ASX Release
30 August 2016

APPENDIX 4E
Preliminary Final Report

HIGHLIGHTS

- 866% increase in total assets
- 740% increase in net assets
- 702% improvement in ATM revenue
- 538% improvement in revenue from continuing operations
- 127% improvement in profit (loss) for the year after tax
- 71% improvement in ATM sales, software and support revenue
- 51% improvement in profit (loss) from continuing operations
- 12% improvement in net tangible asset backing

The Board of Stargroup Limited ("Stargroup", ASX:STL) is pleased to announce its preliminary final report for the year ended 30 June 2016.

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

FURTHER INFORMATION

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STARGROUP LIMITED

ABN: 87 061 041 281
and Controlled Entities

APPENDIX 4E

PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2016

APPENDIX 4E

ASX INFORMATION – 30 JUNE 2016

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1. **Reporting period:** Year ended 30 June 2016

   Previous corresponding period: Year ended 30 June 2015

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from continuing operations	Up	537.8%	to	**$3,758,557** (2015: $589,289)
Profit (Loss) from continuing operations after tax	Up	51.4%	to	**($1,396,847)** (2015: ($2,875,564))
Profit (Loss) for the year after tax	Up	126.7%	To	**$767,802** (2015: ($2,875,564))
Profit (Loss) for the year after tax attributable to members of the parent entity	Up	126.7%	to	**$767,802** (2015: ($2,875,564))

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

On 15 June 2015, Stargroup Limited (formerly iCash Payment Systems Limited, "iCash", the "Company") announced that it had signed a share purchase agreement for iCash to acquire 100% of the issued shares of Stargroup Investments Limited (formerly Stargroup Limited, "Stargroup") as part of a merger which would include iCash changing its name to Stargroup and for the Board of Stargroup to assume control of the Company and assume control of the business. At the time, the Chairman, namely Mr Jong Ho (Jay) Kim bluntly indicated that if the merger was not to proceed that iCash may not be able to continue as a going concern.

At 30 June 2015, iCash had 40 active ATMs and was processing 140,000 annualised transactions and the annual revenues from the ATM deployment division was $429,840 and the revenue from the sale of ATMs and ATM software was $159,449 and the total of $589,289 was significantly less than the operating expenses of the business.

On 29 July 2015 the shareholders of the Company agreed to the resolutions in relation to the merger as between Stargroup and iCash and the date of acquisition was assessed as being 29 July 2015, which is the date that the Company obtained control. Further, iCash Payments Systems Limited subsequently changed its name to Stargroup Limited and now trades under the ASX code, STL. Stargroup Limited as part of the merger changed its company name to Stargroup Investments Limited.

During the year the Company has seen a significant change in the scale of its operations as part of what has been a remarkable transformation since the change in control and ownership.

The Company strategically protected its investment in NeoICP Korea on 17 August 2015 by entering into a 5 year exclusive distribution agreement in relation to distributing the NeoICP products in Australia and in particular the CashPod series of ATMs and the recycler ATM. NeoICP further increased its stake in Stargroup, shortly after the merger in August 2015.

On 1 October 2015, the Company announced a $6,500,000 acquisition of an ATM network from Cash Plus Australia Pty Ltd ("Cash+") which was funded by a $3,400,000 capital raising at $0.035 cents and the issuing of shares to Cash+ at $0.04. This acquisition and capital raising was successfully completed on 1 December 2015.

On 19 October 2015 the Company announced a 3 year agreement with the South Australian Tourism Commission to provide ATMs to the Clipsal 500 event which is a major tourist attraction for South Australia which generates significant economic benefit to the state.

On 18 November 2015 StarPOS signed a joint venture agreement with Retail Merchant Advance ("RMA") to market the RMA product to its EFTPOS customers in Australia.

On 24 November 2015 the Company announced a Collaborative Projects and Development Agreement with Anthem Software Pty Ltd ("Anthem") and Claim Co Pty Ltd ("ClaimCo") to develop a software channel and accelerate the roll out of EFTPOS devices to the existing and growing customer networks of Anthem and Claim Co with more than 50,000 businesses using the Anthem EDI software across Australia and New Zealand.

On 2 February 2016, the Company announced that NeoICP had announced excellent half year results with an EBITDA of AUD$1,933,234 for the half year which was significantly better than the prior year full result of AUD$1,666,404 and that the payment of a dividend by NeoICP to Stargroup was on track for the 2016 financial year.

On 4 February 2016 the Company made a significant announcement regarding the reduction of its key operating costs of its ATM network by 52.90% and the reduction of the pay back on the ATM Network by more than 20%. This was largely attributable to the ability to renegotiate key supply contracts on the back of the change in scale of the operations of the business.

On 26 February 2016 The Company announced excellent half yearly results with a 209% improvement in the result of operations, a 653% increase in the revenue from ordinary activities, a 733% increase in the number of active ATMs and the revenue from the sale of ATMs and ATM parts and software had risen by 1,409% on the comparable period of 2014.

The Company continued to announce record monthly results and quarterly results and on 6 April 2016 announced its 9th record quarter of growth.

The Company then announced on 3 June 2016 post a trading halt that it had acquired another high quality ATM network for an amount of $4,540,000 with 10% payable with Stargroup shares with an issue price of $0.05 (escrowed for 12 months) and the balance in cash and that the acquisition was being funded by way of an already completed private placement of $3,000,000 and a further $3,000,000 rights issue of further Stargroup shares at a price of $0.036 per share. The rights issue was closed over-subscribed on 28 June 2016 and the acquisition was completed on 5 July 2016.

During this remarkable transformational period, the Company has significantly increased its presence in the ATM independent service operator ("ISO") market in Australia and as at 30 June 2016 it had 348 active ATMs and was processing in excess of 2,400,000 annualised transactions. The revenues from the ATM network are on a monthly basis now well in excess of what iCash used to turnover on an annual basis and the ATM division is now profitable.

3. Explanation for revenue

The Group's revenue of $3,758,557 can be explained by reference to the following three operational areas:

Star Payment Systems – ATM Deployment in Australia

The business has increased the number of active ATMs from 40 at 30 June 2015 to 348 active ATMs at 30 June 2016. As a result the annualised transactions have increased from 140,000 to well over 2,400,000 transactions.

The revenue for the year ended 30 June 2016 of $3,448,453 (2015 : 429,840) is a 702% improvement on the 2015 result.

The key metrics of this business, namely the average number of transactions per machine, per month continued to outperform the number one ISO in Australia. With the Star Payments average of 635 transactions per machine, per month beating our competitor by some 22%.

StarATM – ATM sales, ATM Software and Support Sales

The strategic protection and improved relationship as between the Company and NeoICP has seen the consumer confidence significantly improve during the course of the year and there was a resultant increase in the revenues in this division over above the revenues from the 2015 year.

The revenue generated from this division was $271,947 (2015 $159,449) which was a 71% improvement on the prior year result.

The Board has furthered the development of the Group's Recycling ATM ('RATM') which is still seen as a key strategic product release in the Company's endeavours to gain control not only of a significant part of the ISO ATM withdrawal market but as part of a concerted effort to control both cash out and the cash in cycle in the ISO ATM market.

The RATM has been preliminarily tested and approved for deposit taking transactions by Indue in August 2014 but has not been formally certified for deposit acceptance in Australia. The Board has signed a banking customer to accept the deposit taking capabilities of the RATM and has successfully installed its first RATM in North Queensland in 2016 on behalf of a merchant but will be installing its first RATM for a banking customer in September 2016.

StarPOS– EFTPOS Deployment

The business commenced the deployment of EFTPOS facilities 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.

Whilst these technologies were piloted in Q2 and early Q3 of the financial year, the significant rollout of these technologies has not occurred with the technology partners that were announced in November 2015 The unique software development required for the rollout to the business customers of Anthem and ClaimCo 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 is looking at alternatives to finalise this development on an as soon as practicable basis.

As a result this has hampered efforts to deploy to that active EFTPOS market and customers but the Boards of both Stargroup and Anthem/Claim Co are committed to this project and the development of the unique software at the EFTPOS terminal to rollout to the greater than 50,000 customer base in the 2017 financial year. The Board will keep its shareholders informed of those developments but at 30 June 2016 the number of active EFTPOS terminals are 72 and revenues from this Division were only $20,061. As a result this division has suffered a loss in the 2016 year of $32,494.

4. Explanation for profit after tax for the year

The Group has made a profit (loss) after tax of $767,082 (2015: ($2,875,564). The profit is attributable to the following major income and expenses:

- The Company has recorded an income tax benefit of $2,210,396 during the financial year which represents only 25% of the total 30% tax benefit of the carried forward income tax and capital losses of the Group of $28,029,360. If the full tax benefit was recognized in these financials as at the reporting date, the profit after tax would have been increased by a further $6,631,190 and the total income tax benefit asset would be $8,841,586. The Board has seen a significant transformation in the business since the reverse takeover and the business has been profitable since March 2016. Further, the Company has raised in excess of $13,000,000 to fund acquisitions during the year and therefore there are no concerns about going concern by the Board and therefore the Board believes it is reasonable to recognize part of the tax benefits as at year end;
- The investment in NeoICP has been revalued upward during the 2016 year by $1,284,683 and a net amount of $1,061,632 after taking into account the agreed buy back as part of the reverse takeover acquisition between iCash and Stargroup. The investment was previously valued downward by $1,636,746 by the prior Board in the 2015 year. The current Board commissioned an independent valuation of the investment for the revaluation in the half year accounts and has again commissioned a further independent valuation to ensure that this investment is being accurately reflected in the Company accounts and results.
- The Company has recorded a discount on acquisition in relation to the reverse takeover acquisition of Stargroup Investments Limited of $879,966 (refer Note 7).

5. Details of dividend reinvestment plans in operation

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

6. NTA backing

	2016 (in cents)	2015 (in cents)
Net tangible asset backing per ordinary share	2.74	2.45

7. Details of associates and investments

During the year ended 30 June 2015, Stargroup disposed of a 24.01% interest in the manufacturer of its ATMs and ATM related software, namely NeoICP Korea Inc ("NeoICP") to have a resultant share of 19.25% in NeoICP as at the 30 June 2015.

During the year ended 30 June 2016, Stargroup's interest was reduced by a further 12.73% interest in NeoICP as part of both an agreed buy-back/equity swap which was agreed to as part of the reverse takeover of iCash by Stargroup Limited and the further issuance of shares by NeoICP to Korean shareholders. As at 30 June 2016, Stargroup own an 11.28% interest in NeoICP which has been valued by the Board at $2,000,000 (2015 : $938,368).

This investment has been revalued during the year and the Board believes that this still represents a conservative valuation of the investment given that NeoICP is paying a USD$60,000 dividend to Stargroup on the back of its 2016 results and the results of operations for NeoICP which were a 60.95% improvement on the 2015 result. Further the net assets of NeoICP at 30 June 2016 are AUD $17,292,198 and based on an 11.28% holding in NeoICP, the underlying assets held by Stargroup would equate to $1,950,550 and therefore the $2,000,000 is considered fair and reasonable by the Board.

During the year Stargroup has invested $105,524 in its joint venture with Anthem Software Pty Ltd ("Anthem") and Claim Co Pty Ltd ("ClaimCo") on 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 2017 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.

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 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
CONTINUING OPERATIONS			
Revenues from continuing operations	4	3,758,557	589,289
Cost of Sales	5a	(2,707,115)	(438,637)
GROSS PROFIT		1,051,442	150,652
Administrative expenses	5b	(3,419,065)	(1,352,153)
Depreciation, amortisation and impairment expenses	5c	(1,220,443)	(1,674,913)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE FINANCING ITEMS		(3,588,066)	(2,876,414)
Net financing income	5d	(19,177)	850
PROFIT (LOSS) BEFORE INCOME TAX		(3,607,243)	(2,875,564)
Income tax benefit (expense)	6	2,210,396	-
PROFIT (LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX		(1,396,847)	(2,875,564)
OTHER COMPREHENSIVE INCOME			
Discount on acquisition	7	879,966	-
Revaluation Increment	8	1,284,683	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,164,649	-
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE YEAR NET OF TAX		767,802	(2,875,564)
PROFIT (LOSS) ATTRIBUTABLE TO:			
Members of the parent entity		767,802	(2,875,564)
Non-controlling interests		-	-
TOTAL PROFIT (LOSS) FOR THE YEAR		767,802	(2,875,564)
TOTAL COMPREHENSIVE PROFIT (LOSS) ATTRIBUTABLE TO:			
Members of the parent entity		767,802	(2,875,564)
TOTAL COMPREHENSIVE PROFIT (LOSS)		767,802	(2,875,564)
EARNINGS PER SHARE			
Basic / Diluted profit (loss) per share (in cents)	9	0.23	(3.74)
Basic / Diluted profit (loss) per share – Continuing Operations (in cents)	9	0.23	(3.74)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
CURRENT ASSETS			
Cash and cash equivalents	10	2,877,642	288,935
Trade and other receivables	11	294,068	139,178
Inventory	12	495,546	485,379
Other assets	13	24,858	17,893
TOTAL CURRENT ASSETS		3,692,114	931,385
NON-CURRENT ASSETS			
Trade and other receivables	11	-	-
Other financial assets	14	4,344,302	951,018
Property, plant and equipment	15	2,778,158	189,545
Intangibles	16	9,205,308	-
TOTAL NON-CURRENT ASSETS		16,327,768	1,140,563
TOTAL ASSETS		20,019,882	2,071,948
CURRENT LIABILITIES			
Borrowings	19	-	-
Trade and other payables	17	3,891,558	170,679
Provisions	18	82,084	16,276
TOTAL CURRENT LIABILITIES		3,973,642	186,955
NON-CURRENT LIABILITIES			
Borrowings	19	211,496	-
TOTAL NON-CURRENT LIABILITIES		211,496	-
TOTAL LIABILITIES		4,185,138	186,955
NET ASSETS		15,834,744	1,884,993
EQUITY			
Share Capital	20	17,008,833	51,725,739
Performance Share Reserve	21	362,976	
Accumulated losses		(1,537,065)	(49,840,746)
Equity attributable to the owners of the parent		15,834,744	1,884,993
TOTAL EQUITY		15,834,744	1,884,993

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 2016

AS AT 30 JUNE 2016	Issued Capital $	Reserves $	Accumulated Profit/ (Losses) $	Parent Entity Interest $	Minority Interest $	Total Equity $
As 1 July 2015	51,725,739	-	(49,840,746)	1,884,993	-	1,884,993
Profit or (Loss) for the year	-	-	(1,386,847)	(1,386,847)	-	(1,386,847
Other comprehensive income			2,164,649	2,164,649	-	2,164,649
Total comprehensive income for the year			767,802	767,802	-	767,802
Transactions with owners of the Company						
Contributions by and distributions to owners of the company						
Reversal of pre-acquisition shares capital (Note 20)	(52,000,883)		49,747,216	(2,253,667)		(2,253,667)
Reverse acquisition transaction – effective consideration and share capital (Note 20)	5,906,716	-	-	5,906,716		5,906,716
Reverse acquisition transaction – retained earnings of Stargroup at acquisition	-		(2,211,337)	(2,211,337)		(2,211,337)
Issues of share capital	12,528,593	-	-	12,528,593	-	12,528,593
Share buyback	(224,856)	-	-	(224,856)	-	(224,856)
Capital raising costs	(926,476)	-	-	(926,476)	-	(926,476)
Share Performance Reserve	-	362,976	-	362,976	-	362,976
At 30 June 2016	17,008,833	362,976	1,537,065	15,834,744		15,834,744
At 1 July 2014	51,725,739	-	(46,993,694)	4,732,045		4,732,045
Loss for the year	-	-	(2,875,564)	(2,875,564)	-	(2,875,564)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	51,725,739-	-	(2,875,564)	(2,875,564)	-	(2,875,564)
Transactions with owners of the Company						
Prior years adjustments	-	-	28,512	28,512	-	28,512
At 30 June 2015	51,725,739	-	(49,840,746)	1,884,993	-	1,884,993

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 2016

	Note	Consolidated 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		3,718,408	930,414
Cash payments to suppliers and employees		(2,483,032)	(1,888,232)
Interest paid		(31,014)	(333)
Interest received		10,343	1,183
Net cash from operating activities	22(ii)	1,214,705	(956,968)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to purchase property, plant and equipment		(1,703,591)	(1,545)
Cash from business combination		1,636,500	-
Payments to purchase investments		(7,505,749)	-
Proceeds from sale of investments		-	721,000
Net cash from investing activities		(7,572,840)	719,455
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing shares		9,714,335	-
Payments for capital raising costs		(926,476)	
Proceeds from interest bearing liabilities		214,072	-
Repayment of interest bearing liabilities		(5,088)	-
Loans from Stargroup Investments Limited		(50,000)	50,000
Net cash from financing activities		8,946,842	50,000
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		2,588,707	(187,513)
Cash and cash equivalents at 1 July		288,935	476,448
CASH AND CASH EQUIVALENTS AT 30 JUNE	22(i)	2,877,642	288,935

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 2016

1 REPORTING ENTITY

Stargroup Limited (formerly iCash Payment Systems Limited) (the 'Company') is a for-profit company domiciled in Australia and has changed its name to Stargroup Limited and the company's ASX code also changed from ICP to STL, effective from 12 August 2015 as a result of an Extraordinary General Meeting of 29 July 2015.

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 2016 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), electronic funds transfer at point of sale (EFTPOS) equipment 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 2015.

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 2016.

b Going concern

The Company has incurred a net profit (loss) from continuing operations after tax of ($1,396,847) and a total comprehensive profit (loss) for the year of $767,802.

The financial statements have been prepared on a 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.

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

- The Board announced on the ASX platform on 29 December 2014 that it had entered into a Heads of Agreement to acquire the ATM network and business operated by Stargroup Investments Limited and further announcements were made in relation to the entering into a Share Sale Agreement and the merger was completed on 7 August 2015.

  There were a number of conditions precedent to that acquisition but the major components in relation to the going concern of the Group involved both Stargroup Investments Limited and NeoICP, Korea Inc. participating in a capital raise totalling $3,500,000 at $0.035 per ICP share and this capital raise was successful and in the case of Stargroup Investments Limited was oversubscribed.

2 BASIS OF PREPARATION (continued)

b Going concern (continued)

It also included as a condition the appointments of Mr Todd Zani as the Group's Chief Executive Officer and Executive Chairman and both Mr Zaffer Soemya and Mr Shaun Sutton as Directors of the Board. All of these directors of Stargroup Limited have extensive ATM experience and in particular both Mr Todd Zani and Mr Zaffer Soemya were instrumental in the listing of Ezeatm Limited (ASX : EZA) on the Australian Stock Exchange in 2011 and increasing it's market capitalisation from $4million to a high of $34million in June 2012.

During the year the Company has raised in excess of $13,000,000 and completed two other high quality acquisitions of ATM networks, namely the Cash Plus and Cash My ATM networks and the business has had a remarkable transformational period and the ATM division is now profitable. The new Board of Stargroup Limited have a proven track record of increasing the market capitalisation of the Company haven taken the market capitalisation of the company from $2,687,462 at 30 June 2015 to a market capitalisation of $20,229,475 at 30 June 2016. Further the net asset position of the business has significantly improved.

Taking into account of the above factors and the improved impact on the forecasts and cash flows, the Board of Directors of Stargroup believes that the Group will have sufficient cash resources to continue to pay all debts and obligations as and when they arise and accordingly the financial statements have been prepared on the basis that the business is a going concern.

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 2016 and 2015 is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Property, plant and equipment – 20% (2015: 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 adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

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

Standard Name	Impact
AASB 2012-3:Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	No significant changes on adoption of this standard
AASB 2013-3: Recoverable amount Disclosures for Non-Financial Assets	No significant changes on adoption of this standard
AASB 1031: Materiality	No significant changes on adoption of this standard
AASB 2013-5: Investment Entities	No significant changes on adoption of this standard

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

r New standards and interpretations not yet adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard Name	Effective Date for Entity	Requirements	Impact
AASB 1031: Materiality - Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 July 2015	- AASB 1013 completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	The Group has not yet assessed the full impact of these amendments.
AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).	30 June 2016	- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; - removing the tainting rules associated with held-to-maturity assets; - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets.	In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.
AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	- These amendments to AASB 116 and AASB 138 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. - The standard also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.	The Group has not yet assessed the full impact of these amendments.
AASB 2014-9: Equity Method in Separate Financial Statements (Amendments to AASB 127)	1 January 2016	- Amends IAS 27 to permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	The Group has not yet assessed the full impact of these amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

r New standards and interpretations not yet adopted (continued)

Standard Name	Effective Date for Entity	Requirements	Impact
AASB 2014-10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)	1 January 2016	- Amends ASB 10 and AASB 128 to remove the inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	The Group has not yet assessed the full impact of these amendments.
AASB 1056: Superannuation Entities	1 July 2016	- AASB 1056 replaces the existing requirements in AAS 25, and applies to large superannuation entities regulated by the Australian Prudential Regulation Authority (APRA) and to public sector superannuation entities. This Standard is expected to result in significant changes to the recognition, measurement, presentation and disclosures relating to superannuation entity financial statements. Some of the key changes include: - greater level of integration between AASB 1056 and other Australian Accounting Standards - a revised definition of a superannuation entity - revised content/presentation of financial statements (e.g. the introduction of a statement of changes in member benefits and a statement of changes in equity/reserves) - use of fair value rather than net market value for measuring assets and liabilities (subject to certain exceptions) - revised member liability recognition and measurement requirements - New/revised disclosure requirements	The Group has not yet assessed the full impact of these amendments.
AASB 2015-5: *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*	1 January 2016	- extends the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. - makes related amendments to AASB 10 Consolidated Financial Statements and AASB 1049 Whole of Government and General Government *Sector Financial Reporting*	The Group has not yet assessed the full impact of these amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

r New standards and interpretations not yet adopted (continued)

Standard Name	Effective Date for Entity	Requirements	Impact
AASB 2015-1: Annual Improvements to Australian Accounting Standards 2012-2014	1 January 2016	- AASB 2015-1 makes amendments to various Accounting Standards arising from the IASB's *Annual Improvements* process, namely: AASB 5 - changes in methods of disposal from sale to distribution AASB 7 – applicability of disclosures to servicing contracts and interim financial statements; AASB 119 – clarifies that the government bond rate used in measuring employee benefits should be those denominated in the same currency. AASB 134 – permits the cross referencing of disclosures elsewhere in the financial report.	The Group has not yet assessed the full impact of these amendments.

4 REVENUE FROM CONTINUING OPERATIONS

	2016 $	2015 $
Operating Activities		
ATM product revenue	271,947	159,449
ATM Service revenue and transaction fees	3,448,453	429,840
EFTPOS revenue	20,061	-
Insurance recovery	18,096	
	3,758,557	589,289

5 EXPENSES FROM CONTINUING OPERATIONS

		2016 $	2015 $
a	**Cost of Sales**		
	Cost of goods sold	2,697,601	166,340
	Cost of services	9,514	6,819
		2,707,115	173,159
b	**Administrative expenses**		
	Corporate advisory fees	176,326	11,000
	Directors fees	68,147	105,000
	Rent and outgoings	163,442	46,690
	Salaries and wages	1,282,426	445,547
	Share issues expenses	153,412	15,240
	Share based payment expenses	362,976	-
	Superannuation expenses	122,859	42,000
	Travel and accommodation	168,801	42,960
	Other expenses	920,676	643,716
		3,419,065	1,352,153

c	Depreciation, amortisation and impairment expenses		
	Amortisation of intangibles	762,075	-
	Depreciation	458,368	38,167
	Impairment of other financial assets	-	1,636,746
	Total depreciation, amortisation and impairment expenses	1,220,443	1,674,913
d	Financing income / (cost)		
	Interest received	10,343	1,183
	Interest paid	(31,014)	(333)
	Foreign Exchange Expense	1,494	-
		19,177	850

6 INCOME TAX EXPENSE

The component of income tax expense comprise:		
Current tax	-	-
Deferred tax expense/(benefit)	(2,210,396)	(370,763)
Unrecognised tax benefits	-	370,763
	(2,210,396)	-
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 30% on the loss from continuing activities (2015 : 30%)	(1,076,420)	(370,763)
Tax effect on:		
Non-deductible items		
Revaluation of investment in NeoICP Korea Inc.	(385,404)	
Other non-assessable items	(748,572)	
(Recognised) Unrecognised tax benefits		370,763
	(2,210,396)	-

Tax losses and franking account balance
Available tax losses to date amount to $29,471,953 (2015 : $15,014,621) which represents an actual income tax benefit of $8,841,586, however the Board has elected to only recognise 25% of this asset, being $2,210,396.

As at 30 June 2015 no deferred tax assets were recognised as it was not considered sufficiently probable that future taxable profits would be generated in the appropriate jurisdictions to enable these losses to be utilised. The total deferred tax asset not recognised in relation to the tax losses at 30 June 2015 was $4,504,385.

The Board has overseen a significant transformation in the business and the business has been profitable since March 2016. Further, the Company has raised in excess of $13,000,000 during the year as part of making three high quality acquisitions and therefore the Board believe that it is reasonable to recognise part of the tax benefits.

7 BUSINESS COMBINATION

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 Limited. On 29 July 2015 the shareholders of iCash Payment Systems Limited agreed to the resolutions in relation to the merger as between Stargroup Limited and the Company, whereby the Company acquired 100% of Stargroup Limited and on 7 August 2015 the Share Sale Agreement was completed.

The consideration paid by the Company for the acquisition of Stargroup was $5,500,000. Representing 157,142,857 shares in the Company at their assessed fair values of 3.5 cents each. However the acquisition of Stargroup Limited represents a reverse acquisition in accordance with AASB 3 Business Combinations as the transaction results in the shareholders of Stargroup 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 Limited (3 of 5 post transaction).

Consequently, the acquisition date fair value of the consideration transferred is based on the number of equity interests in the legal subsidiary would have 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 acquired 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	1,373,700
Fair value of assets and liabilities held at acquisitions 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	500,000
Share buyback 436,646 shares	(224,856)
Identifiable assets and liabilities – 7 August 2015	2,253,666
Discount on acquisition	(879,966)

7 BUSINESS COMBINATION (continued)

The discount on acquisition reflects the assessment of the independent expert that the assessed fair value of the consideration given by the Company exceeded the assessed fair value of the acquired Stargoup net assets. The discount on acquisition has been recognised in other comprehensive income in the Statement of Profit or Loss and Other Comprehensive Income.

The acquisition date fair value of receivables that were subsequently consolidated in the group was $173,488.

Reason for Business Combination
The former iCash Board decided the current management was insufficiently experienced to accelerate the Australian ATM operations and that raising further capital from its shareholders would not meet its immediate need for additional, experienced management personnel. The Stargroup Board had significant ATM operation experience and were already well advanced in generating additional income streams as part of establishing itself as a payment systems provider in Australia.

Contribution to the Group Result
The business combination had a material impact on the performance for the period with revenues of $3,758,557 and a profit (loss) for the combined entity for the year of $767,802.

The amount of revenue and profit or loss of the combined entity for the current period as though the acquisition date for all business combinations occurred at the start of the period would have resulted in revenues of $3,639,742 and a profit (loss) for the period would have been $803,324

8 REVALUATION

Fair Value of NeoICP Investment
During the year ended 30 June 2015, Stargroup sold a further 700,000 shares in NeoICP for $721,000. Stargroup also settled it's outstanding debt with NeoICP by transferring 1,934,753 shares to NeoICP in June 2015 for $1,129,229. A significant impairment of the value of the investment in NeoICP was made during the year to reflect the value of the shares which have been issued in Korea to NeoICP shareholders at KRW500. The impairment during that financial year was $1,636,746.

The following reconciliation shows the movement in the investment:

Fair value of the investment in NeoICP as at beginning of year	938,368	4,425,040
Proceeds from sale of shares		(721,000)
Settlement of debt with NeoICP		(1,128,926)
Impairment of investment		(1,636,746)
Buyback of NeoICP shares as part of merger	(223,051)	-
Revaluation of NeoICP investment at half year	809,280	-
Revaluation of NeoICP investment at year end	475,403	-
	2,000,000	938,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

9 EARNINGS PER SHARE

Basic/Diluted profit (loss) per share (in cents)	0.23	(3.74)
Basic/Diluted profit (loss) loss per share – continuing operations (in cents)	0.23	(3.74)
Profit (Loss) used in the calculation of basic and diluted EPS (in $)	767,802	(2,875,564)
Profit (Loss) used in the calculation of basic and diluted EPS – continuing operations (in $)	767,802	(2,875,564)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	337,843,741	76,784,631

10 CASH AND CASH EQUIVALENTS

	2016	2015
Current	$	$
Bartercard	221,127	-
Cash on hand	300	794
Cash at bank	2,656,215	288,141
	2,877,642	288,935

11 TRADE AND OTHER RECEIVABLES

	2016	2015
Current	$	$
Trade receivables	294,068	2,558
Hire purchase receivable (i)	-	136,620
	294,068	139,178

(i) The Company ("the lessor") entered into a hire purchase agreement for 27 ATMs with Star Payments Systems Pty Ltd ("the lessee") on the 22nd May 2014. This hire purchase liability was forgiven as part of the reverse acquisition which was completed on 7 August 2015.

Non-current		
Hire purchase receivable	-	-
	-	-

12 INVENTORY

Inventory	495,546	485,379
Provision for inventory obsolescence	-	-
	495,546	485,379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

13 OTHER ASSETS

Current		
Prepayments	24,858	10,156
Others	-	7,737
	24,858	17,893

14 OTHER FINANCIAL ASSETS

Available-for-sale

The Group has an 11.28% (2015 : 19.25%) equity interest in NeoICP Korea, Inc. at the end of the year. See Note 15.

Fair value of investments		
Fair value of investment 11.28% (2015: 19.25%)	2,000,000	938,368
Joint Venture	105,524	-
Other		
Guarantee in respect of leased office premises	28,382	12,650
Deferred Tax Asset	2,210,396	
	4,344,302	951,018

15 PROPERTY, PLANT AND EQUIPMENT

Non-Current		
Property, plant and equipment		
At cost	3,479,286	227,712
Less: Accumulated depreciation	(701,128)	(38,167)
	2,778,158	189,545

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	189,545	138,027
Additions	3,046,981	89,685
Disposals	-	-
Depreciation from continuing operations	(458,368)	(38,167)
Depreciation from discontinued operations	-	-
Carrying amount at the end of year	2,778,158	189,545

During the year as part of the reverse takeover acquisition, Stargroup acquired net assets of $172,352 with the breakup of these assets being as follows:

Property, plant and equipment – at cost	409,186	-
Less: Accumulated depreciation	(204,593)	-
	172,352	-

16 INTANGIBLES

Non-Current		
Site Contracts | Cash+ – at Cost	6,053,738	-
Site Contracts | Cash My ATM – at Cost	3,913,645	-
Total Site Contracts	9,967,383	-
Less Accumulated Amortisation	(762,075)	
	9,205,308	

Site Contracts – Cash Plus Australia Pty Ltd
Stargroup Investments Limited ("SIL"), a wholly owned subsidiary of Stargroup Limited, completed the acquisition of the ATM network from Cash Plus Australia Pty Ltd ("Cash+") on 30 November 2015.

The principal agreement was to acquire a 104 ATM network on the following basis:

- Purchase price of $6,314,492; and
- Purchase consideration was paid by the payment of $3,157,246 in cash and by the issue of 78,931,125 new fully paid SWTL shares, issued at $0.04 per share.

The underlying ATM assets purchased were valued at $390,500 and have been classified as plant and equipment on the consolidated statement of financial position, with the remaining balance of $6,053,738. Reflecting the future value of the contracts acquired and are classified as an intangible asset as at 30 June 2016.

Site Contracts – Cash My ATM
Star Payment Systems Pty Ltd ("SPS"), a wholly owned subsidiary of Stargroup Limited, completed the acquisition of the ATM network from Cash My ATM on 5 July 2016 but was in control of the ATM network from 1 June 2016.

The principal agreement was to acquire a 97 ATM network on the following basis:

- Purchase price of $4,454,027; and
- Purchase consideration was paid by the payment of $4,008,624 in cash and by the issue of 8,908,060 new fully paid STL shares, issued at $0.05 per share.

The underlying ATM assets purchased were valued at $541,000 and have been classified as plant and equipment on the consolidated statement of financial position, with the remaining balance of $3,913,645 Reflecting the future value of the contracts acquired and are classified as an intangible asset as at 30 June 2016.

17 TRADE AND OTHER PAYABLES

	2016	2015
Current		
Unsecured liabilities	$	$
Trade creditors – external	744,393	965
Cash My ATM Acquisition Payable	2,348,813	-
Sundry creditors and accrued expenses	798,352	169,714
	3,891,558	170,679

18 PROVISIONS

Current		
Provision for holiday pay	82,084	16,276

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.

19 BORROWINGS

Current		
Borrowings	-	-
Non-Current		
Hire Purchase Liabilities	239,163	-
Less: Unexpired Interest	(27,667)	
	211,496	-

The borrowings represent commercial 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..

20 ISSUED CAPITAL

	Consolidated		Consolidated	
	June 2016 Shares	June 2015 Shares	June 2016 $	June 2015 $
Ordinary shares				
Share capital	577,985,006	76,784,631	577,985,006	51,725,739
Movements during the year				
Balance at beginning of the year	76,784,631	76,784,631	51,725,739	51,725,739
Pre-acquisition transactions:				
Shares issued	14,285,714	-	500,000	-
Shares bought-back	(7,678,457)		(224,856)	
Pre acquisition share capital	83,391,888		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	-	-	4,533,016	
Post reverse acquisition share capital	240,534,745		5,906,716	
Shares issued in the period post acquisition:				
Cash Plus Acquisition				
Rights issue	96,213,898		3,367,486	
Share Issue to Vendor (Note 16)	78,931,125		3,157,245	
Less: capital raising costs			(486,292)	
Post-acquisition share capital	415,679,768		11,945,155	
Cash My ATM Acquisition				
Private placement share issue	83,333,333		3,000,000	
Rights issue	78,971,905		2,503,862	
Less: capital raising costs			(440,184)	
	-	-	-	-
Balance at the end of the period	577,985,006	76,784,631	17,008,833	51,725,739

20 ISSUED CAPITAL (continued)

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 issues to key management personnel during the year as approved by the Company's shareholders on 29 July 2015. The performance rights will result in shares 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.

As at 30 June 2016 the Company had 348 active ATMs and the annualised revenue on a three month rolling average was $4,635,388. As a result the first tranche of performance shares have been attained and were issued to key management personnel post year end on 18 August 2016. At 30 June 2016 the Board have recorded a Share Performance Share Reserve of $362,976 which represents both the first tranche and second tranche of Performance Shares as it is highly likely that the second tranche will be achieved well before its deadline (Refer Note 21).

21 RESERVES

	2016	2015
	$	$
Share Performance Reserve	362,976	-

At 30 June 2016 the Board have recorded a Share Performance Share Reserve of $362,976 which represents both the first tranche $117,500 and the second tranche of Performance Shares of $245,476.

The second hurdle was the attainment of 500 ATMs in Australia and the achievement of $5,000,000 annualised revenue (measured over a rolling three month term) by 30 June 2017. As at the date of this report, the Company already has an annualised revenue of in excess of $6,500,000 and therefore it is merely the further organic growth of ATMs for the key management personnel to attain the performance shares and the Board believes this is highly likely given the current roll out and sales pipeline of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

22 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

		2016	2015
i.	Reconciliation of cash	$	$
	Cash at bank and on hand	2,877,642	288,935
ii.	Reconciliation of net cash from operating activities		
	Profit (Loss) for the period	767,802	(2,875,564)
	Non-cash flows in profit from ordinary activities:		
	Depreciation and amortisation expense	1,220,443	38,167
	Impairment and write-off of assets	-	1,636,746
	Revaluation increment	(1,284,683)	
	Discount on acquisition	(879,966)	
	Effect of Foreign exchange	-	170,491
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
	Change in trade and term debtors	(154,890)	37,231
	Change in prepayments and other debtors	(10,167)	52,921
	Change in inventory	(6,965)	207,867
	Change in other financial assets		-
	Change in trade and other creditors	1,529,178	(207,080)
	Change in provisions	33,953	(12,280)
	Change in other liabilities	-	(5,467)
	Net cash (used in)/from operating activities	1,214,705	(956,968)

23 EVENTS OCCURRING AFTER BALANCE DATE

Cash My ATM Acquisition

On 3 June 2016, the Company announced that it had agreed to acquire the Cash My ATM network with economic effect from 1 June 2016 and that the transaction would complete in early July 2016.

The company agreed to pay $4,454,027, with 10% of the purchase consideration being paid to the vendor in fully paid STL shares at an issue price of $0.05 (escrowed for 12 months) and the balance to paid in cash and funded by way of a $3,000,000 private placement and also a $3,000,000 rights issue at $0.036 per share, both of which were over-subscribed and completed prior to 30 June 2016.

The purchase price was partially paid prior to year end and the amounts paid prior and post year end were as follows:

Pre Balance Date Amounts

- An amount of $100,000, representing a non-refundable deposit was paid on 30 May 2016;
- An amount of $38,824 was paid to Indue Limited on 30 May 2016 in respect of hire purchase amounts owed by the vendor on some of the ATM network;
- An amount of $1,469,801 was paid to the Vendor on 10 June 2016;
- An amount of $51,187 was paid to Macquarie Bank Limited on 30 June 2016 in respect of further hire purchase amounts on ATMs and motor vehicles acquired in the acquisition

Post Balance Date Amounts

- An amount of $2,348,813 was paid to the vendor on 1 July 2016; and
- An amount of $445,403 was paid to the vendor by way of the issue of 8,908,060 shares at $0.05 per shares (escrowed for 12 months) on 5 July 2016.

Private Placement of Shares

On 8 July 2016 the Company made a private placement of 5,000,000 shares at $0.036 per share to existing sophisticated investors and the funds raised were to be applied to general working capital purposes.

Post the private placement of shares the Company's shares and options are 650,000,000 and this is broken down as follows:

	Number of Shares and Options
Shares on Issue at 30 June 2016	577,985,006
Share Issue to Vendor of Cash My ATM	8,908,060
Private Placement of Shares at $0.036	5,000,000
2018 Issued Options with an exercise price of $0.05	48,106,934
Performance Rights	10,000,000
Total Shares and Options on Issue	650,000,000

Performance Shares

On 29 July 2015, the issue of 10,000,000 Performance Rights was approved by the Company's shareholders as follows:

Name	Number of Performance Rights	Details
Todd Zani	4,000,000	1,000,000 of each 2016, 2017, 2018 and 2019 Performance Rights
Shaun Sutton	2,500,000	625,000 of each 2016, 2017, 2018 and 2019 Performance Rights
Zaffer Soemya	1,500,000	375,000 of each 2016, 2017, 2018 and 2019 Performance Rights
NeoICP	2,000,000	500,000 of each 2016, 2017, 2018 and 2019 Performance Rights
	10,000,000	

Each tranche of the Performance Rights are convertible into ordinary shares of the Company upon the achievement of the deployment of a fixed number of ATMs as well as EBITDA and NPAT targets in the relevant years.

No consideration will be payable to acquire or on the exercise of the Performance Rights.

The first tranche of Performance Rights and shares were issued to the key management personnel above on 18 August 2016.

EFTPOS Distribution Agreement

On 30 August 2016 the Company announced that it has signed via its wholly owned subsidiary, namely StarApps Pty Ltd, a EFTPOS distribution agreement with West International AB, a public company listed on the Swedish NASDAQ OMX First North Exchange, to distribute next generation EFTPOS payment terminals and solutions in Australia and New Zealand.

This agreement will enable Stargroup to fast track the development of unique and customised EFTPOS terminal software for the Australian and New Zealand market as part of tis concerted effort to be the number 1 EFTPOS independent service operator by the end of 2017.

24 CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2016.

CORPORATE INFORMATION

Stargroup Limited
ABN 87 061 041 281

Directors

Mr Todd Zani – Executive Director and Executive Chairman (appointed Chairman 7 August 2015)
Mr Evan McGregor – Non Executive Director (appointed 25 August 2016)
Mr Jong Ho (Jay) Kim – Non Executive Director (resigned as Chairman 7 August 2015)
Mr Shaun Sutton – Executive Director (resigned 25 August 2016)
Mr Zaffer Soemya – Non Executive Director (resigned 20 April 2016)
Mr Taejin Kim - Non Executive Director (appointed 7 August 2015 and resigned 2 May 2016)

Company Secretary

Mr Sungki Lee

Registered and Corporate Office

Unit 1, 25 Montgomery Way
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