

ASX Release
28 September 2016

**STARGROUP DIVERSIFIES AND SIGNS AN EXCLUSIVE MOU
TO ACQUIRE FROM INDUE LIMITED AN
ATM SWITCHING, SETTLEMENT, PROCESSING,
TELECOMMUNICATIONS AND ATM RESELLER BUSINESS**

HIGHLIGHTS

- Stargroup Limited has signed an exclusive MOU with Indue Limited to purchase various assets relating to a national ATM switching, settlement, processing, telecommunications and ATM reseller business.
- The MOU will enable Stargroup and Indue to undertake due diligence and negotiate to enter into binding asset sale agreements and other contractual documentation in relation to the transaction.
- Upon completion, Stargroup will provide ATM switching services for 70 ATM Deployers, 1,700 ATMs and 1,350 modems, processing approximately 12,000,000 transactions per annum.
- Consideration is \$6.5 million payable in cash.
- Acquisition to be fully funded via debt.
- Projected annualised revenue increase of \$4.1 million.
- Projected annualised EBITDA increase of \$1.7 million.
- Completion expected in December 2016

BACKGROUND

Financial Technology and ATM machine company Stargroup Limited (ASX : STL) is pleased to announce that it will significantly expand and diversify its business as a result of having signed a binding MOU with Indue Limited (Indue) for its Automatic Teller Machine ("ATM") switching, settlement, processing, telecommunications and reseller business.

Indue provides ATM switching, settlement and processing services (ATM Switch), telecommunications services (ATM Telco) and also resells ATMs (ATM Sales) to approximately 70 ATM Deployers, 1,700 ATMs, 1,350 modems and processes approximately 12,000,000 transactions per annum.

The ATM Switch, ATM Telco and ATM Sales business will increase the current annualised revenue from the ATM division from \$7.5 million to \$11.6 million with that figure increasing via further organic growth to at least \$15 million next financial year.

**Stargroup agrees to
acquire an ATM
Switch, ATM Telco
and ATM Sales
business processing
12 million
transactions a year**

THE PROPOSED ACQUISITION

Indue has operated its business for over 45 years. Indue provides ATM services to its clients by entering into a legal contract with the clients (**Client Contracts**).

The proposed acquisition will include Stargroup and Indue executing binding asset sale agreements for all of the rights, title and interests of Indue in the Client Contracts.

CONSIDERATION

Stargroup has agreed to pay \$6.5 million with the consideration being paid in cash, on completion.

MATERIAL CONDITIONS

The MOU provides that both parties will negotiate the sale transaction on an exclusive basis until 30 October 2016.

The transaction will not become binding on either party until the following material conditions precedent are satisfied:

- Stargroup completing due diligence in relation to the purchase of the assets forming part of the transaction to the absolute satisfaction of Stargroup;
- Stargroup and Indue executing a binding asset sale agreement on terms agreeable to both parties subject to the entering into an agreement for the provision of ongoing services by the business;
- Stargroup and Indue entering into an agreement which documents the provision of the ongoing services that Indue will provide to Stargroup on completion of the transaction;
- STL obtaining all necessary approvals from the Australian Securities Exchange and its shareholders for the proposed transaction, if needed; and
- Indue obtaining all necessary approvals, including shareholder approval for the Transaction.

Stargroup and Indue anticipate that subject to the Stargroup and business shareholder approvals, the conditions precedent will be readily satisfied.

FUNDING

The acquisition will be fully funded by way of debt.

The Company is well advanced in terms of the negotiations for the funding of the acquisition and it is intended to fund this acquisition by way of a loan agreement(s) with free attaching option(s) on a 1 for \$1 basis with an exercise price of \$0.12 per option to acquire one Stargroup share, with a 3 year exercise period.

**Fully funded
by debt**

SHAREHOLDER APPROVALS TO BE SOUGHT

Stargroup will provide shareholders with a notice of meeting and explanatory statement detailing the approval resolutions sought for the proposed acquisition, if any. The resolutions proposed, if any, are proposed to be put to members at the upcoming AGM.

EXPECTED TIMETABLE

Event	Proposed Completion by Date
Announcement of MOU	28 September 2016
Completion of Due Diligence and Execution of Asset Sale Agreement	30 October 2016
Announcement of Acquisition and Execution Asset Sale Agreement	30 October 2016
Obtaining of all shareholder approvals	31 November 2016
Completion of Acquisition	31 December 2016

The above timetable is indicative only and may be subject to change including in accordance with the requirements of the *Corporations Act 2001* and the ASX Listing Rules.

Mr Todd Zani, Stargroup's CEO and Executive Chairman said *"This is another significant transaction for Stargroup and Indue is a market leader in ATM switching, processing and settlement services and has been for some time.*

I have had a long term relationship with Indue and they provide industry best settlement and processing services and this is an excellent acquisition of a complementary business for Stargroup.

We believe that we can further add value to the customers of Indue, post the acquisition, and coupled with the ongoing services agreement to be negotiated, Stargroup will continue to provide industry best switching, processing and settlement services and with the combined strengths of both parties, Stargroup will further establish itself in the Australian financial payment technology sector."

FURTHER INFORMATION

For further information, please contact:

Todd Zani
CEO and Executive Chairman
Stargroup Limited
Tel: +61 (08) 9200 5834
E: todd@starpaymentsystems.com.au

Media
Matt Birney
Director – Cannings Purple
Tel: +61 419 217 090
E: mbirney@canningspurple.com.au

About Stargroup

Financial technology company Stargroup Limited is the only ASX listed company deploying ATM machines in Australia and importantly, the only listed ATM company having a direct ownership interest in the manufacturer of its ATM technologies, namely NeolCP, a south Korean private company.

Stargroup Limited became the exclusive distributor of the cashPod ATM range including the recycler ATM, back office and payment technologies in Australia for the next 5 years on 7 August 2015.

Stargroup Limited, via its wholly owned subsidiaries, StarPOS and StarApps, is also an EFTPOS and payWave technologies provider and developer of the source code in its terminals via its 5 year distribution agreement with West International AB, a Swedish NASDAQ listed company, to distribute next generation EFTPOS payment terminals and solutions in Australian and New Zealand.

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