

**Ezeatm Limited**  
**(Formerly Oakajee Investments Limited)**  
ABN 59 151 155 734

**Preliminary Final Report - Appendix 4E**  
**for the year ended**  
**30 June 2012**

## **Preliminary Final Report for the year ended 30 June 2012**

### **1. Reporting Period**

Current Reporting Period : Year ended 30 June 2012  
Previous Reporting Period : Not applicable as the Company was admitted to the official list of the ASX on 5 October 2011.

### **2. Results for Announcement to the market**

	<b>Percentage change %</b>	<b>Amount \$</b>
2.1 Revenues	-	9,373,053
2.2 EBITDA		2,461,343
2.3 Net Profit after tax	-	1,558,066
2.4 Dividends	-	-
2.5 Record Date for Determining Entitlements to Dividend	-	-

### **2.6 Review of Operations**

The Company completed its initial public offering and was admitted to the official list of the ASX on 5 October 2011 with official quotation on the ASX on 7 October 2011. Under its prospectus, a total of 17,500,000 shares were issued at an issue price of 20 cents each to raise \$3,500,000 before expenses of the offer.

Additionally, the Company acquired the ATM business of Ezeatm Pty Ltd which involved the deployment of ATMs in small to medium size businesses at 86 sites across Australia generating approximately 650,000 transactions per annum.

Furthermore, on 1 December 2011 the Company announced that it had acquired the Australian ATM operations of iCash Payment Systems Limited (ASX : ICP) for \$16,000,000 subject to shareholder approval and this would increase the number of ATMs on the network to over 1,800 ATMs and annualised transactions of more than 10,000,000.

The acquisition of the Australian ATM operations of iCash Payment Systems Limited via the acquisition of iCash's subsidiary ATM One Pty Ltd ("ATM One") was approved by the shareholders on 13 January 2012.

Ezeatm funded the acquisition through the issue of 25,000,000 shares at \$0.40 to raise \$10,000,000 under a placement, cash of \$2,000,000 and a finance facility of \$4,000,000 from the National Australia Bank Limited.

The material terms of the Share Sale Agreement were as follows:

- a) Ezeatm acquired 100% of the share capital in iCash's wholly owned subsidiary ATM One, which operates iCash's Australian ATM network.
- b) ATM One was acquired for \$16,000,000. To achieve this:

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- i) iCash was paid a \$1,000,000 non-refundable deposit and \$12,230,727 in cash at completion;
  - ii) Ezeatm paid certain creditors of ATM One \$1,800,768 at completion;
  - iii) Ezeatm assumed in effect adjusted net current liabilities of approximately \$968,505.

c) Ezeatm did not assume any employee or lease obligations from iCash, and appropriate warranties were given in this regard.

On 18 January 2012, the Company signed a heads of agreement to enter into a joint venture agreement with Australia's leading drive-thru coffee business Muzz Buzz Franchising Ltd ("Muzz Buzz").

The heads of agreement will see both parties form a joint venture to install Muzz Buzz Money Machine branded ATMs at selected Muzz Buzz drive-thru locations across Australia.

The first branded ATMs are likely to be installed in September 2012 before being progressively rolled out across the 45+ Muzz Buzz franchise network which operates throughout Queensland, Victoria, South Australia and Western Australia.

On 8 May 2012, the Company signed an exclusive five year distribution agreement for ATMs and ATM related products, parts and software manufactured by NeolCP Korea. Inc. The Company is committed to acquiring 2,000 ATMs during the five year term of the agreement and at 30 June 2012 had acquired 218 ATMs for deployment in Australia.

As at 30 June 2012 the Company had 1,862 sites on its ATM network and is generating approximately 11,000,000 transactions per annum. During the year, the Company has significantly increased its number of active ATMs and annualised transactions during the period.

The consolidated net profit for the financial year after providing for income tax amounted to \$2,093,339 (2011 : \$nil).

### **3.Dividends Paid and Declared**

No dividends were paid during the year and the directors recommend that no dividends be paid or declared for the year ended 30 June 2012.

### **4.Net Tangible Asset per Security**

<b>NTA Backing</b>	<b>30 June 2012</b>
Net tangible assets	15,226,477
Net assets	18,983,754
Total number of shares	65,000,000
Net assets per security	0.29
Net tangible assets per security	0.23

**5. Details of Entities Over Which Control Has Been Gained or Lost**

- (i) Acquisition 100% of ATM business of Ezeatm Pty Ltd.
- (ii) Acquisition 100% of Australian ATM operations of iCash Payment Systems Limited via the acquisition of iCash's subsidiary ATM One Pty Ltd ("ATM One").

**6. Details of Associates and Joint Venture Entities Over Which Control Has Been Gained or Lost**

A joint venture with Australia's leading drive-thru coffee business Muzz Buzz Franchising Ltd ("Muzz Buzz") was established during the year and the Group has a 50% interest in the joint venture.

**7. Information on Audit or Review**

The preliminary final report is based on accounts which are in the process of being audited.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012**

		Consolidated	
		2012	Period from 27 May 2011 to 30 June 2011
		\$	\$
	Notes		
ATM revenue	2 (a)	8,385,885	-
ATM network expense	2 (c)	(4,054,334)	-
<b>Gross profit</b>		4,331,551	-
Other income	2 (b)	817,537	-
Employee benefits expense	2 (d)	(1,740,188)	-
Other expenses	2 (e)	(947,557)	-
<b>Earnings before income tax, depreciation and amortisation</b>		2,461,343	-
Depreciation and amortisation	11	(2,058,930)	-
<b>Results from operating activities</b>		402,413	-
Finance income		169,631	-
Finance costs		(153,068)	-
<b>Net finance costs</b>		16,563	-
Share of profit (loss) of equity accounted investments		-	-
<b>Profit before income tax expense</b>		<b>418,976</b>	-
Income tax (expense)/ benefit	3	1,139,090	-
<b>Net profit after tax</b>		<b>1,558,066</b>	-
<b>Other comprehensive Income</b>		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>1,558,066</b>	-
Basic earnings per share (cents per share)	5	<b>3.84</b>	-
Diluted earnings per share (cents per share)	5	<b>3.84</b>	-

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	Notes	<u>Consolidated</u>	<u>Company</u>
		2012 \$	2011 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	1,547,950	-
Trade and other receivables	8	452,106	22,438
Inventories	9	786,393	-
Other financial assets	10	121,928	-
<b>Total Current Assets</b>		<b>2,908,377</b>	<b>22,438</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	17,207,562	-
Deferred tax assets	3	1,139,090	-
Intangible assets	12	3,757,277	-
<b>Total Non-Current Assets</b>		<b>22,103,929</b>	<b>-</b>
<b>Total Assets</b>		<b>25,012,306</b>	<b>22,438</b>
<b>Current Liabilities</b>			
Trade and other payables	13	2,547,110	-
Borrowings	19	1,331,337	22,338
Employee benefits	14	57,794	-
Current tax liabilities	3	-	-
<b>Total Current Liabilities</b>		<b>3,936,241</b>	<b>22,338</b>
<b>Non-Current Liabilities</b>			
Borrowings	19	2,092,311	-
<b>Total Non-Current Liabilities</b>		<b>2,092,311</b>	<b>-</b>
<b>Total Liabilities</b>		<b>6,028,552</b>	<b>22,338</b>
<b>Net Assets</b>		<b>18,983,754</b>	<b>100</b>
<b>Equity</b>			
Issued capital	15	17,267,607	100
Reserves	16	158,081	-
Retained earnings	16	1,558,066	-
<b>Total Equity</b>		<b>18,983,754</b>	<b>100</b>

**STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2012**

	Issued Capital \$	Retained Earnings \$	Option Reserve \$	Total \$
<b>Balance as at incorporation date (27 May 2011)</b>	-	-	-	-
Profit for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-
Shares issued during the year	100	-	-	100
<b>Balance at 30 June 2011</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>
<b>Balance as at 1 July 2011</b>	100	-	-	100
Profit for the year	-	1,558,066	-	1,558,066
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,558,066</b>	<b>-</b>	<b>1,558,166</b>
Shares issued during the year	17,999,900	-	-	17,999,900
Recognition of share-based payments	-	-	158,081	158,081
Less share issue costs	(732,393)	-	-	(732,393)
<b>Balance at 30 June 2012</b>	<b>17,267,607</b>	<b>1,558,066</b>	<b>158,081</b>	<b>18,983,754</b>

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	Consolidated	Company
		2012	Period from
		\$	27 May 2011 to
			30 June 2011
			\$
		Inflows/(Outflows)	
<b>Cash flows from operating activities</b>			
Receipts from customers		8,574,981	-
Payments to suppliers and employees		(6,866,089)	-
Interest received		169,631	-
Finance costs		(153,067)	-
<b>Net cash provided by/(used in) operating activities</b>	7	<b>1,725,456</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Purchase of non-current assets		(2,308,160)	-
Payment for subsidiary, net of cash acquired		(14,348,087)	-
Loans from related party		(22,338)	22,338
<b>Net cash provided by/(used in) investing activities</b>		<b>(16,678,585)</b>	<b>22,338</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		13,500,000	-
Payments for share issue costs		(210,054)	(22,338)
Proceeds from borrowings		4,000,000	-
Repayment of borrowings		(788,865)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>16,501,079</b>	<b>(22,338)</b>
Net increase/(decrease) in cash and cash equivalents		1,547,950	-
Cash and cash equivalents at beginning of period		-	-
<b>Cash and cash equivalents at end of period</b>	7	<b>1,547,950</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Ezeatm Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis, except for available-for-sale investments and derivative financial instruments which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars. The company is a listed public company, incorporated in Australia and the entity's principal activities are the provision of ATM services.

**(b) Adoption of new and revised standards**

**Changes in accounting policies on initial application of Accounting Standards**

In the year ended 30 June 2012, 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.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

**(c) Statement of compliance**

The preliminary final report was authorised for issue by the Board of Directors on 31<sup>st</sup> August, 2012.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Basis of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ezeatm Limited ('company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended. Ezeatm Limited and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer note 1(i)). Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Ezeatm Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Critical accounting estimates and judgements**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

*Impairment of goodwill and intangibles with indefinite useful lives:*

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 12.

*Share-based payment transactions:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in Note 17.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 17.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

*Impairment of available-for-sale financial assets*

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Going concern**

The consolidated financial report has been prepared on a going concern basis.

There is a working capital deficiency of \$1,027,864 at 30 June 2012. Included in the trade and other payables is an amount of \$336,196 for the supply of ATMs and related equipment which has not been delivered at 30 June 2012 and which the Group has favourable credit terms with suppliers. Further, the amount of \$1,278,061 is in relation to the master asset hire purchase agreement provided by National Australia Bank as part of the purchase of the iCash Australian ATM Operations as outlined in Note 19.

Taking into account the above, the Directors are of the opinion that funds will be available to finance operations and that realisation of assets and settlement of liabilities will occur in the normal course of business. In assessing whether a going concern basis is appropriate, the Directors have taken into account all available information about the future which is at least 12 months from the date of this report.

**(f) Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*(i) Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

**(g) Borrowing costs**

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

**(h) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs - refer Note 1(g).

Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance 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:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference 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 credits and unused tax losses can be utilised, except:

- when 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; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance 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.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

*Tax consolidation legislation*

Ezeatm Limited and its 100% owned Australian resident subsidiaries have not implemented the tax consolidation legislation as yet but have engaged external consultants to implement as such prior to the lodgement of the Groups income tax return for the year ended 30 June 2012. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Ezeatm Limited recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

**(k) Other taxes**

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

- when 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, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows 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, or payable to, the taxation authority.

**(l) Business combinations**

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration .

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2012**

#### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

#### **(m) Impairment of assets**

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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 relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(o) Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

**(p) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis; and finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**(q) Financial assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

*(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

*(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

*(iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*(iv) Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(r) Derecognition of financial assets and financial liabilities**

*(i) Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

*(ii) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(s) Impairment of financial assets**

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

*(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

*(iii) Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

**(i) Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets and the rates of depreciation are as follows:

- ATMs : 20%
- Leasehold improvements : 2.5%
- Motor vehicles : 25%
- Other assets : between 20% and 50%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(i) Impairment*

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

**(u) Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

**(v) Intangible assets**

*Intangible assets acquired separately*

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

*Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

**(w) Trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

**(x) Interest-bearing loans and borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**(y) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

**(z) Employee leave benefits**

*(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date, they are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(aa) Share-based payment transactions**

*(i) Equity settled transactions:*

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model, further details of which are given in Note 17.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ezeatm Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

*(ii) Cash settled transactions:*

The Group also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Ezeatm Limited.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted (see Note 17). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

**(ab) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(ac) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 2: REVENUE AND EXPENSES**

	<b>Consolidated</b>	<b>Company</b>
	<b>2012</b>	<b>Period from 27 May 2011 to 30 June 2011</b>
	<b>\$</b>	<b>\$</b>
<b>(a) ATM Revenue</b>		
ATM transactional revenue	7,946,583	-
ATM processing revenue	356,484	-
Other ATM revenue	82,818	-
	<b>8,385,885</b>	<b>-</b>
<b>(b) Other income</b>		
Net gains on business combination (i)	213,337	-
Net gain on termination of contracts	599,220	-
Other income	4,980	-
Foreign exchange gains (net)	-	-
	<b>817,537</b>	<b>-</b>
<b>(c) ATM Network Expenses</b>		
Transaction based payments	2,948,728	-
ATM processing expenses	486,236	-
Communication expenses	561,013	-
Other ATM network expenses	58,357	-
	<b>4,054,334</b>	<b>-</b>
<b>(d) Employee Benefits Expense</b>		
Wages and salaries	1,161,146	-
Other associated personnel expenses	274,385	-
Contributions to defined contribution superannuation funds	97,520	-
Increase in liability for annual leave	49,056	-
Employee share based payments	158,091	-
	<b>1,740,198</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 2: REVENUE AND EXPENSES (continued)**

	<b>Consolidated</b>	<b>Company</b>
	<b>2012</b>	<b>Period from 27 May 2011 to 30 June 2011</b>
	<b>\$</b>	<b>\$</b>
<b>(e) Other Expenses</b>		
Advertising and Marketing	98,875	-
Acquisition of equity accounted investments	130,978	-
Commissions and Contractor Payments	279,472	-
Legal fees	72,670	-
Other expenses	365,562	-
	<b>947,557</b>	<b>-</b>

**NOTE 3: INCOME TAX**

**Income tax recognised in profit or loss**

The major components of tax expense (benefit) are:

Current tax expense/(benefit)	(1,139,090)	-
Total tax expense/(benefit)	<b>(1,139,090)</b>	<b>-</b>
Attributable to:		
Continuing operations	(1,139,090)	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Accounting profit before income tax	418,976	-
Income tax expense calculated at 30%	125,693	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Timing differences	(1,080,225)	-
Non-deductible expenses	672,205	-
Non assessable income	(179,379)	-
Other deductible expenses	(677,384)	-
Income tax expense (benefit) reported in the consolidated statement of comprehensive income	<b>(1,139,090)</b>	<b>-</b>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 3: INCOME TAX (continued)**

	Consolidated	Company
	2012	Period from 27 May 2011 to 30 June 2011
	\$	\$
<b>Amounts recognised directly in equity</b>		
The following current and deferred amounts were charged/(credited) directly to equity during the period:		
Current tax:		
• Share-issue costs	43,943	-
Deferred tax:		
• Share issue costs deductible over 5 years	181,135	-
	225,078	-
<b>Current tax liabilities comprise:</b>		
Income tax payable attributable to:		
-Parent entity	-	-
-Entities in the tax-consolidated group	-	-
	-	-
<b>Deferred tax assets comprise:</b>		
Formation expenses	478	-
Provision for employee entitlements	34,840	-
Share issue costs	181,135	-
Prepayments	20,382	-
Depreciation of property, plant & equipment	902,255	-
	1,139,090	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 3: INCOME TAX (continued)**

At 30 June 2012, there is no recognised or unrecognised deferred income tax liability (2011: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associate or joint venture, as the Group has no liability for additional taxation should such amounts be remitted.

**Reconciliation of deferred tax assets/(liabilities):**

2012	Consolidated				
	Opening balance \$	Charged to income \$	Charged to equity \$	Acquisitions/ disposals \$	Closing balance \$
Temporary differences	-	236,835	-	-	236,835
Equity accounted investments	-	-	-	-	-
Property, plant and equipment	-	902,255	-	-	902,255
Available-for-sale financial assets	-	-	-	-	-
Exchange differences on foreign subsidiaries	-	-	-	-	-
Provisions	-	-	-	-	-
Tax losses carried forward	-	-	-	-	-
	-	<b>1,139,090</b>	-	-	<b>1,139,090</b>

**Tax Consolidation**

Ezeatm Limited and its 100% owned Australian resident subsidiaries have not implemented the tax consolidation legislation as yet but intend to do so prior to the lodgement of the income tax return for the year ended 30 June 2012. The accounting policy for the implementation of the tax consolidation legislation is set out in note 1(i).

The entities in the tax consolidated group entered into a tax sharing agreement on adoption of the tax consolidation legislation which, in the opinion of the directors, limits the joint and several liability of the controlled entities in the case of a default by the head entity, Ezeatm Limited.

Ezeatm Limited and its controlled entities have entered into a tax funding agreement under which the 100% owned Australian resident subsidiaries compensate Ezeatm Limited for all current tax payable assumed and are compensated by Ezeatm Limited for any current tax receivable and deferred tax assets which relate to unused tax credits or unused tax losses that, under the tax consolidation legislation, are transferred to Ezeatm Limited. These amounts are determined by reference to the amounts which are recognised in the financial statements of each entity in the tax consolidated group.

The amounts receivable/payable under the tax funding agreement are due on receipt of the funding advice from Ezeatm Limited, which is issued as soon as practicable after the financial year end. Ezeatm Limited may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 4: SEGMENT REPORTING**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker.

The Company operates in one business segment and one geographical segment, namely the ATM industry in Australia. AASB 8 Operating Segments states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the ATM business. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately.

Ezeatm Limited has therefore decided to aggregate all their segments into one reportable operating segment.

The revenues and results of this segment are those of the Company as a whole and are set out in the statement of comprehensive income. The segment assets and liabilities of this segment are those of the Company and are set out in the statement of financial position.

**NOTE 5: EARNINGS PER SHARE**

	<b>Consolidated</b>	<b>Company</b>
	<b>2012</b>	<b>2011</b>
	<b>Cents per share</b>	<b>Cents per share</b>
<i>Basic earnings per share:</i>	3.84	-
<i>Diluted earnings per share:</i>	3.84	-

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share is as follows:

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	40,532,816	100
	<b>\$</b>	<b>\$</b>

(i) Earnings used in the calculation of total basic and diluted earnings per share reconciles to net profit in the statement of comprehensive income as follows:

Net profit	1,558,066	-
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	1,558,066	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 6: DIVIDENDS**

There were no dividends declared or paid during the financial year.

**NOTE 7: CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	<b>Company</b>
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	1,547,950	-
	<b>1,547,950</b>	<b>-</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**(i) Reconciliation to the Statement of Cash Flows:**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

**(iv) Reconciliation of profit for the year to net cash flows from operating activities**

Profit for the year	1,558,066	-
Equity settled share based payment	158,081	-
Interest income received and receivable	169,631	-
Increase/(decrease) in current tax liability	-	-
Increase/(decrease) in deferred tax liability	(1,139,090)	-
Change in net assets and liabilities, net of effects from acquisition and disposal of businesses		
(Increase)/decrease in assets	(3,791,552)	-
Current receivables	(327,573)	-
Current inventories	(786,393)	-
Other current assets	(121,928)	-
Increase/(decrease) in liabilities:		
Current payables	2,547,110	-
Other current liabilities	1,366,793	-
Other non-current liabilities	2,092,311	-
<b>Net cash from operating activities</b>	<b>1,725,456</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 8: CURRENT TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>	<b>Company</b>
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Trade receivables (i)	350,011	-
Loans to related entities (ii)	102,095	22,438
	<u>452,106</u>	<u>22,438</u>

(i) the average credit period on sales of goods and rendering of services is 30 days. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

(ii) The loans to related entities in 30 June 2011 related to the prepayment of share issue costs by Oakajee Corporation Limited on behalf of the Group and these were repaid during the year. The loans to related entities in 30 June 2012 represents a prepayment of ATM related equipment for the joint venture in Muzeze Pty Ltd.

Aging of past due but not impaired

30 – 60 days	446
60 – 90 days	-
90 – 120 days	36,233
Total	<u>36,679</u>

**NOTE 9: INVENTORIES**

ATM inventory – at cost	786,393	-
	<u>786,393</u>	<u>-</u>

**NOTE 10: OTHER FINANCIAL ASSETS**

	<b>Consolidated</b>	<b>Company</b>
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Prepayments	67,940	-
Deposits paid	53,988	-
	<u>121,928</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

	Leasehold Improvements \$	ATMs \$	Motor Vehicles \$	Other \$	Total \$
<b>Year ended 30 June 2012</b>					
At 1 July 2011, net of accumulated depreciation and impairment	-	-	-	-	-
Additions	92,737	1,910,785	84,724	447,921	2,536,167
Acquired through business combinations (net)		16,730,690			16,730,690
Depreciation charge for the year	(680)	(2,008,886)	(10,760)	(38,605)	(2,058,931)
At 30 June 2012, net of accumulated depreciation and impairment	91,693	16,632,589	73,964	409,316	17,207,562
<b>At 30 June 2012</b>					
Cost or fair value	92,737	18,641,475	84,724	447,921	19,266,857
Accumulated depreciation and impairment	(680)	(2,008,886)	(10,760)	(38,605)	(2,058,931)
Net carrying amount	91,693	16,632,589	73,964	409,316	17,207,562

There was no Property, Plant and Equipment for the period ending 30 June 2011.

The useful life of the assets was estimated as follows for 2012:

Plant and equipment 5 to 15 years

The carrying value of ATMs held under finance leases and hire purchase contracts at 30 June 2012 is \$16,632,589 (2011: \$NIL).

ATMs with a carrying amount of \$16,632,589 (2011: \$NIL) for the Group are pledged as securities for current and non-current liabilities as disclosed in Note 18.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 12: INTANGIBLE ASSETS AND GOODWILL**

	Consolidated		
	Patents and licenses	Goodwill	Total
	\$	\$	\$
<b>Gross carrying amount</b>			
<b>Balance at 1 July 2011</b>	-	-	-
Additions	4,490	-	4,490
Acquisitions through business combinations	-	3,752,787	3,752,787
<b>Balance at 30 June 2012</b>	<b>4,490</b>	<b>3,752,787</b>	<b>3,757,277</b>
<b>Accumulated amortisation and impairment</b>			
<b>Balance at 1 July 2011</b>			
Amortisation expense	-	-	-
Impairment losses charged to profit or loss	-	-	-
<b>Balance at 30 June 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
As at 30 June 2011	-	-	-
<b>As at 30 June 2012</b>	<b>4,490</b>	<b>3,752,787</b>	<b>3,757,277</b>

No impairment loss was recognised for continuing operations in the 2012 financial year.

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets. Where this cannot be reliably estimated, management has determined that costs incurred to date are the best estimates of fair value. In this instance, intangibles are still tested for impairment and assessed against the recognition criteria as set out in the Australian Accounting Standards to make sure that they are not overstated.

Goodwill acquired through business combinations and patents and licences have been allocated to two individual cash generating units, which are reportable segments, for impairment testing as follows:

- Ezeatm ATM Network
- iCash ATM Network

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 12: INTANGIBLE ASSETS AND GOODWILL (con tinued)**

Carrying amount of goodwill, patents and licences allocated to each of the cash generating units

	Consolidated					
	Ezeatm ATM Network		iCash ATM Network		Total	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Carrying amount of goodwill	462,025	-	3,290,762	-	3,752,787	-
Carrying amount of patents and licences with indefinite useful lives	4,490	-	-	-	4,490	-
<b>Totals</b>	<b>466,515</b>	<b>-</b>	<b>3,290,762</b>	<b>-</b>	<b>3,757,277</b>	<b>-</b>

**NOTE 13: TRADE AND OTHER PAYABLES**

	Consolidated	Company
	2012	2011
	\$	\$
Trade payables (i)	<b>2,547,110</b>	-

Related party payables (ii): 43,494

(i) and (ii) Trade payables and related party payables are non-interest bearing and are normally settled on 30-day terms.

**NOTE 14: EMPLOYEE BENEFITS**

Provision for FBT	(3,733)	100
Provision for holiday pay	61,527	-
	<b>57,794</b>	<b>100</b>

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 15: ISSUED CAPITAL**

65,000,000 Ordinary shares issued and fully paid (30 June 2011 : 100)	18,000,000	100
Less: Share issue costs	(732,393)	-
	<u>17,267,607</u>	<u>100</u>

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.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	2012		2011	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
Balance at beginning of financial year	100	100	-	-
Incorporation issue	-	-	100	100
Issued on 5 October 2011 upon initial public offering	17,500,000	3,500,000	-	-
Issued on 5 October 2011 to related parties in relation to facilitation of the initial public offering	2,500,000	500,000	-	-
Issued on 5 October 2011 as consideration for acquisition of Ezeatm ATM assets	19,999,900	3,999,900	-	-
Issued on 19 January 2012 in relation to funding for acquisition of ATM One and subsidiaries	25,000,000	10,000,000	-	-
Share issue costs	-	(732,393)	-	-
<b>Balance at end of financial year</b>	<b>65,000,000</b>	<b>17,267,607</b>	<b>100</b>	<b>100</b>

*Share options*

	2012		2011	
	No.	\$	No.	\$
<i>Movement in options over ordinary shares on issue</i>				
Balance at beginning of financial year	-	-	-	-
Issued on 5 October to Directors	4,000,000	-	-	-
<b>Balance at end of financial year</b>	<b>4,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 16: RETAINED EARNINGS AND RESERVES**

*Retained earnings*

Movements in retained earnings were as follows:

	<b>Consolidated</b>	<b>Company</b>
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of financial year	-	-
Net profit for the year	1,558,066	-
<b>Balance at end of financial year</b>	<b>1,558,066</b>	<b>-</b>

*Option reserve*

Movements in retained earnings were as follows:

Balance at beginning of financial year	-	-
Share-based payments	158,081	-
<b>Balance at end of financial year</b>	<b>158,081</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 17 : SHARE BASED PAYMENTS**

**Share Based Payments**

The Company upon being admitted to the ASX granted Messrs Todd and Chad Zani 2,000,000 options each which will vest upon the occurrence of the following performance based milestones:

- i) 500,000 options will vest if the Company installs 500 ATMs which each generate at least 685 transactions per month and a net revenue (after site owner payments and switching costs) of at least \$1 per transaction (Tranche 1);
- ii) 750,000 options will vest if the Company installs 750 ATMs which each generate at least 685 transactions per month and a net revenue (after site owner payments and switching costs) of at least \$1 per transaction (Tranche 2); and
- iii) 750,000 options will vest if the Company installs 1,000 ATMs which each generate at least 685 transactions per month and a net revenue (after site owner payments and switching costs) of at least \$1 per transaction (Tranche 3).

The exercise price of the options is \$0.20 each and the options have an expiry date 2 years from vesting.

The following details are relevant to each tranche:

<b>Tranche</b>	<b>Number</b>	<b>Grant Date</b>	<b>Expected Vesting Date</b>	<b>Value \$</b>	<b>Total \$</b>
Tranche 1	1,000,000	5 Oct 2011	31 Mar 2015	0.111	111,336
Tranche 2	1,500,000	5 Oct 2011	31 Dec 2015	0.118	176,536
Tranche 3	1,500,000	5 Oct 2011	30 Sep 2016	0.123	185,090
					<b>472,962</b>

The length of the above vesting periods are determined by the Director's best estimate of the expected achievement of the relevant milestone. These milestones are based upon new organic installations and are not impacted by the iCash acquisition. The valuation of the options have been determined using the Black-Scholes option pricing model based on the above terms and the following assumptions:

- Risk free interest rate of 3.46%
- Volatility of 50%

The expense recognised in the statement of comprehensive income in relation to share-based payments is \$158,081 (2011: \$NIL).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 17 : SHARE BASED PAYMENT PLANS (continued)**

The following share-based payment arrangements were in place during the current and prior periods:

<b>Tranche</b>	<b>Number</b>	<b>Grant Date</b>	<b>Expected Expiry Date</b>	<b>Value \$</b>	<b>Total \$</b>
Tranche 1	1,000,000	5 Oct 2011	31 Mar 2017	0.111	111,336
Tranche 2	1,500,000	5 Oct 2011	31 Dec 2017	0.118	176,536
Tranche 3	1,500,000	5 Oct 2011	30 Sep 2018	0.123	185,090
					<b>472,962</b>

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	<b>2012 No.</b>	<b>2012 Weighted average exercise price</b>	<b>2011 No.</b>	<b>2011 Weighted average exercise price</b>
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	4,000,000	\$0.20	-	-
Outstanding at the end of the year	4,000,000	-	-	-
Exercisable at the end of the year	-	-	-	-

**NOTE 18: BUSINESS COMBINATION**

**Acquisition of Ezeatm Pty Ltd**

On 5 October 2011, Ezeatm Limited acquired the ATM business of Ezeatm Pty Ltd which is a wholly owned Company of Messrs Todd and Chad Zani.

The total cost of the combination was \$3,999,900 and comprised an issue of 19,999,900 ordinary shares with a fair value of \$0.20 each based on the price at the date of the initial public offering.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 18: BUSINESS COMBINATION (continued)**

The fair value of the net identifiable assets is as follows:

	<i>Fair value at acquisition date</i>
	<i>\$</i>
Property, plant and equipment	4,192,297
HP Liabilities assumed	(641,850)
Annual leave accrual	(12,572)
Provisional fair value of identifiable net assets	3,537,875
Goodwill arising on acquisition	462,025
	<u>3,999,900</u>
Acquisition date fair value of consideration transferred:	
Shares issued, at fair value	<u>3,999,900</u>
Total consideration	<u>3,999,900</u>

**Acquisition of ATM One Pty Ltd**

On 19 December 2011, Ezeatm Limited acquired the Australian ATM business of ATM One Pty Ltd from iCash Payment Systems Limited and this transaction was settled on 19 January 2012. The total cost of the combination was \$15,123,400.

The fair value of the net identifiable assets is as follows:

Cash and cash equivalents	826,360
Trade debtors	62,880
Prepayments and sundry debtors	146,288
Lease receivable (i)	384,593
Property, plant and equipment	12,538,393
Trade creditors and accruals	(1,526,656)
Lease payable	(599,220)
Goodwill arising on acquisition	3,290,762
	<u>15,123,400</u>
Acquisition date fair value of consideration transferred	
Cash consideration paid	13,322,632
Borrowings paid out prior to settlement (i)	1,340,000
Income tax liabilities paid prior to settlement (ii)	460,768
Total consideration	<u>15,123,400</u>

(i) and (ii) represent a condition of the acquisition which was that Ezeatm Limited would 3 days prior to settlement, make payments to the Commonwealth Bank of Australia for an amount of \$1,340,000 representing the overdraft balance in the subsidiary acquired, namely iCash Australia Pty Ltd, and that it would also make a \$460,768 payment to the Australian Taxation Office which represented the current integrated client account owed by the same subsidiary.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 18: BUSINESS COMBINATION (continued)**

	\$
The cash outflow on acquisition is as follows:	
Cash paid	15,123,400
Net cash acquired with the subsidiary	(826,360)
Net cash outflow	14,297,040

Acquisition related costs of \$130,977 are included in other expenses in the statement of comprehensive income. Directly attributable costs of raising equity have been included as a deduction from equity.

**NOTE 19: COMMITMENTS AND CONTINGENCIES**

**Operating lease commitments – Group as lessee**

The Group has entered into commercial leases on land and buildings occupied by the Group in Western Australia, New South Wales and in Queensland. These leases have an average life of 5 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable as at 30 June are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Within one year	97,333	-	97,333	-
After one year but not more than five years	488,612	-	488,612	-
More than five years	12,000	-	12,000	-
	597,945	-	597,945	-

**Finance lease and hire purchase commitments - Group as lessee**

The Group has a master asset finance agreement with National Australia Bank which was used as part of the payment of the cash consideration in relation to the purchase of the iCash Australian ATM Operations (refer Note 18). The hire purchase agreement has a fixed interest rate and term of three years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 19: COMMITMENTS AND CONTINGENCIES (continued)**

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Hire Purchase : National Australia Bank	1,473,505	-
Less: Unexpired Interest	(195,444)	-
	<u>1,278,061</u>	<u>-</u>
Premium Funded Insurance Liability	57,541	-
Less: Unexpired Interest	(4,265)	-
	<u>53,276</u>	<u>-</u>
	<u>1,331,337</u>	<u>-</u>
<b>Non-Current</b>		
Hire Purchase : National Australia Bank	2,210,258	-
Less : Unexpired Interest	(117,947)	-
	<u>2,092,311</u>	<u>-</u>

**Capital commitments**

The Group announced on 8 May 2012 that it had entered into an exclusive 5 year distribution agreement for ATMs and ATM related products manufactured by NeolCP Korea Inc, and that commitment includes a commitment to acquire a minimum of 400 ATMs per calendar year.

At 30 June 2012 the Group has commitments of \$9,577,500 (2011: \$NIL) principally relating to the purchase of ATMs.

Commitments contracted for at balance date but not recognised as liabilities are as follows:

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Property, plant and equipment</i>		
Within one year		
ATMs	2,052,500	-
After one year but not more than five years	7,525,000	-
ATMs		
Longer than five years		
ATMs	-	-
	<u>9,577,500</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 19: COMMITMENTS AND CONTINGENCIES (continued)**

**Guarantees**

Ezeatm Limited has the following guarantees at 30 June 2012:

- It has guaranteed its obligations under the master asset finance agreement with National Australia Bank.
- It has guaranteed its commercial leases on land and buildings occupied in Western Australia, New South Wales and in Queensland.

**NOTE 20: INTEREST IN JOINTLY CONTROLLED OPERATION**

The Group has a 50% interest in the Muzeze joint venture, which was established during the year to install drive up ATMs at selected Muzz Buzz locations in Australia.

At 30 June 2012 Ezeatm Limited and Muzz Buzz had both incurred preliminary expenses associated with the joint venture but these have been accounted for separately by both parties.

Refer to Note 19 for details on capital commitments and guarantees. There were no impairment losses in the jointly controlled operation.

**NOTE 21: EVENTS AFTER THE REPORTING PERIOD**

On 9 July 2012 the Group announced that it had amended the five year distribution agreement for ATMs and ATM related products , parts and software manufactured by NeolCP Korea Inc, to include the countries of Indonesia and Nepal.

Further, on 12 July 2012, the Group announced that it had signed an exclusive 4 year agreement to supply ATMs and ATM related products and software to ASEAN ATMs, an Indonesian Company based in Jakarta.

Ezeatm will supply a minimum of 6,000 ATMs over the four year period and the gross revenue will be greater than \$85,000,000 and will have a significant net earnings impact on the Group.