29 June 2011

MANAGING DIRECTOR’S PRESENTATION- EXTRAORDINARY GENERAL MEETING 29 JUNE 2011

Attached is the Managing Director’s presentation which is being made at the Extraordinary General Meeting on Wednesday, 29 June 2011 at 8.30am (AWST) at QV1 Conference Centre, Level 2, QV1 Building, 250 St Georges Terrace, Perth, Western Australia.

Yours sincerely

Yasmin Broughton
Company Secretary

Att
Extraordinary General Meeting

29 June 2011

Presenter: Bob Browning, Managing Director
Contents

• Overview of Emerchants
• The Pre-Paid Financial Card Market
• Emerchants Value Proposition
• The Growth Strategy
• The Proposed Transaction
• Rebranding Australasia Consolidated
• Conclusions
Investment Opportunity Overview

• AAO is seeking to acquire Emerchants after conducting due diligence on a number of high quality investment opportunities

• Emerchants is a financial services company and a leading issuer of pre-paid financial cards in Australia
  - “Market ready” technology
  - Existing portfolio of customers and revenue streams
  - Scalable business with no additional capital investment

• Emerchants is poised for strong revenue growth
  - Established software and infrastructure platform to support expansion of product and service sales
  - Several drivers of organic and inorganic growth identified by AAO
  - Strong barriers to entry
### Introduction to the Pre-Paid Card Market

**The pre-paid card market can best be broken into 4 quadrants**

<table>
<thead>
<tr>
<th>Open loop/branded</th>
<th>Closed Loop/private label</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reloadable</strong></td>
<td></td>
</tr>
<tr>
<td>General purpose pre-paid cards</td>
<td>Customer loyalty and gift cards</td>
</tr>
<tr>
<td>Applicable to payroll, benefits schemes</td>
<td>Applicable in top-up phone cards and transport cards</td>
</tr>
<tr>
<td>Useful in government payment systems</td>
<td>Sample of Emerchants customers today:  Taxis, Isuzu, Orient Express</td>
</tr>
<tr>
<td>Sample of Emerchants customers today: ABC Learning, Monadelphous, Cardno, Save the Children, Telechoice</td>
<td></td>
</tr>
<tr>
<td><strong>Predenominated (not reloadable)</strong></td>
<td></td>
</tr>
<tr>
<td>Bank or credit card company general use gift cards</td>
<td>Traditional single-store gift card</td>
</tr>
<tr>
<td>Sample of Emerchants customers today: Edge Loyalty, Harley Davidson</td>
<td>Cannot be recharged (hence considered to be a ‘non-financial’ instrument)</td>
</tr>
<tr>
<td>Sample of Emerchants customers today: Laura Ashley, Palace Cinemas, Wiggles</td>
<td></td>
</tr>
</tbody>
</table>
Pre-Paid Card Market Growing Rapidly in Australia

Piecing the parts together to identify the best market to pursue

Electronic card transactions growth over past 5 years rose from $250B in 2005 to $390B in 2010

If Australian growth in penetration rates matches UK experience, this would imply an $11B market by 2015

This consistent growth illustrates the resilience of this market even through the Global Financial Crisis

Pre-paid card growth rate has consistently been approximately 20% per annum over the past five years

If Australian growth in penetration rates matches US experience, this would imply an $8B market by 2015

Consumers seek to decrease personal leverage and greater functionality and convenience that pre-paid financial cards provide
Emerchants Overview

**Timing is everything:**

- Opportunity to purchase a leading issuer of pre-paid financial cards in Australia with over 2 million cards issued to-date
- Emerchants has positioned itself to achieve high growth rates with very little incremental investment
- First card issuer in Australia to be PCI DSS accredited
- The only non-bank processor of MasterCard in Australia
- Existing suite of products and customers, e.g.
  - Gift cards
  - Loyalty cards
  - Corporate expense cards
  - E-vouchers
  - Government payments
- Broad array of existing income streams
- Software development completed over 10 years at a cost of over $8M
Emerchants Overview

A diversity of income streams:

- Program set-up
- Monthly administration

- Card orders
- Card activation
- Card load

- Transaction fees
- Breakage (unused value on card shared with client)

- Reloading value onto the card
Emerchants Overview

*Scalable, robust and flexible systems:*

- Established data centre in Brisbane
- Secondary centre established soon in Melbourne
- New, state-of-the-art IT hardware
- PCI-DSS compliant security systems
- Protected, proprietary software capable of configuring cards to meet a large variety of client needs
- Systems capable of processing 100 times more transactions per second than current activity level
- Capability to configure cards within 24-48 hours
Emerchants Overview

A competitive point of difference in a fragmented market:

- Real-time reporting to the client
- Instant issuance of large number of cards
- Reloading value onto the card
- Parental control of card utilisation
- Immediate lock-down of lost cards
- Control of spend rate and amount of spend
Emerchants Overview

Regulatory and licensing requirements are significant:

- Emerchants operates currently under an Australian Financial Services License

- New entrants require certain regulatory and commercial approvals
  - ASIC
  - APRA
  - RBA
  - APCA
  - AUSTRAC
  - EPAL

- Emerchants is currently not subject to APRA regulation
  - Management intend to pursue an ADI PPF to facilitate expected growth in stored value above $10M
  - Strategically important as larger and new market segments are pursued

- Emerchants possesses accreditations including MasterCard scheme compliance
Strong barriers to entry greatly exist:
Emerchants Overview

Key performance indicators demonstrate strong EML business growth trajectory:

1) For the 12 month period ended 28 February 2011
Emerchant’s Growth Strategy

Multiple platforms for growth:

- Acquisition of complementary businesses
- Establishment of strategic alliances
- Product line expansion
- Acceleration of core product sales
New Board and Executive Management Appointments

<table>
<thead>
<tr>
<th>Mark Barnaba</th>
<th>John Willinge</th>
<th>John Toms</th>
<th>John Battley</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(Non-executive Director)</strong></td>
<td><strong>(Non-executive Director)</strong></td>
<td><strong>(Non-executive Director)</strong></td>
<td><strong>(GM Operations &amp; Executive Director)</strong></td>
</tr>
<tr>
<td>• Non-Executive Director Fortescue Metals</td>
<td>• Founder of Alverstoke Group LLC, an investment management firm based in New York</td>
<td>• Consulting Director - Head of Governance, Risk &amp; Compliance of Acumen</td>
<td>• Internationally experienced executive and entrepreneur</td>
</tr>
<tr>
<td>• Chairman Western Power</td>
<td>• Previously worked at several leading global financial services firms including:</td>
<td>• Previous experience includes:</td>
<td>• Currently CEO/MD of Emerchants Ltd</td>
</tr>
<tr>
<td>• Chairman UWA Business School</td>
<td>• Co-founder and Exec Chair of Azure Capital</td>
<td>• CEO for 17 years of an Approved Deposit-taking Institution (ADI)</td>
<td>• Previous experience includes:</td>
</tr>
<tr>
<td>• Previous experience includes:</td>
<td>• Co-founder and MD of GEM Consulting/Poynton and Partners</td>
<td>• Non-executive Director for 17 years of Australian Payments Clearing Association</td>
<td>• Founder of Globetrotter Corporate Travel (one of the largest corporate travel management companies in Australia)</td>
</tr>
<tr>
<td>• Co-founder and Exec Chair of Azure Capital</td>
<td>• Chairman of Alinta Infrastructure</td>
<td>• Non-executive Director of Mercer Nominees</td>
<td>• Senior international sales &amp; marketing roles based in Frankfurt, Germany, with a leading global pharmaceutical company</td>
</tr>
<tr>
<td>• Co-founder and MD of GEM Consulting/Poynton and Partners</td>
<td>• Chairman of West Coast Eagles</td>
<td>• Executive Director of Insurance Agents Assoc of Australia</td>
<td>• CPA</td>
</tr>
<tr>
<td>• Chairman of Alinta Infrastructure</td>
<td>• Manager with McKinsey</td>
<td>• Commonwealth Public Servant</td>
<td>• B.Pharm &amp; B.Econ (Sydney University)</td>
</tr>
<tr>
<td>• Chairman of West Coast Eagles</td>
<td>• Harvard MBA (Hons)</td>
<td>• B.Comm. (UNSW)</td>
<td>• B.Com (UNSW)</td>
</tr>
<tr>
<td>• Manager with McKinsey</td>
<td>• BCom from UWA</td>
<td>• Member AICD</td>
<td></td>
</tr>
<tr>
<td>• Harvard MBA (Baker Scholar)</td>
<td>• Bachelor of Applied Science in Engineering from the Western Australian School of Mines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• BCom from UWA (1st Class Hons, Uni Medal)</td>
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</tbody>
</table>

1. Current AAO Advisory Group member

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Proposed Structure and Management

Proposed key management team members:

- Bob Browning\(^1\) (CEO & Managing Director)
- John Battley\(^2\) (General Manager, Operations)
- Bryant Plavsic\(^1\) (Chief Financial Officer)
- Tony Ferguson (Chief Information Officer)
- Donna Ferguson (General Manager, Business Development)

1. Existing Board members
2. Proposed new Board member
EML Acquisition

Vendor and AAO interests fully aligned through structure of consideration and employment contracts:

- AAO to acquire 100% of Emerchants with proceeds to Emerchants shareholders comprising:
  - Value upfront consideration of 11.5 million listed AAO shares (post-consolidation) that vest on June 30, 2014 and $2.5 million in cash
  - Deferred Consideration of 3 million shares (post-consolidation) based on achieving 2012 gross sales target of $7 million
  - Three performance payments of AAO shares based on reaching profitability targets as shown below:

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBT target ($m)</td>
<td>5.2</td>
<td>14.1</td>
<td>22.3</td>
</tr>
<tr>
<td>Share grant for Vendors (m) (post-consolidation)</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

- Employment contracts have been agreed with John Battley, Tony Ferguson and Donna Ferguson
  - Contracts include a 3-year term and specified roles & remuneration packages
# Share and Option Consolidation

## Shares

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current shares on issue (pre-consolidation)</td>
<td>189,396,800</td>
</tr>
<tr>
<td>Post-consolidation shares on issue (5:1 consolidation)</td>
<td>37,879,360</td>
</tr>
<tr>
<td>Shares to be issued to EML vendors</td>
<td>11,500,000</td>
</tr>
<tr>
<td>Shares issued via capital raising</td>
<td>11,764,706</td>
</tr>
<tr>
<td>Shares to be issued to current and proposed directors</td>
<td>1,323,217</td>
</tr>
<tr>
<td><strong>Total shares on issue upon Reinstatement of AAO on the ASX</strong></td>
<td>62,467,283</td>
</tr>
</tbody>
</table>

1. Pursuant to the terms of the SPD, further shares may be issued to the EML vendors after completion of the SPD and subject to EML meeting specified financial performance targets.

## Listed Options

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed options on issue (pre-consolidation)</td>
<td>130,448,128</td>
</tr>
<tr>
<td><strong>Total listed options on issue upon reinstatement of AAO on the ASX (5:1 consolidation)</strong></td>
<td>26,089,626</td>
</tr>
</tbody>
</table>

## Unlisted Options

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted options on issue (pre-consolidation)</td>
<td>8,495,000</td>
</tr>
<tr>
<td>Post-consolidation unlisted options on issue (5:1 consolidation)</td>
<td>1,699,000</td>
</tr>
<tr>
<td>Unlisted options to be granted Under employee share plan (5:1 consolidation)</td>
<td>6,000,000</td>
</tr>
<tr>
<td><strong>Total listed options on issue upon reinstatement of AAO on the ASX</strong></td>
<td>7,699,000</td>
</tr>
</tbody>
</table>

1. 1.6M options exerciseable at $1.30 on or before 1/06/14; 20,000 options exerciseable at $.95 on or before 13/03/12; 15,000 options exerciseable at $.80 on or before 31/10/12; 30,000 options exerciseable at $.55 on or before 31/12/12; and 34,000 options exerciseable at $.65 on or before 31/12/11 (all prices are on a post-consolidation basis).

2. Exerciseable at $1.45 (on a post-consolidation basis) on or before 18/07/14.
Rebranding of Australasia Consolidated
Conclusion

Timing is everything:

We are here

1. Mature core EML markets
2. Product line extensions
3. Acquisition and alliance growth opportunities

Business scale metric (e.g. Sales)

Build software & systems as platform for growth

Accelerated growth phase

7 to 10 years  5 years  5-10+ years  Time

Conclusion
We are here