



30 June 2015

ASX Market Announcements
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

STORE FINANCIAL EUROPE MEETS PERFORMANCE TARGETS – ISSUE OF SHARES

Emerchants Limited (**ASX: EML**) is pleased to advise that Store Financial Europe (**SFE**) has now fully implemented the multi-year shopping mall gift card programs for its clients MFI, a leading property developer and manager of shopping malls, headquartered in Germany, and Hammerson, a UK-based property developer and manager of regional shopping centres, retail parks and designer outlet villages. The implementation of these programs brings the total gift card programs SFE services to over 160 across 9 countries.

By way of background, on 1 December 2014 Emerchants completed its acquisition of 100% of the issued capital of SFE. The Share Sale Agreement provided that the purchase price for SFE shares was A\$24.9 million¹, comprising 50% cash and 50% Emerchants shares and was calculated at 9.3x the expected CY2015 EBITDA², based on contributions from existing contracted clients only.

In addition to the purchase price, the Share Sale Agreement provided that retention share grants would be made to SFE personnel (refer to the Company's Appendix 3B lodged on 3 March 2015) and post-completion shares would be granted to one of the sellers of SFE, DKS Investments LLC, on the execution and implementation of contracts with MFI and Hammerson, which were at the time of completion of the acquisition, not yet finalised. These terms of the Share Sale Agreement were disclosed in Emerchants ASX announcement of 26 September 2014 and the explanatory memorandum to its Notice of Annual General Meeting on 20 October 2014.

Calculation of the post-completion shares

The value of the post-completion shares was calculated at 3x the expected first year EBITDA contribution from both contracts post-implementation, with the share issue price based on the 5-day VWAP of Emerchants shares at the dates the contracts were executed. The forecasted first year EBITDA post-implementation amounts to \$1.1 million at present exchange rates, with a total number of 5,820,016 post-completion shares to be awarded at a combined average 5-day VWAP of 58 cents.

¹ Forecast EBITDA for CY2015 representing the first full 12 months under Emerchants management. Assumed AUD: GDP of 0.55.

² Excludes transaction costs associated with the acquisition and capital raising, retention share grant and subsequent event shares.

emerchants

The issue of the 5,820,016 post-completion shares, as set out in the Appendix 3B attached to this announcement, represents the final issue of shares (and any other consideration) pursuant to the Share Sale Agreement and are to be held in voluntary escrow for 12 months from the date each contract was implemented.

Impact on FY2015 results and FY2016 outlook for SFE

Due to the subsequent trading performance of SFE since the acquisition, the inclusion of the significant contribution of the MFI and Hammerson contracts and the appreciation of the British Pound against the Australian Dollar, Emerchants forecasts that the acquisition multiple, after increasing this by the value of the post-completion shares, would be approximately 5.5x the expected FY2016 EBITDA, at present exchange rates.

Under the Australian Accounting Standards the award of the 5,820,016 post-completion shares will be treated as a share based payment and expensed in full in the Emerchants FY2015 financial statements. Emerchants expects the Australian operations to generate taxable income in FY2016 and consequently intends to recognise the historical carried forward tax losses in the FY2015 financial statements under the Australian Accounting Standards. The recognition of the Australian tax losses will offset the expense related to the post-completion shares and consequently Emerchants earnings will not be significantly impacted by these two non-cash transactions.

ABOUT EMERCHANTS

Emerchants is a payments solutions provider of prepaid financial card products and services in Australia. By using their proprietary payments software and processing platform, the Company provides its clients with innovative financial service payment solutions for reloadable and non-reloadable prepaid card programs, in Australia and in the United Kingdom and Europe through its wholly owned subsidiary, Store Financial Europe. Emerchants has offices in Brisbane, Australia and Birmingham, United Kingdom.

For more information please visit: www.emerchants.com.au

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Emerchants Limited

ABN

93 104 757 904

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Ordinary |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 5,820,016 fully paid ordinary shares |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares to be issued to one of the sellers of Store Financial Services UK Ltd (SFUK), the entity acquired by Emerchants in December 2014, and held in voluntary escrow. |

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?	Yes
	<p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	
5	Issue price or consideration	0.62 per share for 3,051,392 shares 0.53 per share for 2,768,624 shares
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Shares issued as the post-completion component of the Share Sale Agreement the Company announced to ASX on 26 September 2014.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes.
6b	The date the security holder resolution under rule 7.1A was passed	19 November 2014
6c	Number of +securities issued without security holder approval under rule 7.1	5,820,016 fully paid ordinary shares
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75 ⁰ % of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<p>Remaining capacity under 7.1 – 20,155,868</p> <p>Remaining capacity under 7.1A – 17,799,398</p> <p>Total: 37,955,266</p>
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	30 June 2015

Number	+Class
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+ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	172,893,989	EML fully paid ordinary shares
		120,000	EML fully paid ordinary shares in escrow to 9/8/2015
		4,980,000	EML fully paid ordinary shares in escrow to 30/11/2015
		2,768,624	EML fully paid ordinary shares in escrow to 02/01/2016
		3,051,392	EML fully paid ordinary shares in escrow to 01/02/2016
		500,000	EML fully paid ordinary shares in escrow to 1/07/2016
		223,214	EML fully paid ordinary shares in escrow to 19/11/2016
		Total: 184,537,219	

Number	⁺ Class
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9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	10,250,000	\$0.15 options expiring 30/9/2015, vesting 21/9/2015
		100,000	\$0.56 options expiring 18/11/2015, vesting 11/11/2015
		2,500,000	\$0.10 options expiring 31/3/2016, vesting 1/3/2016
		500,000	Nil exercise price options expiring 30/6/16, vesting 28/2/16
		2,100,000	\$0.40 options expiring 30/9/2016, vesting 1/9/2016
		1,212,121	Nil exercise price options expiring 30/9/2016, vesting 1/9/2016
		100,000	\$0.56 options expiring 18/11/2016, vesting 11/11/2016
		500,000	Nil exercise price options expiring 30/6/17, vesting 28/2/17
		100,000	\$0.56 options expiring 18/11/2017, vesting 11/11/2017
		500,000	Nil exercise price options expiring 30/6/18, vesting 28/2/18
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

⁺ See chapter 19 for defined terms.

Part 2 - Pro rata issue

- | | | |
|----|--|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the +securities will be offered | N/A |
| 14 | +Class of +securities to which the offer relates | N/A |
| 15 | +Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

⁺ See chapter 19 for defined terms.

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

+ See chapter 19 for defined terms.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
(Company secretary)

Date: 30 June 2015

Print name: Louise Bolger

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	124,668,047
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>245,614 fully paid ordinary securities issued on 2 January 2015 under an exception to Listing Rule 7.2.</p> <p>180,328 fully paid ordinary securities issued on 3 February 2015 under an exception to Listing Rule 7.2.</p> <p>28,000,000 fully paid ordinary securities issued on 24 November 2014 as approved by shareholders at the AGM on 19 November 2014.</p> <p>24,900,000 fully paid ordinary securities issued on 1 December 2014 as approved by shareholders at the AGM on 19 November 2014.</p> <p>Nil partly paid ordinary securities that became fully paid in the 12 month period</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	177,993,989

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	26,699,098
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>223,214 fully paid ordinary securities issued on 20 November 2014.</p> <p>500,000 fully paid ordinary securities issued on 25 November 2014.</p> <p>5,820,016 fully paid ordinary securities, which are the subject of the Appendix 3B to which this form is annexed.</p>
“C”	6,543,230
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	26,699,098
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	6,543,230
Total [“A” x 0.15] – “C”	20,155,868 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	177,993,989
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	17,799,398
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A

<p>"A" x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	<p>17,799,398</p>
<p>Subtract "E"</p> <p><i>Note: number must be same as shown in Step 3</i></p>	<p>Nil</p>
<p>Total ["A" x 0.10] – "E"</p>	<p>17,799,398</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>