amortisation of intangibles	2,421,822	781,569
	Impairment Expenses	109,051	-
	Depreciation and amortisation	650,015	306,569
		3,180,888	1,088,138
d	Net financing income (cost)		
	Interest received	834	10,343
	Interest paid	(554,071)	(31,014)
	Dividend Received	60,567	-
	Foreign exchange expense	-	1,494
		(492,670)	(19,177)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
6 OTHER INCOME	$	$
Capital gain on forfeiture of deposit	325,000	-
Discount on acquisition	-	879,966
	325,000	879,666

Business Combination

On 15 June 2015, the Company announced that it had signed a share purchase agreement to acquire 100% of the issued shares of Stargroup Investments Limited, subject to shareholder approval. On 29 July 2015 the shareholders of the Company agreed to the resolution in relation to the merger as between Stargroup Investments Limited and the Company, whereby the Company acquired 100% of Stargroup Investments Limited through the issue of 157,142,857 shares in the Company and on 7 August 2015 the Share Sale Agreement was completed. Further, iCash Payment Systems Limited subsequently changed its name to Stargroup Limited and now trades under the ASX code, STL.

The consideration paid by the Company for the acquisition of Stargroup Investments Limited was $5,500,000, representing 157,142,857 shares in the Company at their assessed fair value of 3.5 cents each. However, the acquisition of Stargroup Investments Limited represents a reverse acquisition in accordance with AASB 3 *Business Combinations* as the transaction results in the shareholders of Stargroup Investments Limited holding a majority of the voting rights in the merged group and the board of directors of the merged group comprises a majority of directors appointed by Stargroup Investments Limited. (3 of 5 directors post transaction).

Consequently the acquisition date fair value of the consideration transferred is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the revers acquisition. The net identifiable assets reflect the net assets of the Company as at 7 August 2015.

The Company's assessment of the fair values of the consideration effectively transferred and the assets and liabilities to be recognised as a result of the acquisition are as follows:

	Fair Value $
Fair value of consideration transferred	1,393,700
(157,142,857 fully paid STL shares to former Stargroup shareholders)	
Fair value of asset and liabilities held at acquisition date:	
Cash and cash equivalents	390,199
Trade and other receivables	173,488
Inventory and other assets	1,445,551
Property, plant and equipment	172,352
Trade and other payables	(203,068)
Share issue 14,285,714 shares to NeoICP Korea Inc	500,000
Share buyback 436,646 shares	(224,856)
Identifiable assets and liabilities – 7 August 2015	2,253,666
Discount on acquisition	(879,666)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
7	REVALUATION INCREMENT	$	$
	Fair value of NeoICP investment		
	The following reconciliation shows the movement in the investment:		
	Fair value of the investment in NeoICP as at beginning of year	2,000,000	938,368
	Buyback of NeoICP shares as part of merger	-	(223,051)
	Fair value to profit or loss	633,661	1,284,683
		2,633,661	2,000,000
8	SHARE PROCEEDS		
	Share proceeds from NeoICP	78,444	-
		78,444	-
9	INCOME TAX EXPENSE		
	The component of income tax expense comprise:		
	Current tax	-	-
	Deferred tax expense/(benefit)	(6,632,946)	-
	Unrecognised deferred tax benefits	-	-
		(6,632,946)	-
			-
	The prima facie tax on profit from continuing activities before income tax is reconciled to income tax as follows:		
	Prima face income tax (benefit)/expense calculated at 27.5% on the profit (loss) from continuing activities (2016 : 30%)	(1,291,025)	(377,458)
	Tax effect on:		
	Non-deductible items	2,643	4,191
	Impairment of foreign investment non-deductible	(174,257)	(385,405)
	Share based payments not deductible	(16,876)	73,643
	Non-assessable dividend	(16,656)	-
	Discount on acquisition non-assessable	-	(263,990)
	Amortisation of contract not deductible	640,834	226,493
	Impact of reverse acquisition	-	49,863
	Debt forgiven not income	(89,375)	-
	Gain on sale of shares non-assessable	(21,572)	-
	Recognition of income tax benefit	(5,666,662)	672,664
	Total income tax expense (benefit)	(6,632,946)	-

Tax losses and franking account balance

The Board wishes to advise that in addition to the carried forward tax losses and income tax benefit outlined above that there are capital losses carried forward of $10,899,364 which the Group will be able to offset again future capital gains made by the Group. The ability of the Group to utilise the income tax losses and capital losses will depend on the Group complying with the relevant tax legislation.

The franking account balance at the date of this report is $845,436.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

10 EARNINGS PER SHARE

	2017 $	2016 $
Basic/Diluted profit (loss) per share (in cents)	0.31	(0.37)
Basic/Diluted profit (loss) per share – continuing operations (in cents)	0.31	(0.37)
Profit (Loss) used in the calculation of basic and diluted EPS (in $)	1,938,308	(1,258,193)
Profit (Loss) used in the calculation of basic and diluted EPS – continuing operations (in $)	1,938,308	(1,258,193)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	614,494,026	337,843,741

11 CASH AND CASH EQUIVALENTS

	2017	2016
Current		
Cash on hand	400	300
Cash at bank	1,631,318	2,656,215
	1,631,718	2,656,515

12 TRADE AND OTHER RECEIVABLES

	2017	2016
Current		
Trade receivables	256,191	249,068
Share placement receivable	-	809,350
	256,191	1,103,418

13 INVENTORY

	2017	2016
Inventory	868,551	495,546
Less: Provision for obsolescence	-	-
	868,551	495,546

14 OTHER ASSETS

	2017	2016
Current		
Deposits paid on inventory	-	340,431
Prepayments	576,533	25,069
Bartercard	201,889	221,127
Other	1,962	(211)
	780,383	586,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

15 OTHER FINANCIAL ASSETS

	2017	2016
	$	$

Fair value through profit or loss
The Group had an 11.28% (2016: 11.28%) equity interest in Neo ICP Korea, Inc at the end of the year.

Fair value of investments		
Fair value of investment 11.28% (2016: 11.28%)	2,633,661	2,000,000
Other financial assets	2,070	111,121
Guarantee in respect of leased office premises	57,323	28,382
	2,693,054	2,139,503

16 INTANGIBLES

Non-Current		
Site Contracts | Cash Plus – at cost	6,112,609	6,053,738
Site Contracts | Cash My ATM – at cost	3,913,027	3,913,027
Site Contracts | Fast Cash – at cost	3,825,108	-
Deployer Contracts | Indue – at cost	6,605,887	-
Software Expenses	133,827	133,827
	20,590,458	10,100,592
Less: Accumulated Amortisation	(3,134,303)	(781,569)
	17,456,155	9,319,023

17 PROPERTY, PLANT AND EQUIPMENT

Non-Current		
Property, plant and equipment		
At cost	4,808,716	2,683,931
Less: Accumulated depreciation	(1,187,026)	(548,711)
	3,621,690	2,135,220

Movements in carrying amounts

Plant and equipment
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	2,135,220	189,545
Additions	2,673,496	1,647,477
Acquired through reverse acquisition	-	604,767
Depreciation from continuing operations	(1,187,026)	(306,569)
Depreciation from discontinued operations	-	-
Carrying amount at the end of year	3,621,690	2,135,220

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

18 TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current		
Unsecured liabilities		
Trade creditors - external	2,282,289	423,295
Cash My ATM acquisition payable	-	2,348,812
Settlement funds held in trust	1,513,193	548,976
Sundry creditors and accrued expenses	591,134	304,377
	4,386,616	3,625,460

19 PROVISIONS

	2017 $	2016 $
Current		
Provision for holiday pay	125,152	82,084

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.

20 BORROWINGS

	2017 $	2016 $
Current		
Hire Purchase Liabilities	392,379	61,063
Less: Unexpired Interest	(27,437)	(11,901)
	364,942	49,162
Non-Current		
Hire Purchase Liabilities	624,429	190,000
Less: Unexpired Interest	(142,930)	(27,667)
NeoICP Loan	3,000,000	-
First Class Capital Funding	5,627,078	-
	9,108,577	162,333

The hire purchase liabilities represent hire purchase agreements that the Company has taken out in relation to motor vehicles acquired for the service technicians for delivery, installation and servicing of ATMs and EFTPOS deployments in Australia and ATMs for deployment in Australia.

The NEOICP loan represents a 2 year, $3,000,000 loan with an interest only coupon rate of 10% which was provided by NeoICP as part of assisting in the settlement of the Indue ATM Businesses acquisition (refer to the details of associates and investments provided in Note 4 of the Results for Announcement to the Market).

The First Class Capital Funding represents the amounts drawndown from the $7.5mil facility with the Sydney credit provider as at 30 June 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

21 ISSUED CAPITAL

	Consolidated		Consolidated	
	June 2017 Shares	June 2016 Shares	June 2017 $	June 2016 $
Ordinary shares				
Share capital	725,405,574	586,893,066	21,248,146	17,502,178
Movements during the year				
Balance at beginning of the period	586,893,066	76,784,631	17,502,178	51,725,739
Pre-acquisition transactions:				
Shares	-	14,285,714	-	500,000
Shares bought-back	-	(7,678,457)	-	(224,856)
Pre-acquisition share capital	586,893,066	83,391,888	17,502,178	52,000,883
Reverse acquisition transactions:				
Less: pre-acquisition share capital	-	-	-	(52,000,883)
Add: effective consideration	-	157,142,857	-	1,373,700
Add: Stargroup Limited share capital	-	-	-	4,549,016
Post reverse takeover capital	586,893,066	240,534,745	17,502,178	5,922,716
Cash Plus Acquisition				
Rights issue	-	96,213,898	-	3,367,486
Less: 2018 Options issue	-	-	-	(332,006)
Share issue to vendor	-	78,931,125	-	3,157,245
Less: capital raising costs	-	-	-	(486,292)
Post Cash Plus acquisition capital	586,893,066	415,679,768	17,502,178	11,629,149
Cash My ATM Acquisition				
Share issue to vendor	-	8,908,060	-	445,403
Private placement share issue	-	83,333,333	-	3,000,000
Rights issue	-	78,971,905	-	2,867,810
Less: capital raising costs	-	-	(51,974)	(440,184)
Post Cash My ATM acquisition capital	586,893,066	586,893,066	17,450,204	17,502,178
Shares issued in the period post acquisition:				
Private Placement				
Private placement share issue	5,000,000	-	180,000	-
Less: capital raising costs	-	-	(4,550)	-
Post-private placement share capital	591,893,066	586,893,066	17,625,654	17,502,178
2016 Performance Shares	`		-	-
Rights Scheme (refer note b)	2,500,000	-	105,204	-
Post 2016 performance shares capital	594,393,066	586,893,066	17,730,858	17,502,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Indue ATM Businesses Acquisition				
Private placement share issue	129,137,508	-	3,615,850	-
Less: capital raising costs	-	-	(177,465)	-
Post Indue acquisition capital	723,530,574	586,893,066	21,169,243	17,502,178
2017 Performance Share Issue				
Rights Scheme (refer note b)	1,875,000	-	78,903	-
Post 2017 performance share capital	725,405,574	586,893,066	21,248,146	17,502,178
Balance at the end of the period	725,405,574	586,893,066	21,248,146	17,502,178

a *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.

b Performance shares

10,000,000 Performance rights were issued to key management personnel and approved by the Company shareholders on 29 July 2015.

The performance rights will result in shares being issued to the key management personnel in four, 2,500,000 equal tranches on the attainment of varying performance hurdles upon the achievement of the deployment of a fixed number of ATMs as well as EBITDA and NPAT targets in relevant years.

The first hurdle was the attainment of 250 ATMs in Australia and the achievement of $2,500,000 annualised revenue (measured over a rolling three month term) by 31 December 2016.

The milestone for the first tranche was achieved in June 2016, some six months prior to the deadline and 2,500,000 performance shares were issued to key management personnel. 2,500,000 shares were issued to the key management personnel.

A number of the original key personnel had resigned post the issuance of the first tranche and accordingly the second, third and fourth tranches were amended by the members of the Company at the annual general meeting.

The second hurdle, namely the second tranche, had a milestone of 500 ATMs and annualised earnings of $5,000,000 by 30 June 2017. On 26 June 2017 the Company announced that the second tranche had been achieved in that the Company had greater than 500 active ATMS and had achieved year to date revenues in excess of $9 million which was well above the revenue milestone set for the key management personnel. 1,875,000 shares were issued to the key management personnel on that date.

The third tranche, namely the 2018 Performance Shares, have a milestone of 750 ATMs and annualised EBITDA of $10 million and the 2019 Performance Shares have a milestone of 1,000 ATMs and annualised EBITDA of $15 million.

c Options

As at the date of this Report, there are 173,243,902 (2016 : 48,106,394) 2018 Options on issue with an exercise price of $0.05 per share. On 23 August 2017, 125,137,508 Placement Options and Broker Options were approved by shareholders and issued as part of the capital raising undertaken to complete the Indue ATM Businesses acquisition.

22 RESERVES

	2017	2016
	$	$
Share Performance Reserve	-	245,476
Options Reserve	332,006	332,006
	332,006	577,482

Share Performance Reserve

10,000,000 Performance rights were originally issued to key management personnel as approved by the Company's shareholders on 29 July 2015. The performance rights will result in shares being issued to key management personnel in four 2,500,000 equal tranches on the attainment of varying performance hurdles upon the achievement of the deployment of a fixed number of ATMs as well as EBITDA and NPAT targets in the relevant years. The first hurdle was the attainment of 250 ATMs in Australia and the achievement of $2,500,000 annualised revenue (measured over a rolling three month term) by 31 December 2016.

The second hurdle was the attainment of 500 ATMs in Australia and the achievement of $5,000,000 annualised revenue (measured over a rolling there month term) by 30 June 2017. As at the date of this report, the Company has already greater than 500 ATMs and had actual annual revenues of greater than $9,000,000. As a result the first and second tranche of shares were issued in the year ended 30 June 2017.

During the year the second, third and fourth rights held by Mr Zaffer Soemya and Mr Shaun Sutton were cancelled as a result of the resignation of both parties and in relation to the rights held by Mr Zaffer Soemya, these were offered up to Mr Jason Warren and the original rights issued to Mr Zaffer Soemya and Mr Shaun Sutton were cancelled at the annual general meeting held in November 2016 and the rights issued to Mr Jason Warren were also approved at that time. As a result the remaining performance rights are for two tranches of 1,875,000 shares to key management personnel.

As a result the remaining performance rights that are still remaining on issue are as follows:

Name	Number of Performance Rights	Details
Todd Zani	2,000,000	2018 and 2019 Performance Rights issued as shares
NeoICP	1,000,000	2018 and 2019 Performance Rights issued as shares
Jason Warren	750,000	2018 and 2019 Performance Rights issued as shares
	3,750,000	

Options Reserve

The options reserve records the 48,106,934 free-attaching listed options issued to raise capital for the acquisition of Cash Plus on 1 December 2015. These options have an exercise price of $0.05 per share and are required to be exercised on or before 30 November 2018.

During the year ended 30 June 2017, 125,137,508 free-attaching listed options were included as part of a capital rising to sophisticated and professional investors as part of the raising of capital to complete the acquisition of the Indue ATM Businesses. These were offered on the same terms and conditions as the previously issued listed options and were offered to holders that subscribed for one fully paid ordinary share in the capital of the Company at $0.028 per share.

These free-attaching listed options required shareholder approval and this approval was obtained at an extraordinary general meeting held by the Company on 23 August 2017 and were issued to the shareholders on that date.

23 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

		2017	2016
i.	Reconciliation of cash	$	$
	Cash at bank and on hand	1,631,718	2,656,515

ii.	Reconciliation of net cash from operating activities		
	Profit/loss for the period	1,938,308	(1,258,193)
	Non-cash flows in profit from ordinary activities:		
	Depreciation and amortisation expense	3,071,837	1,088,138
	Impairment and write-off of assets	109,051	-
	Revaluation increment	(633,661)	(1,284,683)
	Discount on acquisition	-	(879,966)
	Effect of Foreign exchange	-	-
	Share based payments	-	245,476
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
	Change in trade and term debtors	736,479	(40,149)
	Change in prepayments and other debtors	(553,637)	(335,044)
	Change in inventory	(373,005)	(10,167)
	Change in other financial assets	(7,186,497)	(15,732)
	Change in trade and other creditors	2,058,994	954,213
	Change in provisions	43,068	33,953
	Change in other liabilities	2,167,353	1,129
	Net cash (used in)/from operating activities	1,378,290	(1,501,025)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

23 EVENTS OCCURRING AFTER BALANCE DATE

Issue of Options and Ratification of Shares Issued

On 4 May 2017, the Company issued 124,642,865 shares at $0.028 per share in a placement to sophisticated and professional investors. The placement raised $3,490,000 (before costs) and under the placement, investors were also to receive one free attaching option exercisable at $0.05 and expiring on or before 30 November 2018.

On the same date, the Company also issued 4,494,642 shares to PAC Partners Pty Ltd in consideration for their assistance with the Company's fundraising.

On 26 June 2017, the Company announced that of the Placement shares issued, 4 million ordinary shares were subscribed to by an entity associated with Mr Todd Zani that should not have participated in the Placement without shareholder approval and the ASX determined that the Company must take corrective action with respect to the related shares and accordingly the Company took and completed the corrective action by 29 June 2017.

On 20 July 2017 the Company called an Extraordinary General Meeting which was held on 23 August 2017 to ratify the placement of the shares and options which were issued and/or agreed to be issued as part of the funding for the acquisition of the Indue ATM businesses, not including the corrective action shares and options as outlined above. These were as follows:

- The issue of 120,642,865 shares to sophisticated and professional investors;
- The issue of 4,494,463 shares to PAC Partners Pty Ltd;
- The issue of up to 120,642,865 November 2018 options to sophisticated and professional investors;
- The issue of up to 4,494,463 Broker November 2018 Options;
- The issue of up to 2,000,000 shares and 2,000,000 November 2018 options to Mr Todd Zani (or his nominee); and
- The issue of up to 2,000,000 shares and 2,000,000 November 2018 options to Mr Evan McGregor or his nominees.

All of the resolutions put to the shareholders were unanimously carried by a show of hands and the results of the Extraordinary General Meeting were announced to the market on 23 August 2017. The options were issued to the sophisticated, professional investors and PAC Partners Pty Ltd on that date in accordance with the Appendix 3B lodged at that time.

24 CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2017.

CORPORATE INFORMATION

Stargroup Limited

ABN 87 061 041 281

Directors

Mr Todd Zani – Executive Director and Executive Chairman
Mr Jong Ho (Jay) Kim – Non Executive Director
Mr Evan McGregor - Non Executive Director (appointed 25 August 2016)
Mr Shaun Sutton – Executive Director (resigned 25 August 2016)

Company Secretary

Mr Sungki Lee

Registered and Corporate Head Office

Unit 1, 25 Montgomery Way
Malaga WA 6090
Telephone: +61 1800 286 782
Facsimile: +61 1800 837 782
Website: www.stargroup.com.au

Auditors

Nexia Perth Audit Services Pty Ltd
Chartered Accountants
Level 3, 88 William Street
Perth WA 6000
Telephone: +61 (0) 8 9463 2463
Facsimile: +61 (0) 8 9463 2499
Website: www.nexiaperth.com.au

Share Registry

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Facsimile: +61 1300 137 341
Website: www.computershare.com.au