

29 June 2011

admin@australasiaconsolidated.com.au
www.australasiaconsolidated.com.au

**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**

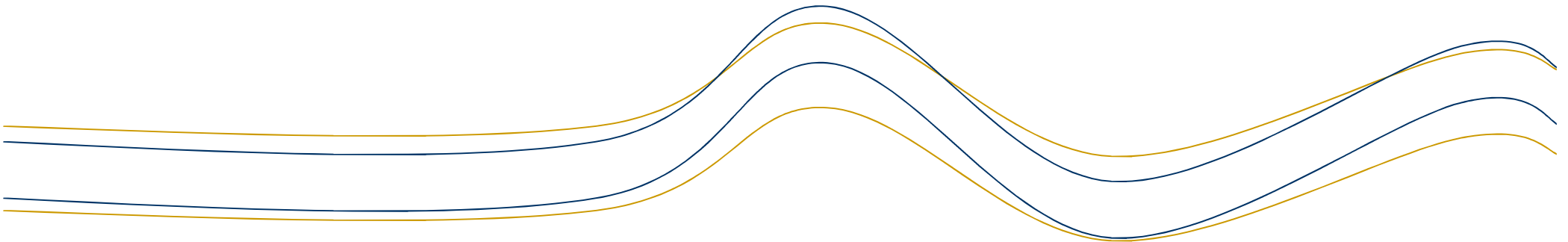
Att



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



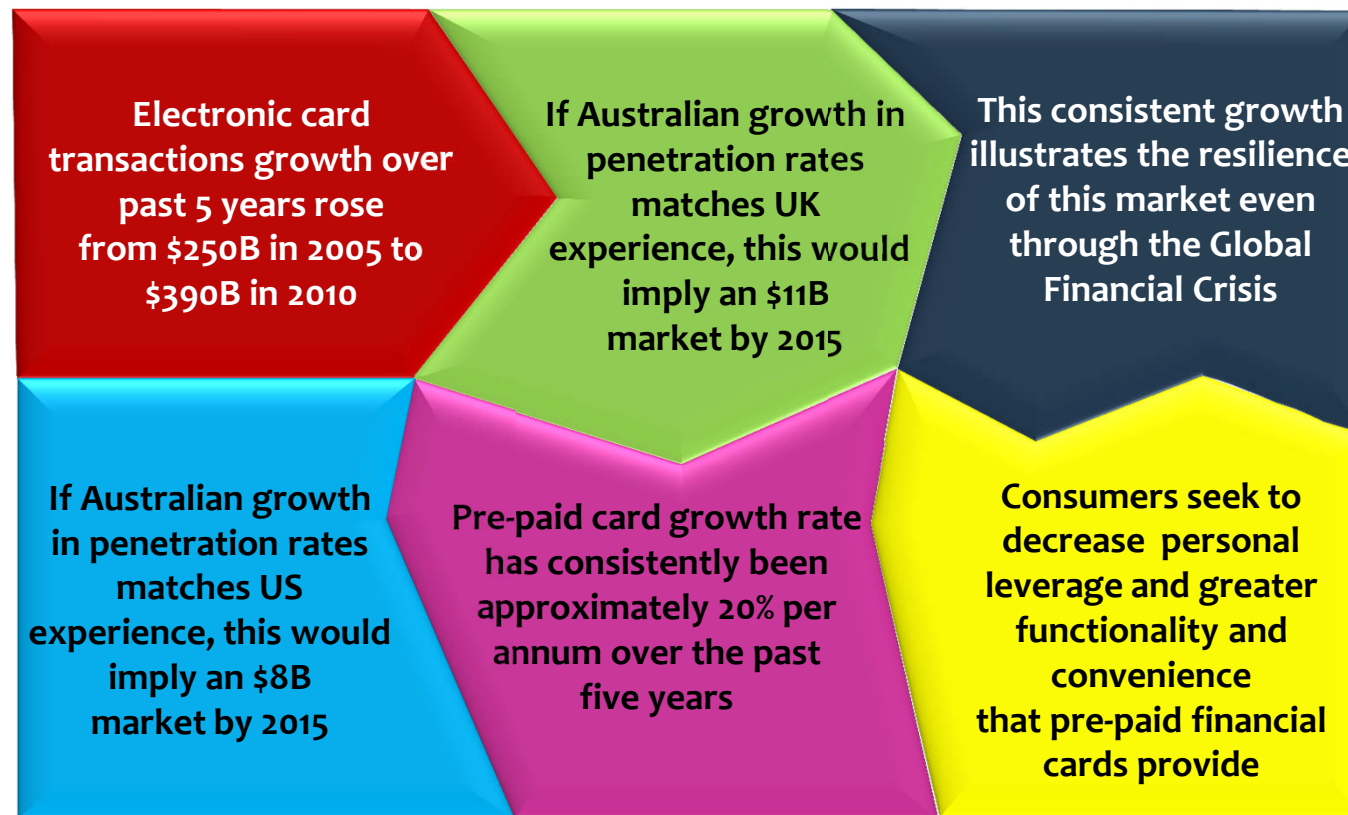
Introduction to the Pre-Paid Card Market

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

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

Pre-Paid Card Market Growing Rapidly in Australia

Piecing the parts together to identify the best market to pursue



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

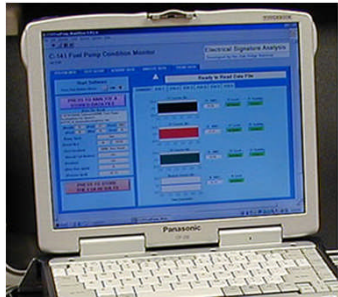
Scalable, robust and flexible systems:

- 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**



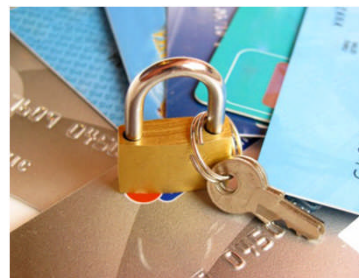
**Instant issuance of
large number of cards**



**Reloading value
onto the card**



**Parental control
of card utilisation**



**Immediate lock-down
of lost cards**



**Control of spend rate
and amount of spend**

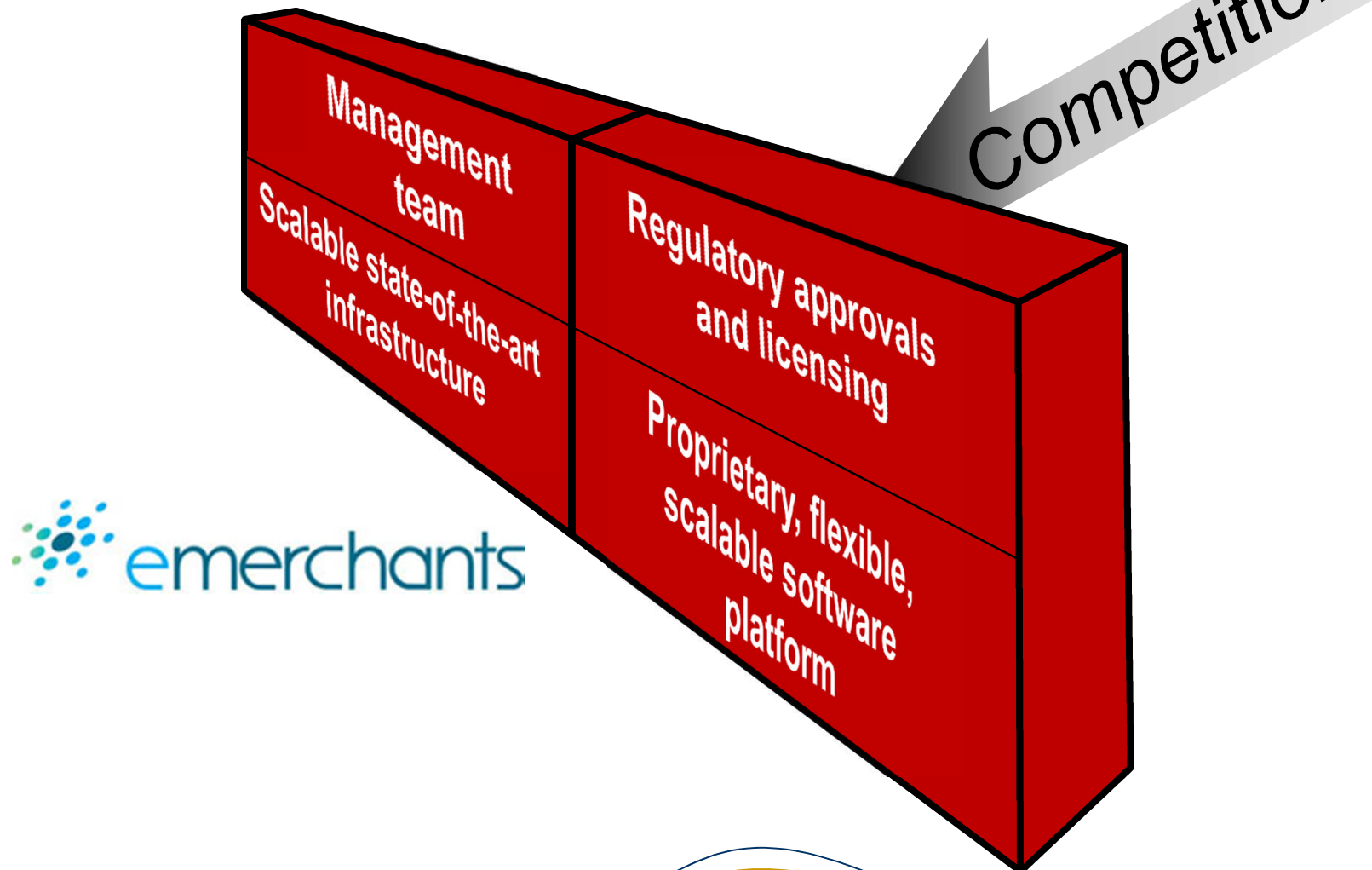
Emerchants Overview

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

Emerchants Overview

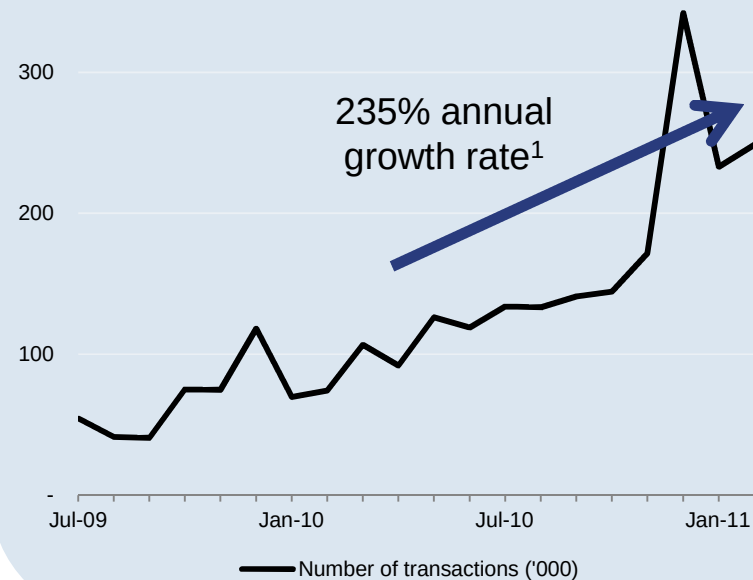
Strong barriers to entry greatly exist:



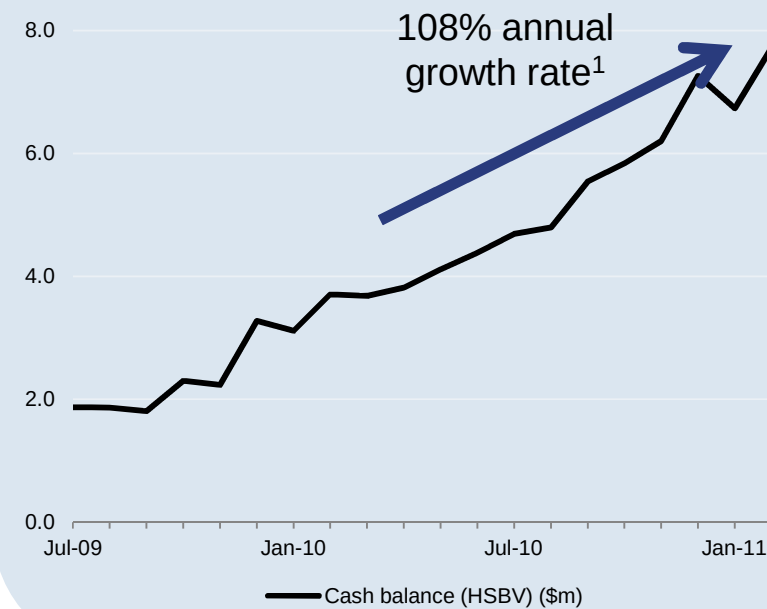
Emerchants Overview

Key performance indicators demonstrate strong EML business growth trajectory:

Number of transactions



Card Stored Value Balance



¹) For the 12 month period ended 28 February 2011

Emerchant's Growth Strategy

Multiple platforms for growth:



New Board and Executive Management Appointments



Mark Barnaba¹
(Non-executive Director)

- Non-Executive Director Fortescue Metals
- Chairman Western Power
- Chairman UWA Business School
- Previous experience includes:
 - Co-founder and Exec Chair of Azure Capital
 - Co-founder and MD of GEM Consulting/Poynton and Partners
 - Chairman of Alinta Infrastructure
 - Chairman of West Coast Eagles
 - Manager with McKinsey
 - Harvard MBA (Baker Scholar)
 - BCom from UWA (1st Class Hons, Uni Medal)



John Willinge¹
(Non-executive Director)

- Founder of Alverstoke Group LLC, an investment management firm based in New York
- Previously worked at several leading global financial services firms including:
 - Thomas Weisel Partners (as a Partner in San Francisco)
 - Goldman Sachs and Co (New York), and Rothschild (Australia).
- Served on the Board of Directors of public and private companies across a variety of industries
- Harvard MBA (Hons)
- BCom from UWA
- Bachelor of Applied Science in Engineering from the Western Australian School of Mines



John Toms
(Non-executive Director)

- Consulting Director - Head of Governance, Risk & Compliance of Acumen
- Previous experience includes:
 - o CEO for 17 years of an Approved Deposit-taking Institution (ADI)
 - o Non-executive Director for 17 years of Australian Payments Clearing Association
 - o Non-executive Director of Mercer Nominees
 - o Executive Director of Insurance Agents Assoc of Australia
 - o Commonwealth Public Servant
- B.Comm. (UNSW)
- Member AICD



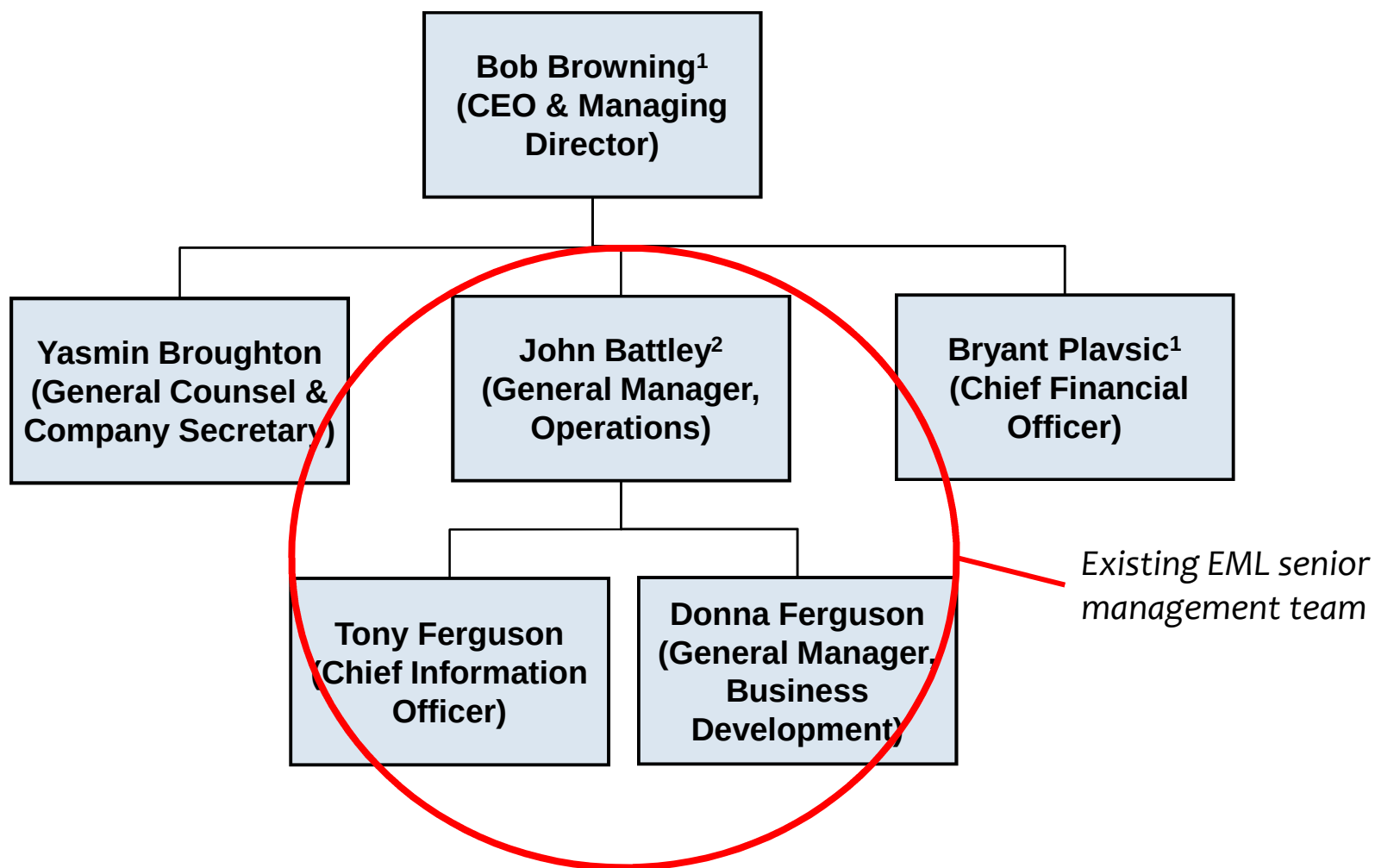
John Battley
(GM Operations & Executive Director)

- Internationally experienced executive and entrepreneur
- Currently CEO/MD of Emerchants Ltd
- Previous experience includes:
 - Founder of Globetrotter Corporate Travel (one of the largest corporate travel management companies in Australia)
 - Senior international sales & marketing roles based in Frankfurt, Germany, with a leading global pharmaceutical company
- CPA
- B.Pharm & B.Econ (Sydney University)

1. Current AAO Advisory Group member

Proposed Structure and Management

Proposed key management team members:



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:

	2011/12	2012/13	2013/14
PBT target (\$m)	5.2	14.1	22.3
Share grant for Vendors (m) (post-consolidation)	2.5	2.5	2.5

- 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

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

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.
2. 1.6M options exercisable at \$1.30 on or before 1/06/14; 20,000 options exercisable at \$.95 on or before 13/03/12; 15,000 options exercisable at \$.60 on or before 31/10/12; 30,000 options exercisable at \$.55 on or before 31/12/12; and 34,000 options exercisable at \$.65 on or before 31/12/11 (all prices are on a post-consolidation basis).
3. Exercisable at \$1.45 (on a post-consolidation basis) on or before 18/07/14.

Listed Options

Listed options on issue (pre-consolidation)	130,448,128
Total listed options on issue upon reinstatement of AAO on the ASX (5:1 consolidation)	26,089,626

Unlisted Options

Unlisted options on issue (pre-consolidation)	8,495,000
Post-consolidation unlisted options on issue (5:1 consolidation) ²	1,699,000
Unlisted options to be granted Under employee share plan (5:1 consolidation) ³	6,000,000
Total listed options on issue upon reinstatement of AAO on the ASX	7,699,000

Rebranding of Australasia Consolidated



Conclusion

Timing is everything:

