



Community Merchant Solutions, Ltd.
ARBN 169 838 359

Information **Memorandum**

Important Notice

Issue of this document

This document has been prepared by Community Merchant Solutions, Ltd. (the "Company") in connection with its application to the NSX for admission of its ordinary shares to listing. The Company does not seek to raise capital in connection with its proposed NSX listing, and is therefore proposing a compliance listing only.

This document is dated 30 June 2014. A copy of this document was lodged with the NSX on 30 June 2014. Neither the NSX nor any of its officers takes any responsibility for the content of this document.

Purpose of this document

This document has been prepared solely for information purposes and to assist investors in evaluating the Company. Neither the Company nor any other person (not limited to any person named in this document) has independently verified any of the information or data contained in this document.

This document is not a prospectus or a disclosure document within Chapter 6D of the Corporations Act.

Investment decisions

This document is not, and should not be construed as, a recommendation or advice by the Company, or by any other person (not limited to any person named in this document) to invest in the Company now or at any time in the future. Any prospective investor should conduct his or her own investigations and analysis of the Company, its financial condition, the assets and liabilities of the business and its affairs generally including without limitation the contents of this document.

This document does not take into consideration the individual investment objectives, financial situation or particular needs of any particular person. Any prospective investor should take into account his or her own situation and consider seeking independent advice from suitably qualified professional sources before deciding whether or not to invest in the Company.

Application has been made for listing of the Company's securities offered by this disclosure document to the National Stock Exchange of Australia Limited.

The fact that the National Stock Exchange of Australia may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities.

The National Stock Exchange of Australia Limited takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

No liability for costs

Neither the Company nor any other person (not limited to any person named in this document) accepts any responsibility for any costs incurred by any person in relation to that person's evaluation of the Company pursuant to this document or otherwise.

Forward-looking statements

This document contains forward-looking statements. Those forward-looking statements reflect views held only as at the date of this document. Any such statement is subject to inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement, and such deviations are both normal and to be expected.

Neither the Company, nor any of its officers or any person involved in the preparation of this document makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfillment of any forward-looking statement or any events or results expressed or implied in any forward-looking statement. Any intending investor in the Company is cautioned not to place undue reliance on any such statement.

Exclusion of Liability

Nothing in this document is a promise or representation as to the future. Any prospective investor must make his or her own investigations and inquiries about the assumptions, uncertainties and contingencies which may affect the Company. Neither the Company nor any other person (not limited to persons named in this document) has authorized the making of any statement not expressly contained in this document.

Currency of information

All information in this document is, unless otherwise specifically stated, current only as at the date of issue of this document and then only to the extent that relevant information is available at the time of compilation of this document.

The publication of this document does not create any implication that there will be, or has been, no change in the business or affairs of the Company as at the date of issue of this document. The Company may in its absolute discretion, update or supplement this document but is under no obligation to do so.

Miscellaneous

*All financial information presented in this Information Memorandum is stated in United States dollars (USD) unless otherwise indicated. The Financial Summary in Chapter 4 reflects the operating results of our wholly-owned subsidiary, Community Merchant Solutions, LLC.

References in this document to "we", "us", "our" and "CMS" are to the Company and our wholly owned subsidiary, Community Merchant Solutions, LLC. Any expression of a belief, assessment or intention is the belief, assessment or intention of the Board of Directors of the Company as of the date of this Information Memorandum.

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Chapter 1

Investors Summary

Investment Proposition

Community Merchant Solutions, Ltd. ("CMS" or the "Company") is undertaking a compliance listing of 20,000,000 issued ordinary shares, currently held by shareholders of the Company on the National Stock Exchange of Australia Limited.

Community Merchant Solutions, Ltd. is a company registered in the British Virgin Islands. It is registered as a Foreign Company in Australia. ARBN 169 838 359. Pursuant to an Equity Interest Purchase Agreement dated 23 June 2014, CMS purchased 100% of the outstanding membership interests of Community Merchant Solutions, LLC, a Delaware limited liability company. The Company was formed for the sole purpose of acquiring Community Merchant Solutions, LLC and has no other material assets or liabilities other than Community Merchant Solutions, LLC. Please note references in this document to "we", "us", "our" and "CMS" are to the Company and our wholly owned subsidiary, Community Merchant Solutions, LLC.

Company Background

Community Merchant Solutions, Ltd., through its wholly owned subsidiary, Community Merchant Solutions, LLC, is currently registered with VISA USA, Inc. and Master Card International, Inc. as an Independent Sales Organization ("ISO") to conduct business in the United States of America and focuses primarily on the Integrated Point of Sales ("IPOS") transactions for the Small to Medium Enterprise ("SME") merchant market. As an ISO, or 'Merchant Acquirer', CMS offers a fully integrated functional, turnkey product to its merchant customers, utilizing all the elements of traditional bankcard processing while leveraging proprietary new and secured technologies. The Company offers custom application development, electronic payment processing, gift and loyalty card programs, card design services, terminal and point of sales system installation and training, mobile and cloud based systems, payment gateways, direct mail and email marketing campaigns and full customer support.

Our Products and Services

As a merchant acquirer and stored value card based solutions provider, our focus is to provide our Value Added Resellers ("VAR") and Direct Sales Personnel a turnkey product for:

1. Electronic payment processing of credit and debit cards
2. Payment processing terminals and supplies
3. Gift card programs and services
4. Frequency/loyalty card programs and services
5. Internet-based transaction collection
6. Database reporting systems
7. Outbound email/direct mail marketing packages

Customer Base

At present the Company currently services approximately 800 SME merchant accounts, of which approximately 400 of these SME merchant accounts subscribe to all of our products and services listed above.

Industry

Overview of Electronic Payments

Electronic payments represent a large and growing market that is fueled by a powerful secular shift towards the use and acceptance of card-based payments, such as credit and debit cards and away from paper-based payments like checks and cash. According to The Nilson Report, a monthly newsletter source of global news and statistics about the payment industry, purchase volume on credit and debit cards in the U.S. was \$4.6 trillion in 2012 and is projected to reach \$7.3 trillion by 2017, a compound annual growth rate of 9.5%.

Source: The Nilson Report

Overview of the Traditional Merchant Acquiring Industry

To facilitate the adoption and acceptance of card-based payments at the Point-of-Sale ("POS"), banks began providing payments services to their local merchants in the 1950s. Providers of these services, both divisions of banks and independent companies, became known as merchant acquirers. Since that time, the merchant acquiring industry has grown and expanded significantly.

Methods of Electronic Payments Acceptance

As electronic payments have gained widespread adoption, the technologies used to accept and process these Point-of-Sale Payments ("POS technologies") have evolved significantly. Historically, merchants chose stand-alone payments technologies to facilitate basic acceptance of electronic payments from their customers. Based on a number of trends in the industry, including advancements in electronic cash register and POS technologies, many merchants are choosing to integrate payment functionality with their other business management systems.

Stand-Alone POS Technologies

From the 1950s to the 1980s, merchants accepted card-based payments using a carbon paper-based imprinting method to capture customers' card information. This method was replaced by the introduction of electronic card readers that captured the same information stored on a magnetic stripe on the payment cards. Stand-alone devices enable merchants to swipe a card or manually enter the account information on the card, but typically have limited functionality beyond accepting card payments.

Integrated POS Technologies

In the 1990s, advancements in electronic cash register and PC-based POS software technologies allowed for payments functionality to be embedded in these systems, creating an "Integrated Point-of-Sale" ("IPOS") class of POS technologies. Larger merchants were early adopters of IPOS systems, and this technology is spreading into SMEs across many industry verticals. The technology is also evolving with mobile- and tablet-based software and hardware innovations.

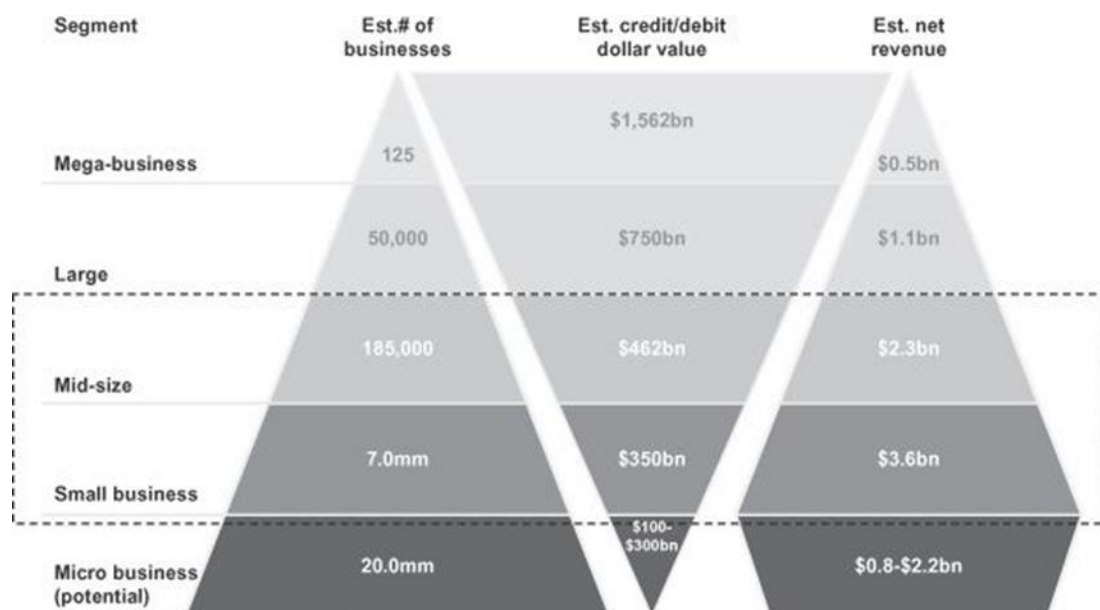
Accelerating SME Shift to IPOS Solutions

There is an accelerating shift among SME merchants toward IPOS systems, displacing traditional stand-alone card technologies that lack the integrated, multi-purpose functionality that is available in IPOS systems. According to IHL Group, a global research and advisory firm for the retail and hospitality industries, in 2012, approximately 45% of all POS devices were IPOS-capable, up from 39% in 2010 according to data on single-location SMEs (U.S. and Canada) from IHL, an industry research firm. In addition, their research indicates that in 2012, 69% of all new POS device shipments to SME merchants were IPOS-capable, compared to 94% for the largest merchants.

Source: IHL Group

The Small to Medium Enterprise Market

SMEs are highly fragmented and can be more difficult and expensive to reach than larger merchants, given their large numbers and wide geographic dispersion. However, SMEs are attractive customers because they tend to have higher growth rates and lower price sensitivity than larger merchants, given their smaller size and greater number of new business starts. As a result, the SME merchant segment represents the greatest revenue opportunity for merchant acquirers, as indicated in the following diagram.



Source: First Annapolis; 2010 estimates

Increasing Adoption of New Payments Technologies and Services by SMEs

In addition to the significant advancement and adoption of IPOS, there has been substantial innovation and investment in the payments and POS industries over the last several years. As a result, numerous new payments products and services, such as rewards programs and mobile payments, are being promoted and increasingly adopted by SME merchants. While these capabilities represent significant opportunities for SME merchants to level the playing field with larger retailers, the wide spectrum of new choices, their technology requirements and their impact on other areas of merchants' businesses can be overwhelming and risky. In addition, if these new

payments technologies and services are not integrated with an SME merchant's POS technology, these emerging solutions can be nearly unusable by them. This presents an attractive opportunity for technology and service providers, including IPOS Developers and Dealers, to bundle, simplify and integrate these services into an IPOS solution.

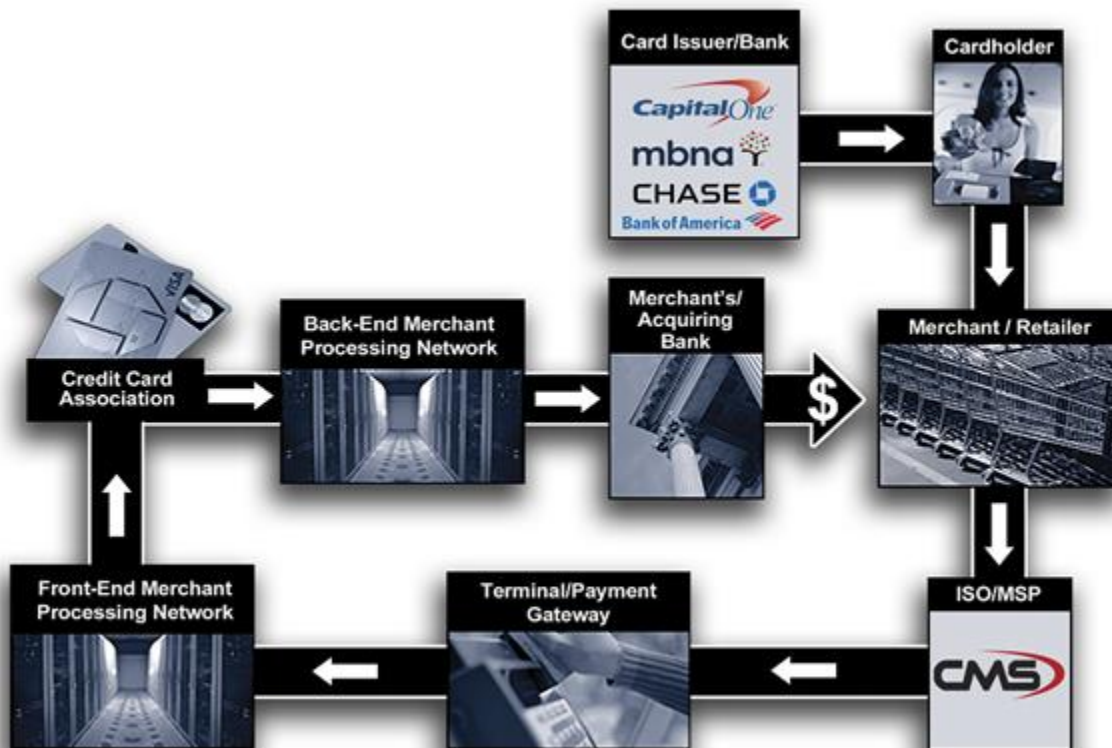
Chapter 2

Business Overview

Background on the Business of Merchant Acquiring

Definition of Merchant Acquirer

The merchant-acquiring function may best be understood in the context of card use in a typical retail purchase transaction. As the diagram below illustrates, there are several stages in the transaction flow involving cardholders and their banks on one side, merchants and their banks on the other, and a payment network in the middle that coordinates the flow of information and money underlying the transaction.



The various activities associated with merchant services can generally be thought of as the merchant-acquiring function. For bank-centered payment networks such as Visa™ and MasterCard™, the merchant acquirer is defined as the member financial institution responsible for its merchant customer's transactions with the network. In practice, member financial institutions often contract with third parties to perform any number of the functions associated with merchant-acquiring service as does CMS. Irrespective of name, it is important to note that it is the network member financial institution, not CMS that is ultimately responsible for the underlying transactions with its direct or indirect merchant-customers. Other significant network structures are American Express™ and Discover™. Unlike Visa™ and MasterCard™, these two card networks

are not based on a bank-member structure, but rather, operate as independent entities which CMS also serves. As such, American Express™ and Discover™ maintain the contract relationship with cardholders as “issuers” and similar direct relationships with the merchant that accepts their cards as “acquirers.” In a sense, the generally independent functions of issuers, acquirers and networks are collapsed into one entity. In the broader payment card industry, the merchant-acquiring business is commonly referred to as bankcard transactions. CMS brings the merchant and the networks together as a merchant acquirer.

Merchant Acquiring Services performed by CMS

In support of the transaction flow at the point of sale, CMS generally performs four key functions:

1. Contractually signing up merchants and obtaining all necessary documents for underwriting to accept network-branded cards, or closed loop cards like gift cards and loyalty cards that can only be redeemed at the merchant location(s).
2. Providing POS terminals via sale or lease, as the means to authorize valid card transactions, performing installation and any required training.
3. Serving as the point of contact for technical issues and for the network processor to facilitate the clearing and settlement of the transactions through the payment network
4. Providing other relevant information and services such as custom graphic design for gift and loyalty cards, direct mail marketing campaigns, etc. to maximize revenue lift opportunities for the merchant.

CMS serves as the facilitator between the merchant and the payment network. CMS has no operational or financial liability for the actual processing of transactions. The payment network provider performs the authorization/decline function, performs clearing and settlement with the issuing bank, batch processing of the merchant's daily transactions and even provides the merchant statements. CMS is paid directly by the payment network provider as the ISO that brought the merchant to the payment network provider. CMS receives an ongoing monthly revenue stream called residuals for as long as the merchant processes through the payment network provider.

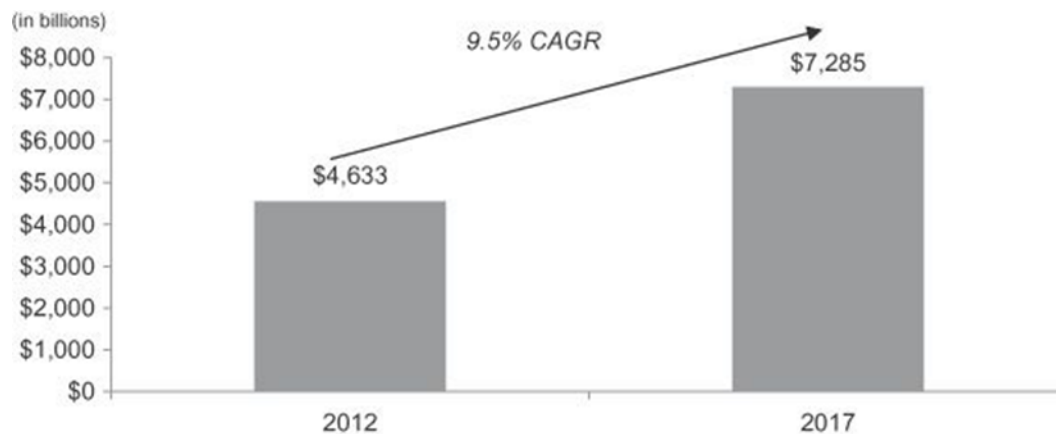
Industry Overview

Overview of Electronic Payments

Electronic payments represent a large and growing market that is fueled by a powerful secular shift towards the use and acceptance of card-based payments, such as credit and debit cards and away from paper-based payments like checks and cash. According to The Nilson Report, purchase volume on credit and debit cards in the U.S. was \$4.6 trillion in 2012 and is projected to reach \$7.3 trillion by 2017, a compound annual growth rate of 9.5%.

Source: The Nilson Report

Credit and Debit Card Purchase Volume in the U.S.



Source: The Nilson Report

Overview of the Traditional Merchant Acquiring Industry

To facilitate the adoption and acceptance of these card-based payments at the POS, banks began providing payment services to their local merchants in the 1950s. Providers of these services, both divisions of banks and independent companies, became known as merchant acquirers. Since that time, the merchant acquiring industry has grown and expanded significantly, facilitating the widespread acceptance of card-based payments at merchant points-of-sale.

The merchant acquiring industry includes many providers in the U.S., primarily comprised of:

- **Banks**—Banks with in-house processing capabilities (e.g., J.P. Morgan Chase and U.S. Bancorp) or banks who outsource their processing to a non-bank processor.
- **Non-bank payment processors**—Non-bank payment processors own proprietary processing platforms (like First Data, Heartland Payments and Vantiv).
- **Third-party independent sales organizations (ISOs)**—Which sell payments services to merchants (at a retail price) and outsource the transaction processing services to a bank or non-bank processor (at a wholesale rate).

Methods of Electronic Payments Acceptance

As electronic payments have gained widespread adoption, the technologies used to accept and process these payments ("POS technologies") have evolved significantly. Historically, merchants chose stand-alone payments technologies to facilitate basic acceptance of electronic payments from their customers. Based on a number of trends in the industry, including advancements in electronic cash register and POS technologies, many merchants are choosing to integrate payment functionality with their other business management systems.

Stand-Alone POS Technologies

From the 1950s to the 1980s, merchants accepted card-based payments using a carbon paper-based imprinting method to capture customers' card information. This method was replaced by the introduction of electronic card readers that captured the same information stored on a magnetic stripe on the payment cards. Stand-alone devices enable merchants to swipe a card or manually enter the account information on the card, but typically have limited functionality beyond accepting card payments.

The main types of stand-alone electronic card reading devices include:

- **POS Terminals**—These are stand-alone electronic card readers that can be wired or wireless. These terminals typically sit next to a cash drawer or beside a cash register or PC-based POS technology. These POS card terminals are manufactured and sold by firms such as VeriFone, Ingenico and Equinox. These devices are not integrated with a merchant's other systems, which can inconvenience both the merchant and the consumer. As they are used in conjunction with a cash register or PC-based POS system, they add additional time and complexity for the merchant to perform critical daily tasks, such as cash and check reconciliation, which are managed by these other systems.
- **Mobile Device Terminals**—These are a combination of hardware and mobile applications that enable consumers' mobile devices to be used as POS card readers. These are typically marketed directly to low-volume merchants who require limited functionality. Mobile device terminals are manufactured and sold by firms such as Square, ROAM (an Ingenico company) and Intuit.

Integrated POS Technologies

In the 1990s, advancements in electronic cash register and PC-based POS software technologies allowed for payments functionality to be embedded in these systems, creating an IPOS class of POS technologies. Larger merchants were early adopters of IPOS systems and this technology is spreading into SMEs across many industry verticals. The technology is also evolving with mobile- and tablet-based software and hardware innovations.

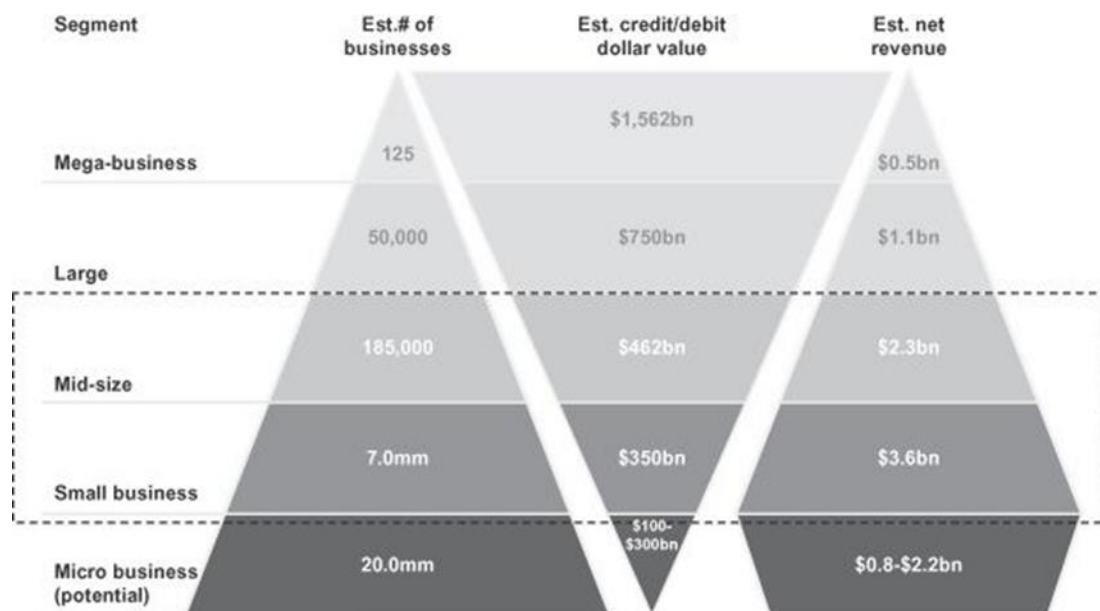
- **Electronic Cash Register (ECR)**—These are modern cash register platforms that utilize embedded software to facilitate basic payment acceptance and various back office functions like accounting system integration and inventory tracking. Combined with specialized networking technology and electronic payment card swipers, ECRs can be used to facilitate electronic payments, including credit, debit and gift cards, providing a basic IPOS solution to merchants.
- **PC-Based Point of Sale**—These are sophisticated technology solutions that are designed by specialized, often vertically focused IPOS Developers and are typically sold, installed and serviced by IPOS Dealers. These solutions are a combination of computer hardware and software designed to provide merchants with a system capable of integrating and automating a variety of critical retail store operations. The most common operations include (1) *Payment Processing Functions*—which typically include payment acceptance, stored value card processing, loyalty application management, information security and returns processing; (2) *Business-Specific Operating Functions*—which typically include core operating and value-added functions that are often customized to the needs of an individual type of business. For example, in a restaurant these may include seating management, food order systems, kitchen preparation management and wait-staff tip adjustments; and (3) *Back Office Functions*—which typically include business management functions such as accounting and financial management, employee time, attendance and payroll management, inventory management and business optimization tools

such as reporting and analytics. PC-based POS solutions are capable of being networked together in a variety of configurations to support both on-premise and multi-location enterprise needs. For example, a 10-store restaurant chain can use a PC-based POS solution to run their entire operation, which can include multiple stations within each store.

• **Tablet-Based Point of Sale**—These are a combination of hardware and tablet-specific software applications that enable tablet devices to be used as POS software solutions. These are typically sold by specialized, tablet-specific software developers to smaller merchants, who require less functionality than the more sophisticated, PC-based POS solutions provide. As the tablet-based POS products mature, we believe they will be sold to larger and more sophisticated SME merchants, across more verticals and at greater scale than they are today.

The Small to Medium Enterprise Market

CMS focuses on selling their payment processing services to Small to Medium Enterprises (SME). SMEs are highly fragmented and can be more difficult and expensive to reach than larger merchants, given their large numbers and wide geographic dispersion. However, SMEs are attractive customers because they tend to have higher growth rates and lower price sensitivity than larger merchants, given their smaller size and greater number of new business starts. As a result, the SME merchant segment represents the greatest revenue opportunity for merchant acquirers, as indicated in the following diagram.



Source: First Annapolis

Accelerating SME Shift to IPOS Solutions

There is an accelerating shift among SME merchants toward IPOS systems, displacing traditional stand-alone card technologies that lack the integrated, multi-purpose functionality that is available in IPOS systems. According to IHL Group, a global research and advisory firm for the retail and hospitality industries, in 2012, approximately 45% of all POS devices were IPOS-capable, up from 39% in 2010 according to data on single-location SMEs (U.S. and Canada) from IHL, an

industry research firm. In addition, their research indicates that in 2012, 69% of all new POS device shipments to SME merchants were IPOS-capable, compared to 94% for the largest merchants.

Source: IHL Group

Increasing Adoption of New Payments Technologies and Services by SMEs

New payments products and services, such as rewards programs and mobile payments, are being promoted and increasingly adopted by SME merchants. Some of these new payment products and services include:

- **Stored Value and Loyalty Programs**—Many SME merchants are adopting and promoting their own loyalty, rewards and gift card programs to attract and retain their customers. Innovations in cloud-based program management solutions and integration into IPOS systems have enabled SME merchants to provide loyalty applications and manage gift card programs that are similar to the offerings that larger merchants already provide.
- **Ecommerce Payments**—Brick-and-mortar SMEs are establishing online presences to promote their business and conduct multi-channel commerce. These merchants are increasingly looking for technology solutions providers to facilitate the integration to and seamless processing for, online and offline payments.
- **Mobile Payments**—As new mobile payment solutions like PayPal Mobile, Google Wallet, Isis and others are introduced at larger merchants, many SME merchants are seeking ways to accept these new forms of payment to provide their consumers with competitive functionality and customer engagement options.
- **Data-Driven Services**—SME merchants are looking for more sophisticated tools and services that are driven by the valuable data derived from their customers' payments. These capabilities include advanced reporting and analytical tools, the promotion of merchant rewards, the adjudication and redemption of offers and incentives and the ability to commercialize data at the point of sale, such as POS-initiated marketing.

Business Strategy

WorldPay US Agreement

In June 2013, CMS entered into a Payment Services Distribution Agreement (the "Agreement") with WorldPay US, Inc. ("WorldPay"), whereby CMS was granted a non-exclusive right to sell WorldPay products and merchant card services in the Continental United States. Pursuant to the terms of the Agreement, CMS has the ability to purchase WorldPay products and merchant card services, subject to an agreed upon pricing schedule, and resell those products and merchant card services to its merchant accounts at a premium. In addition, WorldPay agrees to pay a monthly residual to CMS based upon each merchant account. WorldPay also agrees to process all of CMS' merchant transactions, produces all of the reports to be provided to merchants and provides 24 hour customer support to CMS merchants. The initial term of the Agreement is for three years with automatic renewals thereafter for successive terms of one year unless cancelled by either party not less than ninety days prior to the end of the then current terms. In addition, either party has the right to terminate the Agreement for cause.

About WorldPay US, Inc.

WorldPay (www.worldpay.com/us) is a national provider of electronic payment, cash dispensing and e-commerce services. WorldPay processes transactions initiated by credit and debit cards, checks and other cards from merchant POS terminals, ATMs and web sites. WorldPay also provides related payment services such as the issuance of stored value cards that facilitate electronic funds distribution. WorldPay provides payment services to over 300,000 merchant POS terminals and cash advance services at 12,000 locations nationwide, representing over 75 million transactions a month. WorldPay employs over 450 management and technical personnel at its headquarters in Atlanta, GA.

Products and Services

CMS developed its own marketing program to ease the financial burden on the merchant and to then provide a broad array of product and service offerings that meet the needs of its merchants. Here is the "suite" of our products and services which are offered to the potential merchant. This has been achieved through years of experience and the development of key, strategic partners with our service providers.

1. Electronic payment processing of credit and debit cards
2. Payment processing terminals and supplies
3. Gift card programs and services
4. Frequency/loyalty card programs and services
5. Internet-based transaction collection
6. Database reporting systems
7. Outbound email/direct mail marketing packages

CMS has positioned itself as a "one-stop-solution" provider for a wide variety of merchant services. CMS bundles complementary products. CMS can also offer individual products and services on a menu basis, with electronic payment processing of credit and debit cards as the backbone of our suite of services.

Customer Base

At present CMS currently services approximately 800 SME merchant accounts, of which approximately 400 of these SME merchant accounts subscribe to all of our products and services listed above.

Customer Loyalty

CMS customized gift and reward cards and reporting systems are designed to provide detailed information for merchants with regular usage. Merchants can instantly recognize at the point of sale that the card holder is a regular customer and depending on the program, give instant discounts or other incentives.

Competitive Analysis

Competition

We face competition to acquire merchants from a variety of providers of payments and payment-related services. The most significant competitive factors in our markets are price, brand, recommendations to merchants by IPOS Developers and Dealers, breadth of value-added features and functionality (including IPOS integrations), size, service capability and speed in

approving merchant applications. We expect that the relative importance of these competitive factors to merchants will continue to change as methods of distribution and alternative payment solutions are developed by our competitors and us. Our competitors range from large and well established vendors to smaller, earlier-stage companies. These include:

- Third-party merchant acquirers and processors, including First Data Corporation, Heartland Payment Systems, Inc., Total System Services Inc., Vantiv, Inc. and WorldPay US, Inc.
- Retail banks or their affiliates, including Bank of America Merchant Services, Citi Merchant Services, Chase Paymentech, Elavon, Inc. (a subsidiary of U.S. Bancorp), PNC Merchant Services and Wells Fargo Merchant Services. Some of these entities have their own processing capabilities, while others outsource these functions to third-party merchant acquirers and processors.
- Numerous independent sales organizations (ISOs) selling payments and payments-related services on behalf of either third-party merchant acquirers and processors or affiliates of retail banks.

Competitive Advantages

CMS competes effectively and efficiently with these competitors in procuring and servicing merchant accounts. In a number of major categories, CMS offers:

Customer Service – Consumer research and management experience proves that customers value quality service.

Rapid turnaround and approval times – To facilitate quick turnarounds, CMS has set client-friendly approval criteria with its banks. Card artwork time is packaged to turnaround within hours with user friendly specification sheets provided to the merchant at the time of the sale. Customized card printing is done in minimum lots of 300 with delivery within 5 days. We have dedicated graphics design personnel ready to facilitate the needs of the merchants to spruce up an existing design or start from scratch.

Product and Service Selection - CMS offers processing, gift, loyalty and retail all on one platform.

Revenue Model

Revenue for CMS comes from two main sources: 1) recurring revenues from monthly processing fees; and 2) new sales revenues from POS equipment, gift and loyalty card re-orders, e-commerce marketing sales and outbound direct mail programs. As recurring revenue per account grows, portfolio and enterprise value also increases. Within the industry, merchant account portfolios are typically valued at a multiple of monthly recurring revenues (MRR).

Enhance Direct Sales/Low Overhead Model

CMS is currently operating with sales reps in Orange County, California, Las Vegas, Nevada, Dallas, Texas, Salt Lake City, Utah and Houston, Texas. These sales reps spend the majority of their time in the field and have employed their own telemarketing services for prospecting and appointment setting. CMS has established the main corporate office in Orange County, California and will continue with that one physical office location for as long as is feasible. Additional regional sales offices will be considered when supported by enough growth, yet to be determined. Each sales agent is responsible for managing their territory or region within budget. We are also exploring

ways to conduct on-line recruiting and training which may provide additional revenue and decrease in-person SG&A expenses associated with traditional recruiting and training.

Working Capital

As of the date of this Information Memorandum, working capital is sufficient to cover the Company's current requirements. The Company has no intentions to raise additional funds for at least three months after listing on the NSX.

Management

H. Wain Swapp – President and CEO

Wain Swapp is the founder, President and CEO of Community Merchant Solutions. Mr. Swapp is a nationally recognized processing executive and started CMS in February 2007. Prior to CMS, Mr. Swapp was a director, president and CFO of International Card Establishment, Inc. which had acquired Neos Merchants Solutions, a company founded by Mr. Swapp and where he served as CEO from 2002 to 2006. From 1999 to 2002 Mr. Swapp was the President of E-Commerce Processing (ECP), a leader in the private label smart card industry. Prior to joining ECP, from 1993 to 1999, he was the National Vice President of Sales at Lynk Systems, where he opened 37 offices and built a portfolio of more than 70,000 merchants generating \$3.5 billion in sales volume. Prior to joining Lynk, from 1992 to 1993, Mr. Swapp was the National Director of Sales at Deluxe Data, where he built a portfolio of \$2.5 billion with more than 65,000 merchant accounts. Prior to joining Deluxe, from 1991 to 1992, Mr. Swapp developed and implemented a regional sales program for PMT Services and from 1988 to 1991, spent four years as a Regional Manager with Nabanco, where he was instrumental in taking that company from start-up to more than a \$3.0 billion portfolio over that period. Prior to joining Nabanco, Mr. Swapp founded and built a successful credit card VAR in 1987, growing his company to seven offices in three years.

Michael S. Fisher – Director

Michael S. Fisher is President of Acquiring Solutions International, leading card-not-present credit card processor. He has over 24 years of experience in the credit card processing industry in the United States in POS equipment manufacturing and sales and held executive management positions with Independent Sales Organizations (ISOs), including Cardservice International and E-Commerce Exchange. Fisher is also a founding partner of Acquiring Solutions, a US ISO specializing in providing services to Internet and Mail Order/Telephone Order merchants in need of fraud prevention and risk management support. Acquiring Solutions established a European subsidiary in 2006. Fisher is a past member of the Electronic Transactions Association Government Relations Committee, Membership Committee and Best Practices Committee. He received an A.B. degree from Harvard College in 1984 and is fluent in Mandarin Chinese.

Charles Christianson – Director

Charles Christianson is Senior Vice President of Sales and Account Management & Client Solutions at Affinion Loyalty Group, where he started in 2006. Affinion Group is the leading provider of affinity marketing and membership services to the Financial Services and Retail Industries with annual sales of \$1.4 billion. At Affinion, Charles manages a 25 person sales and account management team responsible for annual revenues of \$82 million. While Charles has developed and maintained

relationships with many high-profile, nationally recognized corporations, his knowledge and skills in this field are also represented by the various articles he has written and speaking engagements he has provided on this subject. Charles is a dynamic, entrepreneurial management strategist with an 18+ year record of achievement, with great success in driving multi-million dollar sales growth while providing trail blazing corporate leadership in highly competitive payments and loyalty program markets. After receiving his Juris Doctor cum laude from the University of Maryland Law School in 1991, Charles became a Senior Associate at Adelberg, Rudow, Dorf&Hendler, LLC, a mid-size law firm specializing in general corporate and litigation matters. He established the company's product liability department, which generated one third of the firm's revenues in its first year and he became the youngest attorney in firm history to achieve Martindale Hubbell AV rating. In 1998 Charles joined E-Commerce Processing, Inc., which, prior to its acquisition, was a leading software, hardware, private label card and transactional service and product provider with \$24 million in annual sales, as the VP and General Counsel. Charles managed a 14-state group comprised of 14 direct sales offices with 70 direct report employees overseeing total annual purchases exceeding \$15 million. His team consistently ranked #1 in company sales for three consecutive years and he increased territory and aggregate sales by 800% from 2000-2001. Following these accomplishments, in 2001 Charles became EVP, Director, & Counsel, for Neos Merchant Solutions, Inc. & International Card Establishment.

Regulation

We operate in an increasingly complex legal and regulatory environment. Our business and the products and services that we offer are subject to a variety of federal, state and local laws and regulations and the rules and standards of the payment networks that we utilize to provide our transaction services processing. Below is a list of some, but certainly not all, of the key regulations we are subject to.

- Dodd-Frank Wall Street Reform and Consumer Protection Act
- Gramm-Leach-Bliley Act of 1999
- Bank Secrecy Act of 1970, as amended by the USA PATRIOT Act of 2001
- The Credit Card Accountability Responsibility and Disclosure Act of 2009
- Financial Crimes Enforcement Network of the U.S. Department of the Treasury

The foregoing is not an exhaustive list of the laws and regulations to which we are subject and the regulatory framework governing our business is changing continuously.

Chapter 3

Risks of Investing

Consolidation among financial institutions and retail clients could materially impact our financial position and results of operation.

Consolidation among financial institutions, particularly in the area of credit card operations and consolidation in the retail industry, continues to be a major risk. Specifically, we face the risk that our clients may merge with entities that are not our clients, our clients may sell portfolios to entities that are not our clients or our financial institution clients may otherwise cease to exist, thereby negatively impacting our existing agreements.

Unauthorized disclosure, destruction or modification of data, through cybersecurity breaches, computer viruses or otherwise or disruption of our services could expose us to liability, protracted and costly litigation and damage our reputation.

We are responsible for certain third parties under the rules and regulations established by the payment networks, such as Visa™, Mastercard™, Discover™ and American Express™ and debit networks. The loss, destruction or unauthorized modification of merchant or cardholder data by us or our associated participants or through systems we provide could result in significant fines, sanctions and proceedings or actions against us by the payment networks, governmental bodies, consumers or others, which could have a material adverse effect on our business, financial condition and results of operations.

The market for prepaid debit cards and alternative financial services is highly competitive and competition is increasing as more companies endeavor to address the needs of underbanked consumers.

The alternative financial services industry, including the prepaid card market, is subject to intense and increasing competition. Increased competition from alternative financial services providers who are often well-positioned to service the underbanked and who may wish to develop their own prepaid debit card programs.

Changes in the laws, regulations, policies, credit card association rules or other industry standards affecting our business may impose costly compliance burdens and negatively impact our business.

There may be changes in the laws, regulations, credit card association rules or other industry standards that affect our operating environment in substantial and unpredictable ways in the U.S. as well as internationally. Changes to statutes, regulations or industry standards, including interpretation and implementation of statutes, regulations or standards, could increase the cost of doing business or affect the competitive balance. Regulation of the payments industry has increased significantly in recent years. Failure to comply with laws, rules and regulations or standards to which we are subject in the U.S. as well as internationally, including the card network rules and rules with respect to privacy and information security, may result in the suspension or revocation of a license or registration, the limitation, suspension or termination of service and the imposition of fines, sanctions or other penalties, which could have a material adverse effect on our financial position and results of operations, as well as damage our reputation.

Our systems and our third-party providers' systems may fail which could interrupt our service, cause us to lose business, increase our costs and expose us to liability.

We depend on the efficient and uninterrupted operation of our computer systems, software, data centers and telecommunications networks, as well as the systems and services of third parties. A system outage or data loss could have a material adverse effect on our business, financial position and results of operations.

Trade Secrets

In addition to our patent and licensing activities, the Company also relies on its trade secrets. The protective measures that the Company employs may not always be sufficient to protect its trade secrets. This could erode the Company's competitive advantage. The Company cannot be certain that others will not independently develop the same or similar technologies on their own, or gain access to trade secrets or disclose such technology, or that the Company will otherwise be able to meaningfully protect its trade secrets and unpatented know-how, or that the Company will otherwise be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret.

WorldPay US Agreement

We rely on our agreement with WorldPay US to service our customers. The agreement may be terminated for cause by either party. Any termination for cause on the part of the Company could have a material adverse effect on our business, financial position and results of operations.

Chapter 4

Financial Summary*

BALANCE SHEET

ASSETS	Year Ended December 31,	
	<u>2013</u>	<u>2012</u>
<i>Noncurrent assets</i>		
Intangible assets	\$ 1,364,150	\$ 1,414,150
Property and equipment	\$ 113,968	\$ 145,857
Total noncurrent assets	\$ 1,478,118	\$ 1,560,007
<i>Current assets</i>		
Merchant contracts	\$ 1,079,060	\$ 1,412,967
Trade and other receivables	\$ 183,865	\$ 36,105
Cash and cash equivalents	\$ 27,516	\$ 7,709
Total current assets	\$ 1,290,441	\$ 1,456,781
Total assets	\$ 2,768,559	\$ 3,016,788

MEMBER'S EQUITY & LIABILITIES

<i>Members' equity</i>		
Members' capital	\$ 2,499,117	\$ 2,371,989
Accumulated other comprehensive income	\$ 79,730	\$ 526,767
Total members' equity	\$ 2,578,847	\$ 2,898,756
<i>Noncurrent liabilities</i>		
Notes payable	\$ 20,145	\$ 23,736
Total noncurrent liabilities	\$ 20,145	\$ 23,736
<i>Current liabilities</i>		
Accounts payable	\$ 160,996	\$ 94,296
Notes payable	\$ 8,571	\$ -
Total current liabilities	\$ 169,567	\$ 94,296
Total liabilities	\$ 189,712	\$ 118,032
Total members' equity and liabilities	\$ 2,768,559	\$ 3,016,788

INCOME STATEMENT

Revenue	\$ 3,229,382	\$ 3,266,374
Cost of Sales	\$ (2,208,506)	\$ (2,332,433)
Gross Profit	\$ 1,020,876	\$ 933,941
Operating expenses:		
Selling and distribution costs	\$ (148,277)	\$ (54,789)
Administrative expenses	\$ (705,924)	\$ (967,987)
Total operating expenses	\$ (854,201)	\$ (1,022,776)
Net operating income (loss)	\$ 166,676	\$ (88,835)
Finance costs		
Interest expense	\$ (36,569)	\$ (5,776)
Bank charges	\$ (2,979)	\$ (32,665)
Total finance costs	\$ (39,548)	\$ (38,441)
Net and comprehensive income (loss)	\$ 127,128	\$ (127,275)

*All figures are in U.S. Dollars and reflect the operating results of CMS LLC, our wholly-owned subsidiary.

Chapter 5

Glossary

“Board of Directors” or **“Directors”** means the directors of the Company as at the date of this Information Memorandum.

“Company” or **“CMS”** means Community Merchant Solutions, Ltd. (ARBN 169 838 359) a company incorporated under the Laws of British Virgin Islands and registered as a foreign company under the Corporations Act.

“Corporations Act” means the Corporations Act 2001 (Cth).

“Community Merchant Solutions, LLC” or **“CMS LLC”** means the wholly owned subsidiary of the Company.

“Information Memorandum” means this document.

“NSX” or the **“Exchange”** means the National Stock Exchange of Australia Ltd.

Chapter 6

Corporate Directory

Company's Registered Office

Harbor House, 2nd Floor
Waterfront Drive, P.O. Box 972
Road Town, Tortola, British Virgin Islands

Company's Principal Office

27201 Puerta Real
Suite 120
Mission Viejo, California USA 92691

Board of Directors

H. Wain Swapp
Michael S. Fisher
Charles Christianson

Australian Legal Adviser

Matthews Folbigg
Level 7, 10-14 Smith Street
Parramatta NSW 2450 Australia
Phone: +61 2 9806 7402

Nominated Advisor

F S Capital Ltd
P. O. Box 759
The Junction
NSW 2291 Australia
Phone: +61 2 8599 2904

Corporate Advisor

EU Capital Advisors, LLC
8001 Irvine Center Drive, Suite 1160
Irvine, California USA 92618
Phone: +1 949 236 6650

Auditors

Gregory Scott International
875 North Michigan Avenue, Suite 3100
Chicago, Illinois USA 60611
Phone: +1 312 752 5426
Illinois Department of Financial and Professional Regulation
Registered Certified Public Accountant
Active CPA License #239.016627

Share Registrar

Boardroom Pty Limited
Level 8, 446 Collins Street
Melbourne VIC 3000
Phone: +61 3 9627 9903
<http://www.boardroomlimited.com.au/>