OzForex Group
Prospectus

OzForex Group Limited ACN 165 602 273

Joint lead managers

IMPORTANT **NOTICES**

The Offer

This Prospectus is issued by OzForex Group Limited and Cloudbreak Settlement Pty Limited (**SaleCo**) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). The Offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares (**Shares**) in OzForex Group Limited that will in part be issued by OzForex Group Limited and in part sold by SaleCo. Refer to Section 7 of this Prospectus for further information.

Lodgement and Listing

This Prospectus is dated 23 September 2013 and a copy was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Prospectus Date**). OzForex Group Limited will apply to the ASX Limited (**ASX**) within seven days after the Prospectus Date for admission of OzForex Group Limited to the Official List and quotation of its Shares on ASX. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. As set out in Section 7.2 it is expected that the Shares will be quoted on the ASX initially on a conditional and deferred settlement basis. OzForex Group Limited, SaleCo, the Share Registry, and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

Not Investment Advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in OzForex Group Limited.

In particular, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the performance of OzForex Group Limited and the OzForex Group. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in OzForex Group Limited. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of OzForex Group Limited or the repayment of capital or any return on investment made pursuant to this Prospectus. This Prospectus includes information regarding past performance of the OzForex Group. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by OzForex Group Limited, SaleCo, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

Financial information presentation

The Historical Financial Information for FY11, FY12 and FY13, and the Pro Forma Historical Consolidated Balance Sheet as at 31 March 2013 included in this Prospectus have been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards, except where otherwise stated. The Forecast Financial Information included in this Prospectus is unaudited and is based on the best estimate assumptions of the Issuer Directors and SaleCo Director. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation of the Historical Financial Information and the Pro Forma Historical Consolidated Balance Sheet as at 31 March 2013.

The Historical Financial Information, Pro Forma Historical Consolidated Balance Sheet and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Section 4. Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

Forward Looking Statements

This Prospectus contains forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. In addition, consistent with customary market practice in offerings in Australia, Forecast Financial Information has been prepared and included in this Prospectus in Section 4. Any forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of OzForex Group Limited, SaleCo and the OzForex Group. The Forecast Financial Information and the forward looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 5, the general and specific assumptions set out in Section 4, the sensitivity analysis set out in Section 4 and other information contained in this Prospectus.

The Directors and the SaleCo Director cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward looking statements. OzForex Group Limited has no intention to update or revise forward looking statements, or to publish prospective Financial Information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus, including the industry overview in Section 2, uses market data and third party estimates and projections. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. OzForex Group Limited and SaleCo have not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Foreign Jurisdictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Shares in certain jurisdictions outside of Australia, please refer to Section 7.10.

This Prospectus may not be distributed to, or relied upon by, persons in the United States unless it forms part of the US Offering Memorandum as part of the Institutional Offer. The Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**US Securities Act**) eg or the securities laws of any state of the United States, and may not be offered or sold in the United States, except in a transaction exempt from, or not subject to, registration under the United States Securities Act and applicable US state securities laws.

Exposure Period

The Corporations Act prohibits OzForex Group Limited and SaleCo from processing applications for Shares in the seven day period after the Prospectus Date (**Exposure Period**). ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds. The examination may result in the identification of certain deficiencies in this Prospectus in which case any application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given to applications received during the Exposure Period.

Prospectus Availability

A paper copy of this Prospectus is available free of charge to any person in Australia by calling the OzForex Offer Information Line on 1300 610 034 (within Australia) from 8.30am to 5.00pm Sydney Time, Monday to Friday (Business Days only). This Prospectus is also available to Australian resident investors in electronic form at the Offer website www.ozforex.com.au/about-us/investors. The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia and is not available to persons in any other jurisdiction (including the United States) without the prior approval of OzForex Group Limited, SaleCo and the Joint Lead Managers. Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

Applications

Applications may be made only during the Offer Period on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.ozforex.com.au/about-us/investors. By making an application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

Defined terms and abbreviations

Some words and expressions used in this Prospectus have defined meanings, which are explained in the Glossary. Unless otherwise stated or implied, a reference to time in this Prospectus is to Sydney Time. Unless otherwise stated or implied, references to dates or years are calendar year references. All financial amounts contained in this Prospectus are expressed in Australian Dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this Prospectus are due to rounding.

Privacy

By completing an Application Form, you are providing personal information to OzForex Group Limited and the Share Registry, which is contracted by OzForex Group Limited to manage applications. For information on how this information may be used, your rights to request access to it and the Group's privacy practices, refer to Section 9.6.

Website

The OzForex Group maintains a website at www.ozforex.com.au. Information contained in or otherwise accessible through this or a related website is not a part of this Prospectus.

Offer management

The Offer is being arranged, managed and underwritten by Goldman Sachs Australia Pty Ltd and Macquarie Capital (Australia) Limited.

Investigating Accountant's Reports on Financial Information and Financial Services Guide

The provider of the Investigating Accountant's Reports on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent review under the Corporations Act. The Investigating Accountant's Reports and accompanying financial services guide is provided in Section 8.

Questions

If you have any questions about how to apply for Shares, please call your Broker. Instructions on how to apply for Shares are set out in Section 7.3.2 of this Prospectus and on the back of the Application Form. Alternatively, call the OzForex Offer Information Line on 1300 610 034 (within Australia) from 8.30am to 5.00pm Sydney Time, Monday to Friday (Business Days only).

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CHAIRMAN'S **LETTER**

23 September 2013

Dear investor

On behalf of the Directors, it is my pleasure to invite you to become a shareholder in the OzForex Group, a global provider of online international payment services for consumer and business clients.

Since the OzForex Group was founded in 1998, it has grown from being an Australian-based foreign exchange information website to a specialist international payments service provider with a strong presence in Australia, the United Kingdom and Canada and growing operations in the United States and countries in Europe and the Asia Pacific.

The OzForex Group provides retail clients with a way to transfer funds securely to a bank account in another country at rates that are regularly better than those offered by many major banks. It also provides a range of international payment solutions to partner companies that assist them to offer international payment services to their end-users.

The Group enables clients to make payments in over 50 currencies and more than 900 currency pairs, in addition to providing international payment solutions to partner companies. It utilises a proprietary technology platform that provides a user-friendly client experience, reliable transaction processing, real-time monitoring and a high degree of automation.

The OzForex Group is led by an experienced management team that has been responsible for delivering the strong growth experienced by the Group over recent years.

In FY13, the Group completed over 460,000 international payment transactions with over $9.1 billion in transaction turnover (the value of money transferred through the OzForex Group). Between FY11 and FY13, the number of clients who transacted in each year grew from approximately 60,000 to 92,000 representing an increase of over 52.0%. In FY13, the Group's NPAT was $17.1 million.

The international payments market is large and diverse, and has historically been served by a number of participants and business models, including banks, money transfer organisations and other international payment specialists. The Directors believe the Group's business model is attractive to consumer and business clients, and positions the Group strongly to continue to grow and capture increasing market share as it increases its marketing efforts, expands in its newer geographies and further develops its relationships with partner companies.

On Completion of the Offer, successful applicants will become shareholders in OzForex Group Limited, which will purchase the Group from its existing owners. The existing owners include funds or entities associated with Accel Partners, The Carlyle Group and Macquarie, who will cease to be shareholders on completion, and a founder and two early investors who will retain part of their current holding. OzForex Group Limited will seek admission to the ASX and quotation of its shares by ASX.

This Prospectus contains detailed information about the OzForex Group, the industry in which it operates, its financial and operating performance and the Offer. An investment in the OzForex Group is subject to a range of risks including: the significant level of competition from banks, money transfer organisations and other international payment specialists, including the risk that these competitors lower their pricing to compete with the OzForex Group; that one or more of the banks the OzForex Group relies on to execute and settle international payments terminate their relationship with the Group; that the Group fails to comply with applicable laws, regulations or licence conditions; there is a significant disruption to or failure of the Group's technology platform; and risks relating to movements in currency values, in particular a strengthening of the Australian Dollar against key currencies. Key risks of investing in the OzForex Group are further detailed in Section 5. I encourage you to read this document carefully and in its entirety before making your investment decision.

On behalf of my fellow Directors, I look forward to welcoming you as a shareholder.

Yours sincerely,

Peter Warne
Chairman
OzForex Group Limited

IMPORTANT **DATES**

Prospectus lodgement date	Monday, 23 September 2013
Broker Firm Offer opens	Tuesday, 1 October 2013
Broker Firm Offer closes **Institutional Bookbuild conducted**	Wednesday, 9 October 2013
Expected commencement of trading on the ASX on a conditional and deferred settlement basis	Friday, 11 October 2013
Settlement of the Offer	Tuesday, 15 October 2013
Completion of the Offer (Shares acquired by successful applicants) **Expected commencement of trading of Shares on the ASX on a deferred settlement basis**	Wednesday, 16 October 2013
Expected dispatch of holding statements	Thursday, 17 October 2013
Expected commencement of trading of Shares on the ASX on a normal settlement basis	Friday, 18 October 2013

These dates are indicative only and may change. OzForex Group Limited and SaleCo, in consultation with the Joint Lead Managers, reserve the right to amend any and all of the above dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the closing dates, to accept late applications or to cancel the Offer before settlement). If the Offer is cancelled before the issue and transfer of Shares, then all application monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offer opens.

KEY OFFER **STATISTICS**

Total number of Shares offered under the Offer[1]	219.7 million
Number of Shares held by Existing Owners at Completion of the Offer[2]	20.3 million
Total number of Shares on issue at Completion of the Offer	240.0 million
Offer Price	$2.00 per share
Market capitalisation at the Offer Price[3]	$480.0 million
Enterprise value at the Offer Price[4]	$451.6 million
Enterprise value/pro forma forecast 12 mths Sept-14 EBITDA[5] (times)	14.8x
Enterprise value/pro forma forecast 12 mths Sept-14 EBTDA[5, 6] (times)	14.1x
Offer Price/pro forma forecast 12 mths Sept-14 NPAT per Share[5, 7] (times)	21.7x
Indicative dividend yield until 30 September 2014 at the Offer Price (based on the target dividend payout ratio of 70% – 80% and statutory forecast 12 months to Sept-14 NPAT)[5, 8]	3.0 – 3.4%

1. Of the total number of Shares offered under the Offer, 12.0 million will be offered by OzForex Group Limited and 207.7 million will be offered by SaleCo. For further information, refer to Section 7.1.4.
2. These Shares will be subject to voluntary escrow arrangements until the OzForex Group's reviewed half year financial statements for the six months to 30 September 2014 are released to the ASX by the OzForex Group as described further in Section 7.6.
3. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares at Completion of the Offer.
4. Enterprise value at the Offer Price is defined as market capitalisation at the Offer Price of $480.0 million, less pro forma net cash of $28.4 million as at 31 March 2013, adjusted to reflect the impact of the Offer as set out in Section 4.9.1.
5. The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4.11 and Appendix 1, and is subject to the key risks set out in Section 5. There is no guarantee that forecasts will be achieved. Certain financial information included in this Prospectus is described as pro forma for the reasons described in Section 4.2. Forecasts have been included in this document for the period ending 31 March 2014 (being the end of the OzForex Group's current financial year), however the Directors have also included forecasts for the 12 month period ending 30 September 2014 to provide additional information to investors.
6. EBTDA is defined as earnings before amortisation, depreciation and income tax, and includes interest income. EBITDA is calculated by deducting net interest income from EBTDA. The Group considers EBTDA to be an appropriate measure of earnings because the business routinely holds cash in the ordinary course of its business hence the interest income on that cash is an integral part of the day-to-day operations of the business.
7. This ratio is commonly referred to as a price to earnings, or PE, ratio. A PE ratio is a company's share price divided by its earnings per share.
8. For the period from Completion of the Offer until 30 September 2014. Indicative dividend yield is calculated as the implied dividend per Share based on the target dividend payout ratio range of 70 – 80% and statutory forecast 12 mths Sept-14 NPAT, divided by the Offer Price. It is the Board's current intention to pay a final dividend for FY14 in respect of the five months ending 31 March 2014 and an interim dividend for 6 mths 1H15 in respect of the six months ending 30 September 2014. However, the payment of a dividend by the OzForex Group is at the discretion of the Directors and will be a function of a number of factors the Directors may consider relevant. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend and this indicative dividend yield is not a forecast. For more information on the OzForex Group's dividend policy, see Section 4.14.

SECTION 1
Investment overview

1.1 Overview of the OzForex Group and its business model

Topic	Summary	For more information
Who is the OzForex Group?	The OzForex Group is an international payments specialist. The Group provides online **international payment services** for consumer and business clients. It enables clients to make international payments from one bank account to another bank account, in over 50 currencies and more than 900 currency pairs. The Group also provides a range of **international payment solutions** to partner companies which assist them to offer international payment services to their end-users. The OzForex Group offers clients access to a technology platform that is user-friendly and designed to provide a streamlined experience, fast and simple registration and quick funds transfers. This technology platform assists the Group provide its clients with competitive and transparent pricing, particularly when compared to the retail offering of many major banks. The Group has a strong presence in Australia, the United Kingdom and Canada and growing operations in the United States and countries in Europe and the Asia Pacific. The OzForex Group is headquartered in Sydney and has offices in London, Hong Kong, Auckland, Toronto, Singapore and San Francisco and employs over 170 full time equivalent employees.	Section 3.1.1
What market does the Group compete in?	The OzForex Group competes in the international payments market. International payments can be split into four broad categories: • consumer to business transactions (e.g. payments made by consumers for the purchase of goods and services from a business in another country); • business to consumer transactions (e.g. salaries paid by a business to an employee bank account located in another country); • business to business transactions (e.g. international supplier payments and/or the purchase of international goods and services from a business located in another country); and • consumer to consumer transactions (e.g. payment from a relative in one country to a relative in another country). The market for international payments is highly competitive. The OzForex Group's competitors are predominantly banks and other international payments specialists.	Section 2.1

Topic	Summary	For more information
What are the drivers of competition in this market?	Key drivers of competition between international payments providers include: • pricing structure, being the currency exchange rate quoted to customers and potentially additional fees; • the transparency and consistency of pricing structure; • the level and quality of client service, including the efficiency of the on-boarding process (being the process of verifying the identity of potential clients in accordance with applicable laws and regulations); • efficiency of the transaction platform (e.g. online versus phone based) and speed of payment; • effectiveness of marketing and customer acquisition strategies; • range of currency and payments options; and • level of brand awareness and trust. There are also a number of structural features of the market that may make it difficult for new participants to enter and compete without significant investment, or for existing participants, to expand into new services or geographies. These include: • the requirement in certain jurisdictions to obtain licences to facilitate the marketing to, or servicing of, clients in those jurisdictions; • having risk management and compliance processes in place to comply with all applicable laws and regulations; and • establishing a cost effective delivery mechanism (e.g. a network of local bank accounts which avoids costs associated with using the international correspondent bank network).	Sections 2.4 and 2.5

Topic	Summary	For more information
How does the OzForex Group generate income and what are the Group's key costs?	The OzForex Group generates income by taking a foreign exchange spread on each transaction. The foreign exchange spread is the difference between the rate quoted by the Group to its client and the cost to the Group to acquire the relevant currency. For consumer clients, pricing is determined automatically by an algorithm within the Group's technology platform which takes into account the transaction size and other factors. The Group also charges fees on transactions below a certain threshold. For business clients or higher value clients, a fixed pricing model is used. OzForex's income is generated from "active clients" who are clients that have transacted with the Group in the previous 12 months either through one of the Group's seven websites or through one of the Group's international payment solutions offerings. Active clients are made up of "new dealing clients" (clients who first transacted in the past 12 months) and "existing clients" (clients who first transacted over 12 months ago). In FY13, approximately 32% of the Group's income was generated from new dealing clients. Further, in FY13, approximately 68% of the Group's income was generated from existing clients, with approximately 31% of the Group's income generated from clients who had been registered for more than 3 years. The key costs of the Group are: • direct costs to generate income, which primarily comprise the costs of hedging, transactional banking costs, and payments to partner companies under international payments solutions agreements of a share of the foreign exchange spread and transaction income earned by the Group; and • operating expenses, which primarily comprise employee costs and the promotional costs to acquire customers (including advertising-related costs for online marketing such as search engine and display marketing).	Section 3.1.2

Topic	Summary	For more information
Who are the OzForex Group's clients?	The OzForex Group provides international payment services for both consumer and business clients. Consumer and business clients undertake international payments through one of the Group's seven websites and also through the Group's international payment solutions which it offers to partner companies. Consumer clients include high net-worth individuals, expatriates, international travellers and exchange students. In FY13, the average transaction value for consumer clients was approximately A$14,300. Consumer clients use the OzForex Group for a variety of purposes including: • making mortgage payments in another country; • paying rent, room, board and/or tuition for international students; • repatriating savings after working overseas; • investing in property or other assets abroad; and • international travel. Consumer clients who transact with the Group undertake, on average, 7 transactions in the first three years of being a client. In FY13, consumer clients accounted for approximately two thirds of the Group's income[1]. Business clients include small to medium enterprises and a number of larger corporates with international payment needs. In FY13, Business clients had an average transaction size of approximately A$29,000 and used the OzForex Group for a variety of many purposes including: • paying foreign currency invoices; • facilitating international payroll and retirement payments; • accepting payments from overseas consumers and businesses; and • acquiring or selling currencies to hedge their foreign exchange positions. Business clients who transact with the Group undertake, on average, 39 transactions in the first three years of being a client. In FY13 business clients accounted for approximately one third of the Group's income.	Section 3.2

1 Income refers to net operating income which is described further within the financial informational in Section 4.

Topic	Summary	For more information
What is the OzForex Group's growth strategy?	The Group's strategy is to continue to drive growth through three key initiatives: **1. Continuous improvement in its core business model including:** • improving the online registration process to drive higher conversion rates (from registrants into active clients) and further improving the efficiency of client service; and • expanding mobile/tablet app functionalities to enhance user experience and increase transactional volumes. **2. Geographic expansion of international payment services including:** • seeking growth in income in recently entered geographies, including in Hong Kong and states within the United States where the Group has existing licences; and • further expansion in new states in the United States through the application for additional state licences. **3. Expansion of international payment solutions including:** • further geographic roll out, and introduction of new services, for existing Branded Partnership clients including Travelex; and • ongoing development and implementation of the Group's Business Solutions offering to a broader range of financial services institutions.	Section 3.5
Does OzForex Group currently have any debt facilities?	No. The OzForex Group has generated and held sufficient cash from its operations to meet its working capital requirements. No financing or facilities are in place other than arrangements with counterparty banks for the purposes of hedging.	Section 4.9.2

1.2 Key strengths

Topic	Summary	For more information
Attractive underlying market opportunity for the OzForex Group	• The total value of international payments made each year around the globe is extremely large, with the size and method of each transfer varying significantly. • While the market is primarily served by banks, the OzForex Group provides its consumer and business clients with an attractive alternative, which include: – competitive and transparent pricing structures, which provide rates that are regularly better than those offered in the retail offering of many major banks; – easy to use websites; – high levels of client service with a client service team available to assist over the telephone or via email 24 hours a day, 7 days a week; – an efficient transaction platform which allows for quick funds transfers; and – a broad range of currencies and multiple payment options.	Section 2.1
Difficult to replicate combination of assets, relationships and processes	• The OzForex Group has established a set of core assets, relationships and processes that it believes would collectively be difficult to replicate without a significant investment of time and resources including: – a data-rich, proprietary technology platform that underpins key functions in the Group, including marketing, client service, operations, settlements, treasury, risk management and compliance; – the capability to provide “white-label” international payment solutions, with contracts in place with a number of large financial institutions and global payment organisations, including Travelex, ING Direct and MoneyGram; – a network of local and global banking relationships which assist the Group to process transactions quickly, securely and at a low cost; – an in-house marketing team with expertise in acquiring international payments clients through digital marketing; – a global footprint with 6 offices across the globe, a strong presence in Australia, the United Kingdom and Canada and growing operations in the United States and countries in Europe and the Asia Pacific; and – effective risk management and robust compliance processes and a growing portfolio of licences and authorisations in key markets.	Section 3

Investment overview

Topic	Summary	For more information
Scalable proprietary technology platform	• The Group operates a scalable, proprietary technology platform that it has developed over the last 12 years, which requires minimal additional capital expenditure to support significantly higher transaction volumes. • The technology platform underpins key functions of the business, including: – supporting the Group's seven websites and four Branded Partnership websites, which received approximately 65,000 website visits per day, and approximately 6,000 visits from mobile and tablet devices per day, in FY13; – supporting online registrations (approximately 375 per day during FY13), automated quotes and pricing (approximately 4,430 quotes per day during FY13) and transaction executions (over 2,300 per day during FY13); – facilitating transaction execution, including aggregation of client transactions to support management of operational risks, and transaction screening enabling real-time compliance procedures; – integrating with external systems operated by financial institutions and other service providers to effect information transfer, electronic client identity verification and credit and risk management activities; and – capturing significant amounts of data to assist the Group in decision making, improve operational efficiency, manage marketing budgets, and reduce operational risks.	Section 3.4.1
Attractive financial profile	• Strong operating metrics and financial performance from FY11 to FY13, including: – 51.7% increase in active clients to approximately 91,800 – 46.8% increase in the number of transactions to approximately 460,000 – 30.0% increase in transaction turnover to $9.1 billion – 27.3% increase in pro forma EBTDA to $24.7 million – 29.5% increase in pro forma NPAT to $17.1 million • Growing business with pro forma forecast 12 mths to Sept-14 EBTDA growth of 31.0% and pro forma forecast 12 mths to Sept-14 NPAT growth of 31.5% compared to pro forma forecast 12 mths to Sept-13 NPAT. • Attractive pro forma forecast EBTDA and NPAT margins for 12 mths Sept-14 of 41.6% and 28.6% respectively.	Section 4
Experienced leadership team	• Strong leadership team with industry experience in professional services, financial services, technology and digital marketing. • Track record of delivering solid income and earnings growth.	Section 6.2

1.3 Key risks

Topic	Summary	For more information
The OzForex Group faces significant competition	The international payments market is highly competitive. Many existing providers either compete directly with the Group or provide services that are potential substitutes for the Group's services. The major existing competitors of the Group include banks, money transfer organisations and other international payments specialists. New competitors, services and business models which compete with the Group are likely to arise in the future. Many of these existing and potential competitors have substantially more resources than the Group. There is a risk that an existing or potential competitor: • allocates significantly more resources to competing in the international payments market, including resources devoted to marketing, developing technology and/or client service; • develops a lower cost or more effective business model, for example by developing or acquiring a more sophisticated technology platform or service delivery method; • responds to changes to regulations, new technologies or changes in client requirements faster and more effectively than the Group; or • develops new services that compete more directly with the Group than their current services. There is also a risk that they may also accept lower returns from their international payments businesses in order to offer more competitive pricing. A substantial increase in competition for any of these reasons could result in the Group's services becoming less attractive to consumer or business clients and partner companies, require the Group to increase its marketing or capital expenditure or require the Group to lower its spreads or alter other aspects of its business model to remain competitive, any of which could materially adversely affect the Group's profitability and financial condition.	Sections 5.1.1 and 5.1.2
The OzForex Group's competitors may lower their pricing to compete with the Group	A key aspect of the Group's business model and competitive advantage is its ability to offer many clients more attractive exchange rates and transaction fees than they regularly receive from competitors such as many major banks. Competitors could potentially lower their spreads and transaction fees to compete with the Group. There is a risk that a reduction in spreads and transaction fees by competitors could result in a reduction in, or slowing in the growth of, the Group's transaction turnover, a reduction in margins, increased marketing expense or a failure to capture or reduction in market share. Any of these outcomes could materially impact the Group's income and earnings.	Section 5.1.2

Topic	Summary	For more information
The OzForex Group banks may terminate their relationships with the OzForex Group or cease to provide the same services or services on the same terms	The Group relies on banks to conduct its business, particularly to provide its network of local and global bank accounts and act as counterparties in the management of foreign exchange and interest rate risk. The Group currently chooses to enter into counterparty hedges with Barclays for approximately two thirds of its total counterparty bank turnover. There is a risk that one or more of these banks may cease to deal with the Group (which may occur on short notice), cease to deal with international payments services generally, substantially reduce the services it offers, substantially alter the terms on which it is willing to offer services to the Group, exit one or more of the markets in which the Group uses its services, or collapse. This has occurred in the past and may occur again in the future. There is a risk that banks may cease to offer services to the Group because they view the Group as a competitor. This risk may increase as the Group grows in size. Further, banks may cease to provide services to the Group because they believe the Group's compliance framework is inadequate or disagree with the Group's interpretation of procedures required to satisfy relevant regulations. The loss of a significant banking relationship, or the loss of a number of banking relationships at the same time, could prevent or restrict the OzForex Group's ability to offer international payment services in certain jurisdictions, increase operating costs for the Group, increase time taken to execute and settle transactions and reduce the Group's ability to internally net out transactions, all of which could materially impact profitability. In addition, there is a risk that a loss or reduction in the services provided by the Group's banks could restrict its ability to actively manage its foreign exchange and interest rate risk in certain jurisdictions. As a result, the Group may have to increase the level of foreign exchange and interest rate exposure within existing operations, reduce or withdraw certain services it offers to clients or change its business model to reduce the level of risk within the business to acceptable levels, all of which could also materially impact profitability.	Section 5.1.3

Topic	Summary	For more information
The OzForex Group may fail to comply with laws or government regulations or the cost of complying with regulations may become economically unviable	The international payments market is highly regulated. Regulations applicable to those operating in the market for international payments include financial services regulations, regulation relating to money laundering and financing of terrorism, sanctions laws and other regulations described in Section 3.6. There is a risk that the OzForex Group may fail to comply with these laws or government regulations. The Group devotes significant resources to complying with applicable regulations. Regulations are often changing. There is a risk that any new or changed regulations could require the Group to increase its spending on regulatory compliance and/or change its business practices, which could adversely affect the Group's profitability. There is a risk that such regulations could also make it uneconomic for the Group to continue to operate in places that it currently does business. There is a risk that the Group is required to pay significant penalties if it fails to maintain or follow adequate procedures to detect and prevent money laundering, financing of terrorism, breaches anti-bribery laws or contravenes sanctions, as has been imposed on other companies by governmental authorities, particularly the United States government, in the past. In addition, there is a risk that evidence of a serious failure by the group to comply with laws may cause one or more of the counterparty banks or partner companies to cease business with the Group. See Section 5.1.3 and Section 5.1.16 for further details. Regulators, counterparty banks and partner companies may interpret regulations differently to the way in which the OzForex Group interprets certain regulations. There is a risk that the Group could be required to increase its spending on regulatory compliance and/or change its business practices to meet these differing interpretations in order to continue to offer international payment services. This could adversely affect the Group's income and profitability or make it uneconomic for the Group to continue to operate in a particular jurisdiction or with a particular counterparty bank or partner company.	Sections 5.1.4, 5.1.3 and 5.1.16

Topic	Summary	For more information
The OzForex Group technology platform and communications systems may be disrupted, fail or cease to function efficiently	The Group depends on the performance, reliability and availability of its technology platform and communications systems. There is a risk that these systems may be adversely affected by events including damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, external malicious interventions such as hacking, fire, natural disasters or weather interventions. Events of that nature may cause part of the Group's technology platform or websites to become unavailable. The Group's operational processes or disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that the Group suffers as a result of a system failure. This in turn could reduce the Group's ability to generate income, impact client service levels and cause damage to the Group's reputation and, potentially, have a material adverse effect on its financial position and performance. Furthermore, there is a risk that potential faults in the Group's technology platform could cause transaction errors that could result in legal exposure from clients, potentially leading to a loss of partner companies, damage to the Group's reputation or even cause a breach of certain regulatory requirements (including those affecting any required licence) and, potentially, have a material adverse effect on the Group's financial position and performance.	Section 5.1.5
The OzForex Group may be affected by a change in the value of currencies, in particular a strengthening of the Australian Dollar, which may impact both transaction turnover and reported earnings	Changes in value in currencies can affect the average transaction size entered into by the Group's clients and, potentially, the number of transactions. For example, an Australian client who wishes to purchase US$100,000 worth of goods from the United States will require fewer Australian Dollars to pay for those goods if the Australian Dollar strengthens against the US$. This would result in a lower transaction turnover and income for that transaction. The Group offers services in over 50 currencies and movements in any of them may adversely impact the Group's performance. Of all currencies offered by the Group, the Australian Dollar is the most significant (representing 53% of transaction turnover in FY13). Consequently there is a risk that, a strengthening of the Australian Dollar, particularly if sustained, may have a material adverse effect on the Group's performance. In addition, as the Group reports in Australian Dollars, a strengthening of the Australian Dollar against other currencies will also have a negative impact on the reported earnings of the Group that relate to its income earned in geographies outside Australia (which may increase over time, potentially substantially). There is a risk that, when combined with the currency impact on average transaction size described above, a strengthening of the Australian Dollar may have a compounding negative impact on the Group's earnings.	Section 5.1.6

Topic	Summary	For more information
The cost of online marketing may increase and/or its effectiveness may decrease	The growth in new dealing clients depends in part on the effectiveness of the online marketing efforts of the Group and its partner companies. There is a risk that the Group's online advertising may become less effective or more expensive as a result of: • changes to the algorithms or terms of service of search engines, such as Google, which cause the Group, or partner company websites, either to be ranked lower or be excluded from search results; • increased competition or costs associated with bidding for search engine key words; and • increases in the cost of online display advertisements. If the costs of online advertising materially increase or the effectiveness of the Group's online marketing strategies decreases, the Group may be unable to continue to grow at the same rate or as profitably.	Section 5.1.7
The OzForex Group's procedures to detect and report use of the Group's international payment services for illegal or improper purposes such as money laundering could be inadequate	An international payments service provider such as the Group is susceptible to illegal or improper use by clients who may attempt to circumvent the compliance controls in place. Illegal or improper uses of the Group's services may include tax evasion, money laundering or terrorist financing. There is a risk that any improper use of the Group's services, if not detected within the compliance and transaction monitoring processes (as required by applicable regulations) could result in regulatory action including substantial penalties and loss of licences. Publicity associated with the use of the Group's services for improper purposes may adversely affect its reputation, resulting in loss of clients or impeding its ability to attract new clients. There is also a risk that improper use of the Group's services could result in a bank ceasing its relationship with the Group, particularly if the improper use affected the bank's own clients.	Section 5.1.8
The OzForex Group may suffer reputational damage	Maintaining the strength of the Group's reputation is important to retaining and increasing the client base, preserving healthy relationships with its banks, partner companies and other service providers, continuing to benefit from word of mouth referrals and successfully implementing the Group's business strategy. There is a risk that unforeseen issues or events may adversely affect the Group's reputation. This may impact on the future growth and profitability of the Group.	Section 5.1.9

Topic	Summary	For more information
The OzForex Group may suffer reputational damage (continued)	The Group reputation is also closely linked to the provision of services to partner company's end-users. There is a risk that the actions of the Group's partner companies may damage the Group's reputation. Any factors that diminish the Group reputation could result in clients, banks, partner companies or other service providers ceasing to do business with the Group, impede its ability to compete successfully in the international payments market, negatively affect its future business strategy and have a material adverse impact on the Group's financial position and performance.	Section 5.1.9
The OzForex Group may be unable to obtain new licenses, maintain existing ones or comply with license conditions, and may not possess all the licenses it requires	The Group is subject to numerous licensing and authorisation requirements across different jurisdictions. As part of those licenses or authorisations the Group is required to comply with certain conditions. Licensing and authorisation regimes differ across jurisdictions and are complex. There is a risk that the Group may breach these requirements which may result in regulatory action, fines, compensation payments or loss of license. A loss of required licenses and authorisations as a result of a breach of conditions (or even simply an adverse change in government policy) in a jurisdiction in which the Group operates, or a breach of regulatory requirements resulting in a significant fine or inability to continue operating in a jurisdiction could materially impact the Group's growth, income and profitability. A significant sanction from a regulatory authority could also have this effect if it had a material impact on the reputation of the Group or otherwise reduced the desirability of the Group brand.	Section 5.1.10

1.4 Key financial metrics

	Historical			Pro forma forecast[1]			Statutory forecast		
$ millions	12 mths FY11	12 mths FY12	12 mths FY13	12 mths Sept-13	12 mths FY14	12 mths Sept-14	12 mths Sept-13	12 mths FY14	12 mths Sept-14
Net operating income	37.0	41.7	52.1	60.4	68.3	77.2	60.5	68.2	77.2
EBTDA	19.4	19.1	24.7	24.5	27.2	32.1	25.3	20.7	26.0
Profit before tax	19.0	18.6	24.2	24.0	26.6	31.5	24.8	20.1	25.4
Net profit after tax	13.2	13.1	17.1	16.8	18.6	22.1	17.4	14.1	17.8
Earnings per Share (cents)				7.0	7.8	9.2			

1 A reconciliation of the pro forma forecast and statutory forecast income statements is provided in Section 4.11.4.1.

The financial information presented above is a summary only and should be read in conjunction with the more detailed discussion of the Historical Financial Information and the Forecast Financial Information in Section 4, including the assumptions, management discussion and analysis and sensitivity analysis, as well as the risk factors set out in Section 5.

1.5 Experience and background of the Directors and Leadership

	Directors	Experience	For More Information
Who is on the Board of OzForex Group Limited?	**Peter Warne** *(Non-Executive Director and Chairman)*	• Peter joined the OzForex Group in September 2013 and has over 30 years' experience in accounting and finance • Peter is Chairman of Australian Leisure and Entertainment Property Group and also serves as a board member of ASX Limited, Macquarie Group Limited, Macquarie Bank Limited and Crowe Horwath Australasia	Section 6.1.1
	Neil Helm *(Managing Director and Chief Executive Officer)*	• Neil commenced working with the OzForex Group in June 2007 and holds the position of Chief Executive Officer and Director • Prior to joining the Group, Neil was a Senior Manager at Accenture, a Business Manager for the Foreign Exchange Division at Bankers Trust Australia and an Executive Director at Macquarie	
	Grant Murdoch *(Non-Executive Director and Chair of the Audit Committee)*	• Grant joined the OzForex Group in September 2013 and has over 35 years' experience in accounting and finance • Grant also serves as a board member of ALS Limited, QIC Limited and Cardno Limited	
	Melinda Conrad *(Non-Executive Director and Chair of the Remuneration Committee)*	• Melinda joined the OzForex Group in September 2013 and has over 20 years' experience in business strategy and marketing • Melinda also serves as a board member of David Jones Limited and The Reject Shop Limited	
	William Allen *(Non-Executive Director)*	• William joined the OzForex Group February 2012 and has 12 years' experience in finance • William also serves as a director of UniRush LLC and is employed by an affiliate of The Carlyle Group. Mr Allen is involved in the management of The Carlyle Group fund that is an Existing Owner of the OzForex Group	

	Name and Title	Experience	For More Information
Who is on the leadership team of OzForex and what is their expertise?	**Neil Helm** *(Chief Executive Officer)*	See above	Section 6.2
	Mark Ledsham *(Chief Financial Officer)*	• Mark commenced working with the OzForex Group in April 2008 and has over 10 years' experience across financial services • Prior to joining the Group, Mark worked in the Banking and Financial Services division of Macquarie and was responsible for the financial management of strategic investments	
	Simon Griffin *(Head of Asia Pacific)*	• Simon commenced working with the OzForex Group in October 2009 and has over 15 years' experience in strategy, consulting and line management • Prior to joining the Group, Simon worked in Macquarie's internal Business Improvement and Strategy consulting team working on a variety of growth and process improvement initiatives in both central functions and market facing business units	
	Michael Ward *(Head of Europe and North America)*	• Michael commenced working with the OzForex Group in January 2012 and has over 6 years' experience across financial services • Prior to joining the Group, Michael was part of the management team at Jameson Bank where he had responsibility for sales, trading, and business development	
	David Higgins *(Chief Technology Officer)*	• David commenced working with the OzForex Group in 2002 and has over 20 years' experience in IT and over 10 of those years within the internet industry • Prior to joining the group, David held key roles in both Australia and the UK across a diverse set of industries including, payment cards and systems, media, telecommunications and finance	
	Jason Rohloff *(Head of Compliance)*	• Jason commenced working with the OzForex Group in June 2007 and has over 14 years' experience in operations roles • Prior to joining the Group, Jason spent four years at Macquarie and prior to that, three and a half years at Westpac Bank	

	Name and Title	Experience	For More Information
Who is on the leadership team of OzForex and what is their expertise? (continued)	**Chris Minehan** *(Head of Marketing)*	• Chris commenced working with the OzForex Group in June 2009 and has over 10 years' experience in online marketing • Prior to joining the Group, Chris worked as a Senior Product Manager at amazon.co.uk and prior to that, at the British Broadcasting Corporation	Section 6.2
	Jeff Parker *(Head of Operations & Banking)*	• Jeff commenced working with the OzForex Group in September 2013 and has over 13 years' experience across operations, strategy, consulting and M&A • Prior to joining the Group, Jeff held roles at Macquarie, Accenture, Morgan Stanley and JP Morgan	
	Lionel Docker *(Head of Legal)*	• Lionel commenced working with the OzForex Group in 2006 and has over 20 years' legal experience • Prior to joining the Group, Lionel spent 12 years working both in private practice and as an in-house lawyer in Sydney and in the UK	

1.6 Significant interests of key people

		For More Information
Who are the Existing Owners and what will be their interest at the Completion of the Offer?	see table below	Section 7.1.4

Existing Owner	Existing Interest (%)	Shares held prior to the Offer	Shares held at close of the Offer (%)	Shares held at close of the Offer
G&A Lord Pty Ltd as trustee for the Lord Family Trust	17.58%	40,071,000	4.00%	9,600,000[1]
Matthew Gilmour	17.58%	40,071,000	4.00%	9,600,000[1]
Macquarie	19.90%	45,372,000	Nil	Nil
Funds associated with Accel Partners	22.70%	51,756,000	Nil	Nil
Funds associated with The Carlyle Group	20.40%	46,512,000	Nil	Nil
Carboni Pty Ltd	1.85%	4,218,000	0.46%	1,110,000[1]

1 These Shares will be subject to voluntary escrow arrangements which are described further in Section 7.6.

			For More Information
What significant benefits are payable to Directors and the other persons connected with the Offer and what significant interests do they hold?	Key people	Interest or benefit	
	Existing Owners	• Sale of interest in the OzForex Group and pre-IPO dividend	Section 7.1.4
	Leadership team	• Leadership listing and retention payment • Remuneration • Cash out of existing options	Sections 6.3.2, 6.3.3 and 6.3.4
	Non-Executive Directors	• Directors fees	Section 6.3.1
	Advisers and other service providers	• Fees for services	Section 6.3.5

Three Existing Owners as described on the previous page, will retain in total approximately 8.46% of OzForex Group Limited. These Shares will be subject to voluntary escrow arrangements which are detailed further in Section 7.6.

Certain Directors intend to subscribe for Shares under the Offer as described in Section 6.3.1.5. Members of the Group's leadership team also intend to subscribe for Shares under the Offer.

Macquarie entities are currently an Existing Owner, client, a counterparty to hedging, and a service provider to the Group. The Macquarie Business Partnership and Business Solution arrangements account for a significant portion of the Group's international payment solutions income, and approximately 10% of the Group's total income in FY13.

A separate Macquarie entity is an Underwriter to the Offer, jointly with Goldman Sachs. The Macquarie entity that is the Existing Owner is a Broker to the Offer and will receive a broker firm fee referred to in Section 6.3.5 in addition to its share of the proceeds of the Offer (refer to Section 7).

The Board considers these arrangements to be on arms length terms.
Refer to Section 6.7 for further information.

1.7 Overview of the Offer

Topic	Summary	For More Information
What is the Offer?	The Offer is an initial public offering of 219.7 million shares in OzForex Group Limited that will in part be issued by OzForex Group Limited and in part sold by SaleCo. The Shares being offered will represent 91.54% of the shares in OzForex Group Limited on issue following settlement of the Offer.	Section 7
Who is OzForex Group Limited?	OzForex Group Limited is a new company established to be the holding company of the OzForex Group from settlement of the Offer.	Section 7.1.4
Who is SaleCo?	SaleCo is a special purpose vehicle established to enable Existing Owners to sell their investment in the OzForex Group on settlement of the Offer.	Section 7.1.4
What will happen on settlement of the Offer	On settlement of the Offer, OzForex Group Limited will issue Shares and SaleCo will sell Shares in OzForex Group Limited to investors under the Offer. SaleCo will acquire the Shares it sells from the Existing Owners. (The Existing Owners will have been issued those Shares when they transferred the Group to the new holding company, OzForex Group Limited shortly before the above steps take place.)	Section 7.1.4
Who are the issuers of the Prospectus?	OzForex Group Limited and SaleCo.	
What is the Offer size/price?	**Offer Price** — **$2.00 per share** Number of Shares offered by OzForex Group Limited under the Offer — 12.0 million Number of Shares offered by SaleCo under the Offer — 207.7 million **Total number of Shares offered under the Offer** — **219.7 million** Number of Shares held by Existing Owners at Completion of the Offer — 20.3 million **Total number of Shares on issue at Completion of the Offer** — **240.0 million** Total cash proceeds to OzForex from the Offer — $24.0 million Total cash proceeds to SaleCo from the Offer — $415.4 million **Total cash proceeds from the Offer** — **$439.4 million**	

Topic	Summary	For More Information
Why is the Offer being conducted?	The Offer is being conducted to: • give Existing Owners an opportunity to realise their investment; • raise capital to pay a dividend to the Existing Owners in respect of the operation of the business up to Completion of the Offer; • provide a liquid market for Shares in OzForex Group Limited; • provide the broader OzForex Group business with the benefits of an increased profile that arises from being a listed entity; • provide the OzForex Group with ongoing access to the capital markets to improve capital management flexibility; and • assist the OzForex Group in attracting and retaining quality staff.	Section 7.1.1
What is the proposed use of proceeds pursuant to the Offer?	Proceeds received by OzForex Group Limited for the issue of Shares will be used to pay a dividend to the Existing Owners in respect of the operation of the business up to Completion of the Offer and to pay other costs associated with listing on the ASX. The proceeds received on behalf of SaleCo will be paid to the Existing Owners, net of costs and expenses of the Offer and payment for the benefit of the leadership team.	Sections 7.1.3 and 6.3.4
How is the Offer structured/who is eligible to participate?	The Offer comprises: • the Broker Firm Offer which consists of an offer of approximately $40.0 million of Shares to investors in Australia who are not Institutional Investors and who have received a firm allocation from their Broker; • selected investors will be invited to subscribe for Shares by the Existing Owners; and • the Institutional Offer which consists of an offer of the remaining Shares to Institutional Investors in Australia and certain other jurisdictions around the world.	Sections 7.3 and 7.4
Are there any restrictions on Shareholdings?	There are certain limits on the percentage of Shares a Shareholder and its affiliates or associates may hold as a result of licensing or regulatory requirements in certain jurisdictions in which the OzForex Group operates. Shareholders may be required to obtain approval from relevant regulatory authorities before they, together with the affiliates and associates, exceed a holding of 10% or more of the Shares. This limit may change. Shareholders are advised to seek legal advice before acquiring substantial holding in OzForex Group Limited.	Section 3.6.5
Is the Offer underwritten?	The Offer is fully underwritten by the Joint Lead Managers.	Section 7.5

Topic	Summary	For More Information
Will the Shares be listed?	OzForex Group Limited will apply to the ASX for its admission to the official list of the ASX and quotation of Shares on the ASX (which is expected to be under the code OFX) within seven days of the Prospectus Date. Settlement of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.2
What is the allocation policy?	Approximately $40.0 million of Shares will be allocated to the Broker Firm Offer with the remaining Shares allocated to the Institutional Offer and selected investors invited to subscribe for Shares by the Existing Owners. The Joint Lead Managers, in consultation with the OzForex Group, will determine the allocation of Shares among Institutional Investors. For Broker Firm Offer applicants, Brokers will determine how they allocate Shares among their retail clients.	Sections 7.3.6 and 7.4.3
Is there any brokerage, commissions or stamp duty payable by applicants?	No brokerage, commission or stamp duty is payable by applicants on an acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.5
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be despatched by standard post on or around 17 October 2013.	Section 7.2

Topic	Summary	For More Information
What is the OzForex Group's dividend policy?	The payment of a dividend by OzForex Group Limited is at the discretion of the Directors and will be a function of a number of factors such as the operating results, cash flows and the financial condition of the OzForex Group, and any other factors the Directors may consider relevant. The Directors intend to target a payout ratio of between 70% and 80% of statutory NPAT, however the level of payout ratio is expected to vary between periods depending on the factors above. No assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking on any such dividend. It is the current intention of the Board to pay interim dividends in respect of half years ending 30 September and final dividends in respect of full years ending 31 March each year. It is anticipated that interim dividends will be paid in December and final dividends will be paid in June following the relevant financial period. It is intended that future dividends will be franked to the maximum extent possible.	Section 4.14
When will the first dividend be paid?	It is the Board's current intention to pay a final dividend for FY14 in June 2014 in respect of the five months ending 31 March 2014, and an interim dividend for 1H15 in respect of the six months ending 30 September 2014 in December 2014.	Section 4.14
How can I apply?	You may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus or available for download for applicants in Australia at www.ozforex.com.au/about-us/investors. To the extent permitted by law, an application by an applicant under the Offer is irrevocable.	Section 7.3.2
Can the Offer be withdrawn?	The OzForex Group and SaleCo reserve the right not to proceed with the Offer at any time before the issue of Shares to successful applicants. If the Offer does not proceed, application monies will be refunded. No interest will be paid on any application monies refunded as a result of the withdrawal of the Offer.	Section 7.6.1
Where can I find out more information about this Prospectus or the Offer?	Call the OzForex Offer Information Line on 1300 610 034 (from 8.30am to 5.00pm Sydney Time, Monday to Friday (Business Days only). If you are unclear in relation to any matter or are uncertain as to whether the OzForex Group is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.	

SECTION 2
Industry overview

2.1 What are international payments?

An international payment involves the transfer of money from one country to another, typically requiring the exchange of the money from one currency into another.

International payments can be split into four broad categories, as summarised in Figure 2.1.1 below.

Figure 2.1.1 Categories for international payments

	Description	Example
Consumer to Business	A cross border payment from a consumer to a business	Payments made by consumers for the purchase of goods and services from a business in another country
Business to Consumer	A cross border payment made from a business to a consumer	Salaries paid by a business to an employee bank account located in another country
Business to Business	A cross border payment made from a business to a business	International supplier payments and/or the purchase of international goods and services from a business located in another country
Consumer to Consumer	A cross border payment made from a consumer to another consumer	Payment from a relative in one country to a relative in another country

The total value of international payments made each year around the globe is extremely large, with the size and method of each transfer varying significantly. In addition, there is no unified or centrally cleared market for international payments to aggregate this information.

The OzForex Group operates in a segment of this global market, typically for transfers of medium size from one bank account to another bank account. By way of example, the OzForex Group average transaction value in FY13 was $14,300 for consumers and $29,000 for businesses. Consequently the Group's transfers are generally:

- larger than those in the $600 billion[1] global remittance market, which is focused on smaller value payments (e.g. typically less than $1,000) and typically involves either a cash to cash transfer, a cash to bank account transfer or a bank account to cash transfer (for example, a migrant worker sending part of their salary back to relatives in their country of origin); and
- smaller than the large international payments made by banks, typically on behalf of wholesale clients, which represent the significant majority of the total international payments market when measured by turnover.

2.2 What are the key drivers of international payments?

Key drivers of the size and growth of the international payments market include:

- increases in global population and levels of expatriate workers and net migration (over 3%[2] of the world's population lives in a country other than the one in which they were born);
- level of cross-border transactions in goods and services by consumers and businesses, which have been generally increasing over time (the import of goods and services across the globe has grown at a compound annual rate of 9% from 2005 to 2011[3]); and
- levels of cross-border investment.

The size and growth of international payments in particular geographies is also impacted by the relative value of the currencies in which the payments are required to be made. For example, if the Australian Dollar strengthens relative to the US Dollar the level of international payments from Australia to the United States may decrease as less Australian Dollars would be required to purchase the same amount of US Dollars (all other things being equal).

1 World Bank, Migration and Development Brief, April 2013, p 11.
2 World Bank, Migration and Remittances Factbook, 2011.
3 World Bank, World Bank Indicators, 2011.

2.3 Who are international payments providers?

International payment services are generally provided by banks, money transfer organisations and other international payment specialists.

2.3.1 Banks

Many local and international banks (including retail and investment banks) offer international payments services to wholesale and retail clients through a physical branch network and via online and phone services. Banks typically settle international payments through the international correspondent banking network using electronic messaging platforms (e.g. SWIFT™).

2.3.2 Money transfer organisations

Money transfer organisations generally operate in the global remittance market and offer consumer to consumer international payment services, usually involving smaller cash to cash transactions, although they also have the ability to undertake larger international payments. These transactions are generally facilitated via a physical network of agents. Examples of companies which provide money transfer services include Western Union and MoneyGram.

2.3.3 International payments specialists

International payments specialists are businesses, other than banks and money transfer organisations, which offer international payment services. They:

- may focus on specific geographies or currency corridors or operate in multiple countries with broad range of available currency pairs;
- typically do not have physical branch networks; and
- deliver their services online, through mobile platforms and/or through phone-based communications.

The OzForex Group is an international payments specialist. Other international payment specialists include HiFx, World First, Cambridge Mercantile, Western Union and Xoom.

2.3.4 International Payments – Other

In addition to the above categories of international payment providers, consumers have a variety of other options available to make payments internationally, for example credit cards, cheques, bank drafts and newer online services such as PayPal.

2.4 Competitive landscape

The market for international payments is highly competitive. The OzForex Group's competitors are predominantly banks and other international payments specialists.

Key drivers of both competition and market share between international payments providers include:

- pricing structure, being the currency exchange rate quoted to customers and potentially additional fees;
- the transparency and consistency of pricing structure;
- the level and quality of client service, including the efficiency of the on-boarding process (being the process of verifying the identity of potential clients in accordance with applicable laws and regulations, including regulations relating to money laundering and financing of terrorism);
- the efficiency of the transaction platform (e.g. online versus phone based) and speed of payment;
- the effectiveness of marketing and customer acquisition strategies;
- the range of currency and payments options; and
- the level of brand awareness and trust.

There are also a number of structural features of the market that may make it difficult for new participants to enter and compete, or for existing participants, to expand into new services or geographies without significant investment.

These include:

- the requirement in certain jurisdictions to obtain licences to facilitate the marketing to, or servicing of, clients in those jurisdictions;
- having risk management and compliance processes in place to comply with all applicable laws and regulations; and
- establishing a cost effective delivery mechanism (e.g. network of local bank accounts which avoids or reduces costs associated with using the international correspondent bank network).

2.5 Market regulation and licensing

The international payments market is highly regulated. The key regulatory and licensing requirements which international payment providers are required to comply with in connection with their businesses include:

- financial services licencing requirements and regulations;
- regulations relating to money laundering and financing of terrorism;
- sanctions legislation; and
- regulations not specific to the industry such as privacy and data protection legislation.

International payment providers must establish compliance procedures to ensure they operate in accordance with these requirements and have obligations to report suspected instances of illegal activity, including money laundering and terrorist financing, to enforcement agencies.

The licences held by the OzForex Group and key regulations which it must comply with in its key jurisdictions are described in Section 3.6.1. Participants providing equivalent services to the Group in these jurisdictions would also be subject to these licence requirements and regulations.

There are also limits on the levels of ownership that any one person and its affiliates and associates may hold in international payment providers (including the OzForex Group) without notifying, or obtaining the prior approval of, relevant regulatory authorities arising in connection with certain of these licences. Examples of such restrictions arising from licences currently held by the OzForex Group are described in Section 3.6.5.

SECTION 3
OzForex Group

OzForex Group

3.1 Overview

3.1.1 Introduction

The OzForex Group is a provider of online **international payment services** for consumer and business clients. The Group enables clients to make international payments from one bank account to another bank account in over 50 currencies and more than 900 currency pairs. It also provides a range of **international payment solutions** to partner companies which assist them to offer international payment services to their end-users.

The OzForex Group offers clients access to a technology platform that is user-friendly and designed to provide a streamlined experience, fast and simple registration and quick funds transfers. This technology platform assists the Group to provide its clients with competitive and transparent pricing, particularly when compared to the retail offering of many major banks.

The Group has a strong presence in Australia, the United Kingdom and Canada and growing operations in the United States and countries in Europe and the Asia Pacific. In FY13, the Group completed over 460,000 international payment transactions with international payment transaction turnover of $9.1 billion on behalf of over 91,800 dealing clients. In FY13, the Group's fee and commission income was $53.3 million before hedging and transaction costs of $3.0 million.

The OzForex Group markets its international payment services into 19 countries and 30 States in the United States. It provides these services under 7 brands (OzForex, USForex, CanadianForex, UKForex, NZForex, Tranzfers and ClearFX) and associated websites, tailoring each offering to provide targeted marketing in different locations.

The OzForex Group is headquartered in Sydney and has offices in London, Hong Kong, Auckland, Toronto, Singapore and San Francisco and employs over 170 full time equivalent employees.

Figure 3.1.1.1 The OzForex Group presence

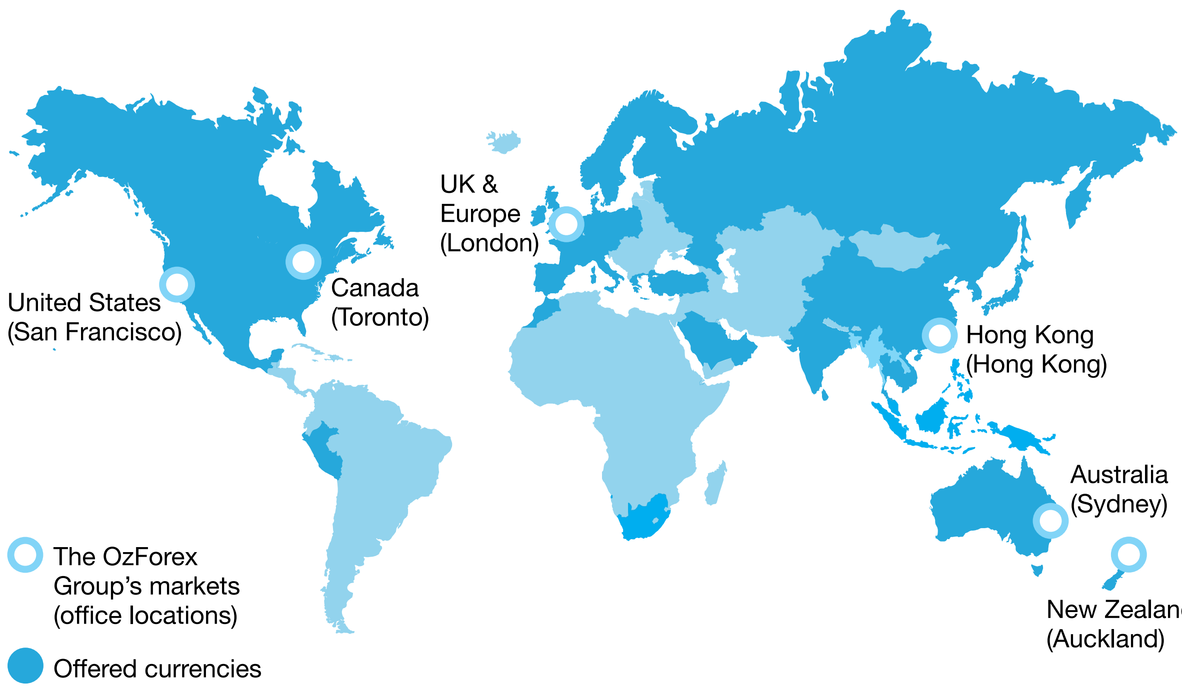
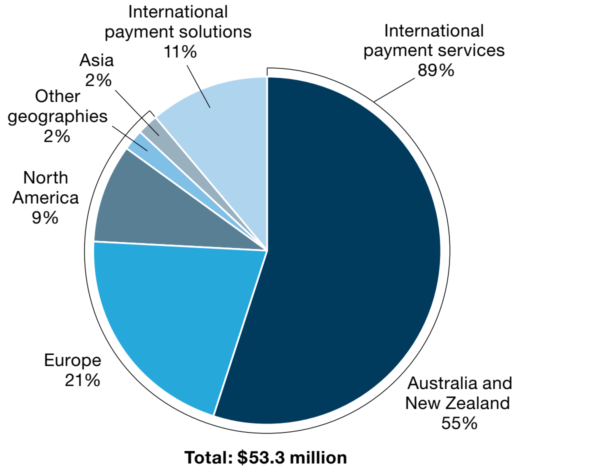
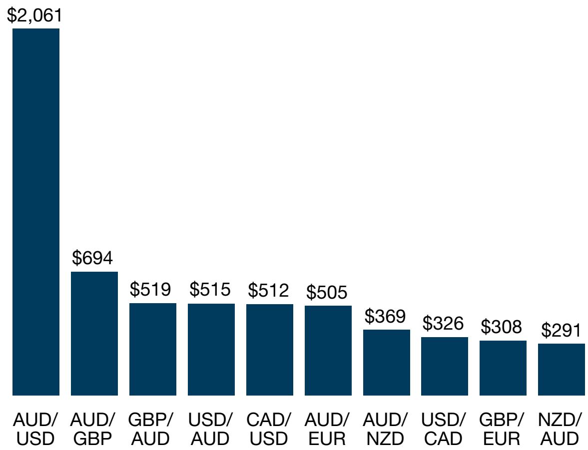


Figure 3.1.1.2 OzForex Group's fee and commission income before hedging and transaction costs (FY13)



Note: Fee and commission income before hedging and transaction costs represents income generated by the OzForex Group, excluding the costs or benefits of the Group's hedging policy and transaction costs. Geographies represent the location in which the client is registered. Further details are provided in Section 4.6.

Figure 3.1.1.3 OzForex Group's FY13 transaction turnover by top 10 currency pairs (buy/sell)



Note: These top ten currency pairs accounted for 66% of the Group's transaction turnover in FY13 and represents the OzForex Group's position (opposite of the client's position). Excluded from the above are "AUD/AUD" transactions which includes $A payments to Australian accounts which the Group carries out for a small number of business clients, and $A payments to offshore $A accounts. "AUD/AUD" accounted for 7% of the Group's transaction turnover in FY13.

3.1.2 Business model

The OzForex Group's business model is to offer its clients high levels of service and competitive pricing delivered through its proprietary technology platform.

The OzForex Group generates income by taking a foreign exchange spread on each transaction. The foreign exchange spread is the difference between the rate quoted by the Group to its client and the cost to the Group to acquire the relevant currency. For consumer clients, pricing is determined automatically by an algorithm within the Group's technology platform which takes into account transaction size and other factors. For business clients or higher value clients, a fixed pricing model is used. The Group also charges fees on transactions below a certain threshold, which represented less than 5% of the Group's income in FY13. For transactions under international payments solutions agreements, an income or profit share of both the spread and transaction income is paid to the partner company.

OzForex's income is generated from "active clients", who are clients who have transacted within the previous 12 months either through one of the Group's seven websites or through one of the Group's international payment solutions offerings. Active clients are made up of "new dealing clients" (clients who first transacted in the past 12 months), and "existing clients" (clients who first transacted over 12 months ago).

In FY13, approximately 32% of the Group's income was generated from new dealing clients. Further, approximately 68% of the Group's income was generated from existing client and approximately 31% of the Group's income was generated from users who had been registered for more than 3 years.

The key costs of the Group are:

- direct costs to generate income, which primarily comprise the costs of hedging, transactional banking costs and payments to partner companies under international payment solutions agreements of a share of the foreign exchange spread and transaction income earned by the Group; and

- operating expenses, which primarily comprise employee costs, and the promotional costs to acquire customers (including advertising-related costs for online marketing such as search engine and display marketing).

The Group provides its international payment services and solutions using an integrated, proprietary technology platform it has developed over the past 11 years. This platform underpins core functions of the business including marketing, client service, compliance, risk management, settlement and execution. It is described further in Section 3.4.1.

In order to process international payment transactions, the OzForex Group has in place approximately 115 local bank accounts across the major currencies for which the Group offers international payments. Some of these bank accounts are used to receive funds from clients and to make payments to their beneficiaries, in local currencies. This reduces the Group's reliance on the international correspondent banking network to transmit funds from one country to another which in turn assists to reduce the Group's transaction costs.

Operating across a series of local bank accounts also enables the OzForex Group to aggregate demand for each currency from its clients, with transactions being netted off against holdings of that currency held in the local bank accounts from transactions with other clients. If the aggregate unsatisfied demand for a currency reaches a threshold set in the Group's risk management guidelines, the Group's operations staff manage this market risk by clearing its exposure by entering into a hedging contract with a counterparty bank. See Section 3.4.5.1 for more information on the Group's market risk management framework.
The Group does not speculate or take positions on the direction of foreign exchange markets to profit from the direction the market may take in the future.

A key element of the OzForex Group's business model is the ability to offer continuous global client support from the time the foreign exchange market opens in Australia on Mondays until the time the foreign exchange market closes in New York on Fridays. The Group is able to provide this level of support due to its network of offices and its trained client service teams. In FY13, over 88% of transactions were executed through a website, however telephone or email support is available to all its clients when and if needed. For further detail of the Group's client service see Section 3.4.3.

3.1.3 History of the OzForex Group

A brief description of the history of the OzForex Group is provided below.

Figure 3.1.3.1 The OzForex Group history

1998	• Founded by Matthew Gilmour • Launched a foreign exchange information website under the OzForex brand (ozforex.com.au)
2001	• NZForex brand launched
2003	• Australian Financial Services License granted • Commenced offering international payment services directly to clients
2005	• London office opened and UKForex and Tranzfers brands launched • International payments services offered 24 hours a day, 5 days a week
2007	• Macquarie became a 51% shareholder • Toronto office opened and CanadianForex brand launched • Established first international payments solution with Macquarie • Annual international payments transaction turnover exceeded $1 billion
2009	• Established international payment solution with ING Direct in Australia
2010	• Funds associated with Accel Partners (22.7%) and The Carlyle Group (20.4%) became shareholders and Macquarie reduced its stake (to 19.9%) along with other shareholders
2011	• Annual international payments transaction turnover exceeded $7 billion • Hong Kong office opened and Clear FX brand launched • 1,000,000th transaction executed
2012	• OzForex Travel Card launched • San Francisco office opened and USForex brand launched • Established international payment solution with Travelex in the UK
2013	• Established international payment solution with MoneyGram in Australia and New Zealand • Expanded international payment solution with Travelex to Australia and New Zealand

3.2 International payment services

The OzForex Group offers the following international payment services:

- **direct payments:** which enable clients to transfer money, at an exchange rate quoted by the Group, on entering into the contract or a short time thereafter;
- **forward contracts:** which set the agreed rate upfront like a direct payment, but are settled at a later date up to 12 months in the future;
- **limit orders:** which let clients instruct the Group to buy or sell one currency for another currency at a target rate;
- **foreign exchange options:** which gives the client the right, but not the obligation, to exchange currency at a pre-determined rate and date in the future (currently only offered in Australia); and
- **travel card:** a pre-paid reloadable multi-currency debit card offered in Australia.

In addition, the Group provides registered users with a number of free mobile and online foreign exchange tools to help them evaluate their international payments needs, such as exchange rate alerts, online dashboards, currency converters and historical exchange rate information.

In FY13, approximately 67% of the Group's transaction turnover was generated from direct payments.

Consumer clients using international payment services include high net-worth individuals, expatriates, international travellers and exchange students. In FY13, the average transaction value for consumer clients was approximately A$14,300. Consumer clients use the OzForex Group for many purposes such as:

- making mortgage payments in another country;
- paying rent, room, board and/or tuition for international students;
- repatriating savings after working overseas;
- investing in property or other assets abroad; and
- international travel.

Consumer clients undertake, on average, 7 transactions in the first three years of being a client. In FY13, consumer clients accounted for approximately two thirds of the Group's income.

Business clients predominantly include small to medium enterprises, and also includes a number of larger corporates, with international payment needs. Business clients have an average transaction size of approximately A$29,000 and use the OzForex Group for many purposes such as:

- paying foreign currency invoices;
- facilitating international payroll and retirement payments;
- accepting payments from overseas consumers and businesses; and
- acquiring or selling currencies to hedge their foreign exchange positions.

Business clients undertake, on average, of 39 transactions in the first three years of being a client. In FY13, business clients accounted for approximately one third of the Group's income.

The Group also offers selected business clients a credit facility to assist in managing their international payments.

Transaction example – international payment service

Client registration and on-boarding

- Before a client is able to undertake a transaction they must first register by completing the online registration form via one of the Group's websites

- The client receives an introductory phone call from a client service agent shortly after registration to introduce the OzForex Group service and explain how it works
- As part of the call, the Group undertakes electronic identification verification of the client (via third party providers) and conducts "know your client" activities to satisfy regulatory and compliance requirements. This is referred to as the client on-boarding process
- As part of the on-boarding process, the client may be required to provide supporting documentation for identification purposes. Methods of providing documents include sending scanned documents by email or fax
- In FY13, the OzForex Group undertook an average of 7,250 introductory calls per month

- The client receives a confirmation email that they have successfully registered and can commence to undertake international payments

Example transaction overview

- A client in Australia wants to pay a tuition fee of US$15,000 for their child attending a school in the United States

- The client logs into the OzForex.com.au website and enters the transaction details
- The client receives a currency price quote
- The client accepts the quote and enters the beneficiary's information
  - If this is the client's first transaction, the client receives a call from a client service agent to confirm they have correctly entered the information and understand that they have entered into a legal contract
- The client receives an email notification confirming transaction terms and providing payment information

- The client sends Australian Dollars to the Group's Australian local bank account
- Methods of sending Australian Dollars are:
  - BPay™
  - electronic funds transfer via Internet banking
  - debit card

- Once the Australian Dollars are cleared into the Group's Australian bank account will the Group initiate the settlement process
- The Group undertakes settlement to the US Dollar beneficiary using one of the Group's United States local bank accounts:
  - Depending on the currency and time of day, this typically occurs within 24 hours of the funds being received by the Group

3.3 International payment solutions

The Group's international payment solutions enable partner companies to offer international payment services to their end-users. International payment solutions comprise:

- **Branded Partnerships,** under which the Group provides its partner companies with a complete international payment service, with operations fully outsourced to the Group;
- **Business Solutions,** under which the Group is able to provide financial services institutions with tailored international payment processing capabilities; and
- **Web Services,** under which the Group provides software companies with an application programming interface, or "API", that allows them to offer their own tailored international payment solutions to their clients, built around the Group's technology platform.

Branded Partnerships

Through its Branded Partnership offering, the OzForex Group provides partner companies with online and mobile app solutions that are powered, operated and maintained by the Group through the integration of the Group's technology platform into the relevant partner's website. Clients transact directly with the Group, however they access the Group's services and client support through the partner company's website and the website carries the partner company's brand.

This offering is commonly referred to as a "white label" offering and is mutually beneficial as it provides the OzForex Group with an additional source of income and growth with minimal additional investment or cost, and provides partner companies with the ability to provide online international payments to their end-users through a proven model.

The Group launched its first Branded Partnership offering in November 2007 under the Macquarie branded partner arrangements and currently has Branded Partnership arrangements with Macquarie in Australia and Canada. Under these arrangements the OzForex Group is appointed as preferential provider of international payment services for a number of Macquarie entities which agree to use reasonable endeavours to refer their clients to the Group. These arrangements extend until December 2022. The arrangements in Australia represented approximately 3%, and the arrangements in Canada represented less than 1%, of the Group's income in FY13. On 9 September 2013, Richardson GMP, a Canadian wealth management firm, entered an agreement to purchase the Macquarie company which operates Macquarie's Canadian retail operations, including the Canadian Branded Partnership.

The Group also signed a Brand Partnership agreement with ING Direct (Australia) in March 2009, which was renewed in 2013 for a further 3 years.

It has also entered into Brand Partnership agreements with Travelex, which consist of a master agreement and individual services agreements for the UK (in October 2012), Australia (April 2013) and New Zealand (August 2013). Each individual services agreement extends for 5 years and under each individual services agreement, Travelex is restricted from entering into any agreement with a third party for the supply of Travelex-branded account-to-account foreign exchange payment services in the relevant territory during the term of such individual services agreement. Under the terms of the UK agreement the OzForex Group is restricted from offering a white label account-to-account foreign exchange payment service to any UK-headquartered company during the first 3 years of the agreement, and from offering a white label service to certain companies to whom Travelex offers foreign payment exchange services for the term of the agreement.

The Group also entered into a Branded Partnership agreement with MoneyGram in Australia and New Zealand in April 2013, which extends for 5 years.

Under Branded Partnership agreements, the Group directly contracts with the client and typically pays the partner company a share of the income or profit generated from transactions sourced from those clients. In some cases, the partner company retains ownership of all clients who make international payments through the website operated by the OzForex Group and their information, and in other cases the OzForex Group owns such clients and their information. These contracts generally include rights for the partner company to terminate the arrangement in certain circumstances, including if the Group fails to meet required service levels, damages the reputation of its partner or, in some cases, experiences a change of control.

Business Solutions

Through its Business Solutions offering, the Group is able to offer financial services institutions access to the Group's proprietary technology platform through an interface that is accessible by the institution's back office and front office staff. This enables the financial services institution to make international payments on behalf of their clients with transactions being settled by the OzForex Group.

Currently the Group's only Business Solutions arrangements are with Macquarie in Australia and Canada. Under these arrangements, the Group provides and settles international payments requested by Macquarie's clients and the Group pays a share of income generated from these transactions to Macquarie. The Australian arrangements, which represented approximately 6% the Group's income in FY13, commenced in January 2011 and are terminable on twelve month's notice by either party. The Canadian arrangements, which represented less than 1% of income in FY13, commenced in July 2010 and are terminable on 90 days' notice by either party. (The acquisition of Macquarie's Canadian retail operations by Richardson GMP referred to previously, also includes Macquarie's Canadian Business Solutions arrangements).

Web Services

Through its Web Services offering, the Group provides software companies with an application programming interface, or "API", that can be integrated with their payment applications. This allows third party software providers or platforms to receive currency quotes, book transactions, add payment details and request reporting.

3.4 Operations

The OzForex Group's business model and the services and solutions offered by the Group are supported by a number of key operational functions.

3.4.1 Proprietary and data-rich technology platform

The Group operates a proprietary technology platform it has developed over the last 11 years. The technology platform underpins the key functions of the business including:

- supporting the Group's seven websites and four Branded Partnership websites, which received approximately 65,000 website visits per day, and approximately 8,775 visits from mobile and tablet devices per day, in FY13;
- supporting online registrations (approximately 375 per day during FY13), automated quotes and pricing (approximately 4,430 quotes per day during FY13) and transaction executions (over 2,300 per day during FY13);
- facilitating transaction execution, including aggregation of client transactions to facilitate management of operational risks, and transaction screening enabling real-time compliance procedures;
- integrating with external systems operated by financial institutions and other service providers to facilitate transactions, including information transfer, electronic client identity verification and credit and risk management activities; and
- capturing significant amounts of data to assist management in decision making, improve operational efficiency, manage marketing budgets, and reduce operational risk.

Maintaining the security and integrity of the technology platform and its data are key priorities for the Group. The technology platform uses a "defence-in-depth" approach which involves layering security controls throughout the technology platform and the applications that run on it. This seeks to provide protection against attacks (such as trojans, worms and viruses, denial of service attacks, injection attacks and vulnerability exploits). This is combined with 24/7 monitoring and altering which is designed to ensure that any suspicious events is identified and actioned as necessary.

The OzForex Group believes that its technology platform represents a strong competitive advantage over many international payment providers and potential market entrants as it would require significant time, resource and capital investment, in combination with a detailed understanding of the international payments market, to develop a technology platform with similar capabilities. It believes this technology platform will continue to be attractive to a variety of companies who may consider entering into international payment solutions with the Group in the future should they wish to expand their online international payments offering.

3.4.2 Marketing and branding

Marketing

The OzForex Group's ability to grow its client base profitably depends on cost-effective promotion of its services. The Group acquires clients through a number of channels, which involve different costs and therefore different levels of profitability on a client-by-client basis.

The Group's marketing strategy is predominantly based on the use of online and mobile marketing to promote brand awareness to increase client registrations and transactions. The Group has an in-house marketing team with expertise in acquiring international payments clients through digital marketing. Online and mobile marketing is focused on search engine optimisation (**SEO**) and search engine marketing (**SEM**) activities:

- SEO is a form of internet marketing that involves the promotion of a website by increasing the visibility, prominence or popularity of that website in search engine results; and
- SEM is a form of internet marketing that involves purchasing ads which appear on the result pages of search engines.

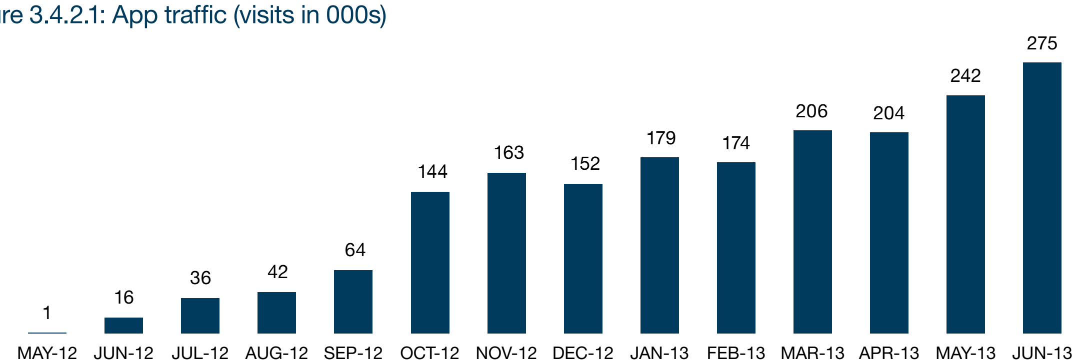
The Group has a very large network of referral (or alliance) partners, of which over 1,200 have referred registrations. Examples include the Financial Times and The Globe & Mail, that provide a direct link from their website to the OzForex website. Alliance partners receive a share of the income the Group earns from the referred clients and can also benefit from integrating select free tools, such as currency converters, into their own website.

In FY13, 97% of the Group's new clients were acquired online. During FY13, approximately 55% of registrations were generated from paid marketing channels including SEM, display advertisements or social media, with the remaining approximately 45% of registrations generated by SEO, word of mouth, white label and partner referrals and other unpaid marketing channels.

The Group's technology platform enables it to run targeted marketing campaigns based on client specific behaviour. For example, if there is a significant movement in a particular currency pair exchange rate, the Group can send an email to all clients who have recently received a quote in that pair. Further, client transactional behaviour captured through the Group's technology platform enables rapid insight into the effectiveness of individual marketing campaigns and assists the Group to identify trends, launch new initiatives, and improve the effectiveness of marketing spend.

In May 2012, the Group launched a free mobile app for iPhone and Android smartphones, enabling clients to check live rates, set rate alerts and read current foreign exchange market news. Clients using the app who wish to trade are directed to an existing OzForex Group website by the app. The mobile app currently drives approximately 10% of all visits to the Group's websites.

Figure 3.4.2.1: App traffic (visits in 000s)



The OzForex Group also conducts targeted offline campaigns to complement the core online/mobile marketing activities with a focus on business clients, for example, sponsorship of financial news on AM radio. The Group currently employs 19 business development managers globally, who focus on generating client leads by targeting business clients with significant international payment needs.

Branding

The Group has seven brands and associated websites to provide targeted marketing in different geographic locations. The Group predominantly operates under geographically relevant brands such as OzForex, NZForex, UKForex, CanadianForex and USForex. This approach enables the Group to develop brands within each market, while retaining a common brand image across the markets in which it operates.

In addition to the core brands, the Group owns the ClearFX and the Tranzfers brands. The ClearFX brand is the primary Group brand marketed in Hong Kong. The Tranzfers brand is primarily utilised to target the lower transaction volume market and charges clients higher margins. The majority of clients that transact through the Tranzfers brand are located in Australia and the UK.

Figure 3.4.2.2: OzForex Group's Brands

Brand	Website url	Minimum transaction value*
OZFOREX Foreign Exchange Services	www.ozforex.com.au	AUD2,000
UKFOREX Foreign Exchange Services	www.ukforex.co.uk	GBP1,000
CANADIANFOREX Foreign Exchange Services	www.canadianforex.ca	CAD2,000
USFOREX Foreign Exchange Services	www.usforex.com	USD1,000
NZFOREX Foreign Exchange Services	www.nzforex.co.nz	NZD2,000
TRANZFERS GLOBAL MONEY TRANSFERS	www.tranzfers.com	AUD50
Clear fx GLOBAL MONEY TRANSFER. MADE EASY.	www.clearfx.com	HKD16,000

* The applicable minimum transaction value is based on the currency sold by the client and may be varied or waived from time to time

3.4.3 Client service

The OzForex Group employs client service teams in Sydney, London, Toronto, Hong Kong and San Francisco to supplement its easy-to-use websites. The client service teams, who are trained in international payments, assist clients over the telephone or via emails 24 hours a day, 7 days a week. In addition to enabling clients to execute transactions, the Group's websites also have several useful tools such as pricing comparison, historical rates and currency converters that further support clients in undertaking transactions.

The client service team contacts each client during the client registration process and shortly following their first transaction to confirm the transaction details. This focus on client service is designed to create positive user experiences during the registration process and initial transaction and, as a result, drive high levels of recurring clients. The future growth of the business depends on continuing to attract significant numbers of new dealing clients, and the Group believes this level of client service is a key differentiator when compared to many other international payments providers.

3.4.4 Banking relationships

The OzForex Group has developed relationships with a number of banks that fall into two categories: local bank account providers (who may be domestic banks or international banks), and counterparty banks that offer hedging services. These relationships are essential to the operation of the OzForex Group's business model.

The Group has relationships with 12 major banks around the world which provide a network of approximately 115 local bank accounts. This network of bank accounts enables the Group to process transactions quickly and at a low cost.

For currencies in which the Group does not have a local bank account, the Group has an agreement in place with one of its counterparty banks which facilitates the settlement of transactions directly to the beneficiaries of the OzForex Group's clients on its behalf.

The Group has counterparty relationships with seven banks to enable it to manage market risk (as described in Section 3.4.5.1). Barclays is the Group's primary counterparty. The Group has expanded the number of its counterparty banks in recent years and in FY13 Barclays accounted for approximately 64% of the Group's counterparty turnover, down from 72.6% in FY10.

The OzForex Group has entered into ISDA agreements with its counterparty banks to allow it to manage market risk through hedging the transactions it has entered into with its clients. As these agreements can be terminated by either party on relatively short notice under their terms, a key priority for the Group is managing these relationships which it has developed over the past 12 years, including through regular dialogue. Key risks arising in relation to the Group's banking relationships are described in Section 5.1.3.

3.4.5 Management of operational risks

The OzForex Group business model involves operational risks including market risk, settlement risk, liquidity risk and credit risk. As a result, the Group has implemented procedures and system controls, referred to as its risk management framework, which are designed to manage these risks. The Group's risk management framework is supported by the Group's technology platform.

3.4.5.1 Market risk (foreign exchange and interest rate)

When a transaction is booked, the exchange rate (and therefore the amount of foreign currency which the OzForex Group will be required to deliver to the client's beneficiary) is agreed. Typically funding from the client for the international payment is not received by the Group for another 12 to 24 hours and in that time the available exchange rate (which the Group could use to acquire the required currency) is likely to have moved. The OzForex Group manages this risk at the time the transaction is agreed by regular hedging of its net foreign currency exposures with one of its counterparty banks.

To manage movement in foreign exchange rates, the Group's technology platform aggregates transactions across its entire client base and nets out buy transactions against sell transactions. The OzForex Group staff then clear exposures by entering into hedging contracts with counterparty banks pursuant to internal guidelines that require entry into a hedging contract to occur once exposure to a single currency reaches or exceeds a defined threshold (e.g. approximately $250,000 for US$ and NZ$). The Group's financial risk on these exposures is limited to potential loss or gain from currency movements which may occur between when the transaction with the client is booked and when the hedging contract is entered into.

The Group typically clears its exposure by entering into a hedging contract on average every 8 minutes across its main currencies. In times of volatility, this occurs more frequently.

In addition to direct payment services, the Group also offers forward contracts to its clients that enable clients to lock in exchange rates up to 12 months in advance. In addition to movements in foreign exchange rates (which are managed in the manner described above), these forward contract transactions are exposed to changes in interest rates. To manage this risk, the Group runs interest scenario testing across the aggregated transactions and may enter into swap contracts with counterparty banks to reduce its aggregate exposure from time to time.

To clear exposures by entering into hedge contracts for both exchange rate and interest rates, the Group utilises a third-party software provider or platform to obtain pricing from its counterparty banks and to execute and reconcile the transactions.

As a result of the time that elapses between when a client rate is agreed and when an exposure is cleared by entering into a hedging contract, the Group can either incur a loss of income (if exchange rates move against the Group) or a gain in income (if exchange rates move in the Group's favour). The Group refers to this as the cost or benefit of hedging policy. In FY11 and FY12, the cost of hedging policy was $1.2 million and $0.1 million, respectively. In FY13, the benefit of hedging policy was $0.6 million. For further detail refer to Section 4.6.

If a transaction is entered into by a client, but the client subsequently withdraws within an applicable cooling-off period (typically 15 minutes for direct payments) or refuses to complete (in breach of their contract), the OzForex Group may incur losses as a result of reversing the initial hedging contract activity. Where the client has refused to complete, the Group may seek to recover losses from that client.

3.4.5.2 Settlement risk

The OzForex Group generally requires funds to be received from its clients before funds are paid to beneficiaries. The Group refers to this as a "good funds" model. Under this model, settlement risk is low because settlement will not proceed if the required funds are not received by the Group.

However, it is possible that the Group may be required to refund amounts received via direct debit or debit cards if they have been advanced to it fraudulently.

3.4.5.3 Liquidity

If counterparty banks do not provide the volume of counterparty hedging required by the OzForex Group to clear its exposures, the Group would be exposed to movements in exchange rates and interest rates. The Group manages this liquidity risk by ensuring that at any point in time a minimum of two counterparty banks are available to enter into hedging contracts to clear exposures. The Group has expanded its network of counterparty banks from four in FY10 to currently seven to reduce liquidity risk.

3.4.5.4 Credit risk

The Group offers selected business clients a credit facility to assist with managing their international payments.

The Group operates credit limit review process prior to setting up any credit limits, with credit checking input from third-party providers (such as Dunn & Bradstreet) to mitigate the risk.

As a result of its risk management framework, the Group's bad debts in FY13 were less than $0.07 million, representing less than 0.0008% of transaction turnover.

3.4.6 Management and employees

The OzForex Group has a strong leadership team which combines industry experience with experience in professional services, financial services, technology and digital marketing. It has overseen the growth and expansion of the business to its current operations and delivered strong income and earnings growth. Further information on the leadership team is contained in Section 6.2.

The OzForex Group operates shared services functions, principally from its head office in Sydney. The key shared services are information technology, marketing, legal and compliance and finance.

In addition to the leadership team listed in Section 6.2, the Group has over 170 full time equivalent employees, split along functional lines as described in Figure 3.4.6.1.

Figure 3.4.6.1 Full time equivalent employees
as at 4 September 2013

Division	No.
Client Service	41
Information technology	24
Operations	17
Compliance & legal	14
International payment solutions	3
Sales	29
Corporate dealing	24
Marketing	12
Human resources and finance	9
Product management team	2

3.5 Growth strategy

The Group's strategy is to continue to drive growth in international payment services in its existing core markets and selected new geographies and to drive growth in its international payment solutions through the initiatives described below.

3.5.1 Continuous improvement in core business model

- Introduce new online marketing campaigns to drive increased registrations to the websites and diversification of income streams
- Improve online registration processes to drive higher conversion rates and further improve the efficiency of client service
- Improved business client on-boarding and servicing processes to attract and retain higher value business clients
- Expand mobile/tablet app functionalities to enhance the user experience and increase transactional volume
- Implement new payment methods to offer greater flexibility and speed of execution to clients and their beneficiaries

3.5.2 Geographic expansion of international payment services

- Seek to grow and diversify income by expanding in recently entered geographies, including certain states in the United States (2012) and Hong Kong (2011), through improvements to locally tailored marketing campaigns, recruitment of local sales and service staff and expansion of the network of referral (or alliance) partners

- Pursue further expansion in further states in the United States, for example the OzForex Group is currently applying for further state licenses
- Continue to assess the potential expansion of international payment services into new geographies

3.5.3 Expansion of international payment solutions

- Further geographic roll out and introduction of new services for existing Branded Partnerships (including Travelex). The OzForex Group continues to engage in discussions with new potential partner companies to develop new Branded Partnership offerings
- Ongoing development and implementation of the Business Solutions offering to a broader range of financial services institutions
- Pursue opportunities to deploy Web Services solutions, for example into other software providers such as accounting software, freight forwarding software and other software with an underlying international payments need,

In addition, to facilitate any of these core business strategies, the Group may consider acquisitions of international payment providers or other related businesses if opportunities arise in the future.

3.6 Market regulation and licensing

The international payments market is highly regulated. The key regulatory and licensing requirements which the OzForex Group is required to comply with in connection with its business fall into the following categories:

- financial services regulations;
- regulation relating to money laundering and financing of terrorism;
- sanctions legislation; and
- other regulations not specific to the industry in which the OzForex Group operates such as privacy and data protection legislation.

The OzForex Group has established a compliance framework and set of processes. Many of these processes are enabled through the Group's technology platform, such as automated processes to assist with anti-money laundering, counter terrorism financing and sanctions compliance. It also employs a team who monitor regulatory compliance on an ongoing basis.

Regulatory compliance procedures undertaken by the OzForex Group include:

Client on-boarding and registration	• Online registration form creates unique profile per new client • Politically exposed person and sanction screening initiated on registration • Know your client procedures include an introductory phone call – Client service agents are trained to identify potential "red flags" and to notify senior compliance team members • Electronic verification undertaken to verify a new client's identity – The technology platform is integrated with third-party software packages such as Equifax, Veda and Call Credit • Requests for further identifying information (as required)
Transaction monitoring	• Automated transaction monitoring to comply with regulation relating to money laundering and financing of terrorism via software designed to identify potentially suspicious activity – Software continually analyses client transactions for breaches against predetermined thresholds – smurf checks identify multiple clients depositing to one bank account – Abnormal patterns create an alert that notifies compliance team for investigation • All transactions monitored against international sanctions – Screening occurs against international sanctions lists (e.g. DFAT, OFAC, Interpol, etc.) – Sanctions checking each transaction results in labour intensive processes to review "false-positive" identifications of sanctions breaches

The OzForex Group has an obligation to report suspected instances of money laundering and terrorist financing to enforcement agencies.

3.6.1 Financial services regulations

The OzForex Group is required to hold a licence or be registered to operate in the international payments market in its key jurisdictions as described below. The process required to obtain a licence in some jurisdictions can be very time-consuming and protracted, and involve a significant level of due diligence by licensing authorities. In some jurisdictions, including many of the states in the United States, licences must be renewed as frequently as each year.

3.6.1.1 Australia

A member of the OzForex Group (OzForex Pty Limited (ABN 65 092 375 703) holds an Australian Financial Services Licence (**AFSL**) (AFSL No. 226484) in Australia under the Corporations Act 2001 and is regulated by the Australian Securities and Investments Commission (**ASIC**). OzForex first acquired an AFSL in 2003.

The AFSL covers advice, dealing and market making in specified financial products, including foreign exchange and derivatives. Specific requirements of the AFSL include:

- annual reporting;
- meeting threshold financial requirements, including a minimum liquidity ratio and minimum regulatory capital;
- formal registration with an external dispute resolution scheme (the Financial Ombudsman); and
- maintaining qualified people to evidence the organisational competence of the licence holder.

3.6.1.2 United Kingdom

The OzForex Group holds a payment services authorisation in the United Kingdom under the Payment Services Regulations 2009 and is regulated by the Financial Conduct Authority (**FCA**).

To maintain the authorisation, the FCA requires certain conditions to be met of the licensee, including:

- annual reporting;
- client funds must be maintained in segregated and safeguarded accounts. Certain funds must be maintained onshore in the UK;
- formal registration with recognised external dispute resolution forum (the Financial Ombudsman); and
- officers with appropriate industry experience appointed to represent the registration.

The OzForex Group is entitled to "passport" its payment services authorisation to other European Economic Area (**EEA**) member states by notifying the FCA by completing a standard form notice of intention. "Passporting" the authorisation into another EEA member state permits the OzForex Group to undertake payment services in that member state. The OzForex Group has "passported" its payment services authorisation into 13 EEA member states.

3.6.1.3 United States (US)

Licensing requirements in the United States vary by state. The OzForex Group has money transmittal licences in 26 US states and is regulated by the relevant state regulator in each state (e.g. the State of California Department of Business Oversight and State of Texas Department of Banking). Four other states do not require the OzForex Group to hold any licences in order to carry on its business in those states. The Group has submitted applications for 7 additional US state licences.

The conditions of each state licence generally include:

- a surety bond issued to the state as a means of consumer protection in the event of default (individual bond requirements vary by state for the OzForex Group and range between US$25,000 – US$1.0 million);
- reporting including annual financial reporting; monthly/quarterly transaction volumes; and minimum regulatory capital;
- annual on-site inspections/assessments of operations and trading policies/procedures;
- implementation of a complaints process unique to each state; and
- "cooling off" and cancellation period for some transactions.

New rules required by the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (**Dodd-Frank Act**) that apply to electronic remittance services will come into effect on 28 October 2013. The rules include new disclosure and notice requirements and require certain error rectification and complaint resolution procedures, including a requirement to refund a client's money if they cancel the transaction within 30 minutes. While the OzForex Group already complies with many of the rules, others will require it to change its procedures. The OzForex Group does not expect compliance with the new rules to have a material effect on its business.

3.6.1.4 New Zealand

The OzForex Group is registered in New Zealand as a Financial Service Provider under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 offering a money transfer service and is currently regulated by the New Zealand Companies Office.

The New Zealand regime for financial services regulation is expected to change in the coming 12 – 18 months on implementation of the Financial Markets Conduct Bill. It is likely that the OzForex Group will be required to hold a market services licence to offer forward foreign exchange contracts. In addition, the OzForex Group will be required to provide a product disclosure statement to customers (as it is typically required to do in Australia) and make ongoing disclosures on an online register.

3.6.1.5 Canada

Under Canadian federal and provincial law (excluding Quebec), the OzForex Group is not required to be registered or hold a financial services license to operate its business.

The OzForex Group has submitted an application to Autorité Des Marchés Financiers (**AMF**) for a licence to operate as a money-services business in Quebec.

3.6.1.6 Hong Kong

The OzForex Group is currently licensed in Hong Kong as a Money Service Operator (**MSO**) under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and regulated by the Customs & Excise Department (**CED**).

3.6.2 Regulation relating to money laundering and financing of terrorism

In many of the jurisdictions in which the OzForex Group operates, providers of international payment services are required to comply with stringent regulatory requirements to operate in a way that minimises the risk that services will be used to facilitate money laundering or to finance terrorist activities. In recent years, these requirements and regulators' monitoring of compliance have become increasingly pervasive, and the penalties for failure to comply with these requirements can be severe, including significant fines, penalties and other administrative action from the relevant regulator.

The key legislation relating to money laundering and financing of terrorism with which the OzForex Group is required to comply in the jurisdictions in which it operates includes:

Australia	Anti-Money Laundering and Counter-Terrorism Financing Act 2006
UK	Terrorism Act 2000, Anti-terrorism, Crime and Security Act 2001, Proceeds of Crime Act 2002, Serious Organised Crime and Police Act 2005 and Money Laundering Regulations 2007
US	USA PATRIOT Act of 2001 and Currency and Foreign Transactions Reporting Act of 1970 (also known as the Bank Secrecy Act)
Canada	Proceeds of Crime (Money Laundering) and Terrorist Financing Act
Hong Kong	Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap.615)
New Zealand	Anti-Money Laundering and Countering of Financing of Terrorism Act 2009

Providers of international payment services are required to have a robust compliance program in place to identify, mitigate and manage effectively money laundering and terrorist financing risk. The principal elements of the OzForex Group's compliance program are robust controls and procedures to identify clients, monitor their transactions and make reports to regulators as required.

International payments are considered by regulators to carry a high risk of being used for money laundering and the financing of terrorism. Accordingly, the OzForex Group devotes significant resources in an effort to ensure that its procedures and processes meet the anti-money laundering and counter-terrorist financing requirements of the jurisdictions in which it operates. For further information about the risks associated with the OzForex Group's services being used for money-laundering, see Sections 5.1.4 and 5.1.8.

The OzForex Group has invested significant resources in developing its system to ensure its compliance processes are scalable and to meet changing regulatory requirements. System developments include:

- the automation of international funds transfer instruction (**IFTI**) reporting in Australia;
- the automation of international electronic funds transfers (**EFT**) reporting in Canada;
- automated transaction monitoring system to meet regulatory requirements across all jurisdictions; and
- identity verification checking.

The OzForex Group is subject to supervisory assessments by regulators (including those listed in Figure 3.6.2.1 below) of its compliance with regulations relating to money laundering and financing of terrorism in all key jurisdictions.

Figure 3.6.2.1 The OzForex Group's regulators

Australia	Australian Transaction Reports and Analysis Centre (AUSTRAC)
UK	HM Revenue & Customs (HMRC)
US	Financial Crimes Enforcement Network (FINCEN)
Canada	Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)
Hong Kong	Commissioner of Customs and Excise (CCE)
New Zealand	The Department of Internal Affairs

3.6.3 Sanctions legislation

The OzForex Group is required to comply with sanctions laws and regulations in a number of jurisdictions, including:

- the Autonomous Sanctions Act 2011 and Autonomous Sanctions Regulations 2011 in Australia, as administered and enforced by the Australian Department of Foreign Affairs and Trade (**DFAT**);
- various US sanctions laws and regulations administered and enforced by United States Office of Foreign Assets Control (**OFAC**); and
- UK and EU sanctions legislation and regulations, as administered and enforced in the UK by HM Treasury, the Foreign and Commonwealth Office and the UK Department for Business Innovation and Skills

The OzForex Group is required to screen transactions to ensure that they do not involve transfers to or from sanctioned countries (such as Iran and North Korea) and other sanctioned persons or entities (including politically exposed persons) identified by the relevant government agency in that jurisdiction.

3.6.4 Other regulations

In addition to the licensing and regulatory requirements set out above, the OzForex Group is required to comply with a number of other legislation or regulations, including those governing the following areas:

- Legislation protecting privacy and relating to data protection, including:
  - the Privacy Act 1988 (Cth) (including Privacy Amendment (Private Sector) Act 2000 and the National Privacy Principles and associated guidelines) in Australia;
  - the Human Rights Act 1998 and Data Protection Act 1998 in the UK; and
  - the Gramm-Leach-Bliley Act in the US.

Privacy and data protection legislation has different requirements in each jurisdiction, but generally contains requirements that restrict the use and handling of personal information and requires the relevant entity to have policies in place dealing with the collection, processing, storage and disclosure of personal information. The OzForex Group is required to be registered with the Information Commissioners' Office in the United Kingdom as a data controller.

- Legislation governing the protection of consumers, such as the Australian Consumer Law (**ACL**) as set out in Schedule 2 of the Competition and Consumer Act 2010 in Australia and the Unfair Contract Terms Act 1977 in the UK, which contain requirements as to the terms on which the OzForex Group may transact with consumers and requirements as to the form and content of information provided to them.
- Anti-spam legislation, such as the Spam Act 2003 in Australia, the Privacy and Electronic Communications (EC Directive) Regulations 2003 in the UK and the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM Act of 2003), which restrict the methods of unsolicited marketing in which the OzForex Group can engage.

3.6.5 Shareholding restrictions

There are limits on the levels of ownership that any one person and its associates may hold in international payment providers like OzForex Group Limited without the prior approval of applicable regulatory authorities. These limits arise in connection with a number of the licences held by the OzForex Group and the applicable governing legislation. In some instances it is the owner of Shares who is required to apply for pre-approval to exceed the prescribed level of ownership, and in some instances it is the relevant licensee. Persons considering acquiring, directly or indirectly, and either alone or with their associates or affiliates, substantial holdings of Shares in OzForex Group Limited should first consult their legal advisers. Examples of limits on share ownership are set out below. These limits and applicable regulations may not be comprehensive and may change over time. Further, the OzForex Group may acquire additional licences in the future which may contain similar, or more onerous, restrictions.

In connection with the US State non-bank money transmitter licenses held or applied for by the OzForex Group, pre-approval may be required for the acquisition by any person of Shares in OzForex Group Limited in the following US States based on the following thresholds:

- California, Georgia, Idaho, Maryland and Washington: 10%
- Arizona: 15%
- Alaska, Colorado, Florida, Hawaii, Illinois, Indiana, Iowa, Maine, Michigan, New Jersey, New York, Oregon, Texas, Virginia and Washington DC: 25%
- Wyoming: 50%

In Delaware, change of control approval is required, however control is not defined.

In connection with UKForex Limited's payment services authorisation from the Financial Conduct Authority (**FCA**) in the UK, under the Payment Services Regulations 2009, the FCA must be notified in advance of any acquisition of 10% or more of Shares in OzForex Group Limited.

In connection with OzForex (Hong Kong) Limited's Money Services Operator License from the Customs and Excise Department in Hong Kong, under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap.615) pre-approval may be required for the acquisition by any person or connected persons of 10% or more of Shares or voting rights in OzForex Group Limited.

SECTION 4
Financial information

Financial information

4.1 Introduction

The financial information of the OzForex Group contained in this section includes:

- Historical financial information of the OzForex Group, which comprises:
  - the historical consolidated income statements of the OzForex Group for the financial years ended 31 March 2011 (**FY11**), 31 March 2012 (**FY12**) and 31 March 2013 (**FY13**);
  - the historical consolidated statements of cash flows of the OzForex Group for FY11, FY12 and FY13; and
  - the historical consolidated balance sheet of the OzForex Group as at 31 March 2013,

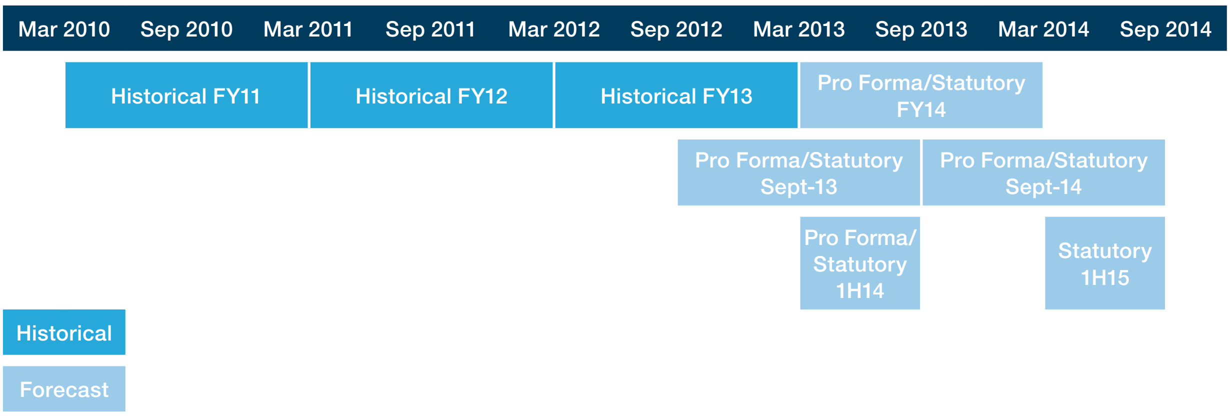
(together the **Historical Financial Information**).

- The pro forma historical consolidated balance sheet of the OzForex Group as at 31 March 2013 (**Pro Forma Historical Consolidated Balance Sheet**).
- Forecast financial information of the OzForex Group which includes both pro forma information and information prepared on a basis consistent with how the Group's statutory financial statements will be prepared for future periods, and comprises:
  - the pro forma forecast consolidated income statements of the OzForex Group for the 12 months ending 30 September 2013 (**Sept-13**), the six months ending 30 September 2013 (**1H14**), the financial year ending 31 March 2014 (**FY14**) and the 12 months ending 30 September 2014 (**Sept-14**);
  - the statutory forecast consolidated income statements of the OzForex Group for Sept-13, 1H14, FY14, Sept-14 and the six months ending 30 September 2014 (**1H15**); and
  - the pro forma forecast consolidated statements of cash flows of the OzForex Group for Sept-13, 1H14, FY14 and Sept-14 and the statutory forecast consolidated statements of cash flows for Sept-13, 1H14, FY14, Sept-14 and 1H15,

(together the **Forecast Financial Information**).

The Historical Financial Information, Pro Forma Historical Consolidated Balance Sheet and Forecast Financial Information together form the **Financial Information**.

Overview of the income statement disclosures



The OzForex Group has a 31 March financial year-end and the Financial Information has been presented on this basis. In addition to the FY14 forecast financial information, the company has also included a forecast for the 12-month period ending 30 September 2014 (**Sept-14**) and a comparative forecast for the 12-month period ending 30 September 2013 (**Sept-13**). The Sept-13, FY14 and Sept-14 periods are also provided on a statutory basis. The 12-month period ending Sept-14 was included in order to present forecast financial information for the approximate period of 12 months from the date of the Prospectus. Sept-13 forecast comparatives were also included to disclose the recent expected financial performance, showing annual growth rates that are expected to be achieved in that period.

The statutory forecasts indicate how the OzForex Group expects its reported financial statements for these periods to look if it achieves forecasts. These statutory disclosures reflect the financial impacts of the Offer, such as the costs of the Offer.

The Historical Financial Information and the pro forma forecast financial information for Sept-13, FY14 and Sept-14 are presented on a comparable basis, except for the impact of listed company costs, which are not included in the Historical Financial Information for FY11, FY12 and FY13.

Other information

Also summarised in this section are:

- The basis of preparation of the Financial Information (refer to Section 4.2); and
- The Directors' best estimate assumptions underlying the Forecast Financial Information (refer to Section 4.11) and an analysis of the sensitivity of the Forecast Financial Information to changes in certain key assumptions (refer to Section 4.12).

The Financial Information has been reviewed and reported on by KPMG Financial Advisory Services (Australia) Pty Ltd, whose Investigating Accountant's Reports are set out in Section 8.

All amounts disclosed in this Section are presented in Australian Dollars and, unless otherwise noted, are rounded to the nearest $100,000.

4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview

The Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations) and the summarised accounting policies adopted by the OzForex Group as set out in Appendix 1. Compliance with Australian Accounting Standards ensures that the Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards as adopted by the International Accounting Standards Board (**IFRS**).

The Financial Information is presented in an abbreviated form and does not include all of the disclosures, statements or comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

4.2.2 Preparation of the Historical Financial Information

The historical consolidated income statements and historical consolidated statements of cash flows of the OzForex Group for FY11, FY12 and FY13, as set out in Sections 4.3 and 4.7, and the historical consolidated balance sheet as at 31 March 2013 as set out in Section 4.9, have been extracted from the audited consolidated financial statements of OzForex Pty Limited, the current parent company of the Group, though certain line items have been grouped differently, as described below. OzForex Pty Limited will report the operating activities and financial results of the business until settlement of the Offer when OzForex Group Limited, which was incorporated on 2 September 2013, will become the parent company of the Group through an internal restructure. The restructure will be accounted for using book values and the results of the Group will continue to be reported in a manner consistent with the historical results of OzForex Pty Limited. The Historical Financial Information relates to OzForex Pty Limited and no adjustments have been made to the audited financial statements of OzForex Pty Limited in the presentation of the Historical Financial Information of the OzForex Group.

The financial statements of OzForex Pty Limited were audited by PwC, which has issued unmodified opinions as of and for the financial years ended 31 March 2011, 2012 and 2013. These financial statements are available at www.ozforex.com.au/about-us/investors.

In presenting the Historical Financial Information, certain line items have been grouped differently to the audited financial statements of OzForex Pty Limited. In the historical income statement, certain items have been grouped under the description "net fee and commission income" in order to present a more meaningful comparison across the historical and forecast periods. In the historical cash flow statements the impact of changes in client liabilities have been separately identified in order to provide a measure of operating cash flows before tax and changes in client liabilities. Reconciliations of the historical income statements and the historical cash flows to the audited financial statements of OzForex Pty Limited are provided in Appendix 1.

Investors should note that past results are not a guarantee of future performance.

4.2.3 Preparation of the Pro Forma Historical Consolidated Balance Sheet

The Pro Forma Historical Consolidated Balance Sheet has been prepared in order to provide an indication of the balance sheet of the OzForex Group as if the Offer had taken place on 31 March 2013. The pro forma adjustments reflect the portion of the Offer proceeds received by OzForex Group Limited, payment of a pre-IPO dividend to the Existing Owners, and the costs of the Offer to be incurred by subsidiaries of the OzForex Group.

A reconciliation between the Pro Forma Historical Consolidated Balance Sheet of the OzForex Group as at 31 March 2013 and the historical consolidated balance sheet as at 31 March 2013 is provided in Section 4.9, together with a description of each of the pro forma adjustments.

4.2.4 Preparation of Forecast Financial Information

Presentation on statutory and pro forma basis

The Forecast Financial Information is presented on both a statutory and pro forma basis.

The statutory forecast income statements have been prepared on the basis of how the OzForex Group expects to report the results of the business under Australian Accounting Standards.

The pro forma forecast income statements, which are set out in Section 4.3, have been presented on a basis consistent with the statutory forecast income statements, except that they reflect the forecast full year effect of the operating and capital structure that will be in place upon Completion of the Offer such as the inclusion of expected annual listed company costs but exclude the one-off costs of the Offer, including the leadership listing and retention payment described in Section 6.3.4 that will be recognised on Completion of the Offer but not paid until after the Offer as described in that section.

No pro forma adjustments to the statutory forecast financial information are necessary for 1H15 and consequently no pro forma forecast financial information for that period is included in this Prospectus. Sections 4.11.4.1 and 4.11.4.2 contain reconciliations between the statutory and pro forma forecast financial information.

Composition of Forecast Financial Information

The Forecast Financial Information for Sept-13 comprises the actual income statement and cash flows of the OzForex Group for the ten months ended 31 July 2013 and forecast results and cash flows for the two months ending 30 September 2013.

The Forecast Financial Information for 1H14 comprises the actual income statement and cash flows of the OzForex Group for the four months ended 31 July 2013 and forecast results and cash flows for the two months ending 30 September 2013.

The Forecast Financial Information for FY14 comprises the actual income statement and cash flows of the OzForex Group for the four months ended 31 July 2013 and the forecast results and cash flows for the eight months ending 31 March 2014.

The Sept-14 Forecast Financial Information comprises the forecast results and cash flows for the 12 months ending 30 September 2014.

The 1H15 Forecast Financial Information comprises the forecast results and cash flows for the six months ending 30 September 2014.

Directors' best estimate assumptions

The Forecast Financial Information has been prepared by the Directors based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions as set out in Section 4.11. The Directors believe the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus.

Presentation of the best estimate assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The Forecast Financial information is not fact and investors are cautioned not to place undue reliance on it. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on the OzForex Group's actual financial performance, cash flows or financial position. Investors are advised to review the Forecast Financial Information and best estimate assumptions set out in Section 4.11, in conjunction with the sensitivity analysis set out in Section 4.12, the risk factors set out in Section 5 and other information set out in this Prospectus.

The OzForex Group has no intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

4.2.5 Explanation of certain non-IFRS financial measures

The OzForex Group uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this prospectus are as follows:

Income statement information

EBTDA is earnings before amortisation, depreciation and income tax. This is the principal measure that the OzForex Group considers in assessing the operating performance of its business. Management believes it appropriate to consider a measure that includes interest income because the business routinely holds cash in the ordinary course of its business and so the interest income on that cash is an integral part of the day-to-day operations of the business. The OzForex Group has no external borrowings.

EBITDA is calculated by deducting net interest income from EBTDA.

Net fee and commission income of the OzForex Group classified by geographic and service-offering segments is set out in Section 4.6. This geographic and service offering information is based on the OzForex Group's management reporting system. OzForex Pty Limited's audited financial statements do not present segment disclosures.

Cash flow statement information

Operating cash flow before tax and changes in client liabilities is a measure of operating cash flow that is designed to remove the effect of cash held for the short term settlement of pending transactions. It is calculated by adjusting operating cash flow to remove movements in client liabilities and tax paid. Consequently, it excludes changes in client liabilities that are reflected in the measure of operating cash flow which is presented under Australian Accounting Standards and disclosed in the financial statements. Client liabilities represent amounts owed to clients and are driven by the level of transaction turnover during the days immediately preceding the balance sheet date. As a result, the client liabilities balance can move significantly between reporting periods. OzForex Group is required to settle these liabilities (generally within a few days of the balance sheet date) and therefore the cash is not available for distribution by the OzForex Group.

A reconciliation of EBTDA and EBITDA to net operating income and NPAT is shown in Section 4.3. A reconciliation of operating cash flow before tax and changes in client liabilities to EBTDA and operating cash flow is shown in Section 4.7.

Although the Directors believe that these measures provide useful information about the financial performance of the OzForex Group, they should be considered as supplements to the income statement and cash flow measures that have been presented in accordance with the Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way the OzForex Group calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

4.3 Historical and forecast consolidated income statements

The Forecast Financial Information for Sept-13, FY14 and Sept-14 represents forecast annual results of the OzForex Group. All these periods are for 12 months. The Sept-13 and Sept-14 periods are not financial years of the Group and these periods each include six months of forecast financial performance from FY14. As a result FY14 should be compared with FY13, and Sept-14 compared with Sept-13, to avoid comparing overlapping periods.

	Historical			Pro forma forecast[1]			Statutory forecast		
$ millions	12 mths FY11	12 mths FY12	12 mths FY13	12 mths Sept-13	12 mths FY14	12 mths Sept-14	12 mths Sept-13	12 mths FY14	12 mths Sept-14
Net fee and commission income	35.0	39.6	50.3	59.0	66.9	75.6	59.0	66.9	75.6
Net interest income	2.0	2.1	1.8	1.4	1.4	1.6	1.5	1.3	1.6
Net operating income	**37.0**	**41.7**	**52.1**	**60.4**	**68.3**	**77.2**	**60.5**	**68.2**	**77.2**
Employee costs	(10.2)	(12.5)	(16.7)	(20.2)	(23.3)	(26.0)	(20.2)	(23.3)	(26.0)
Promotional costs	(3.0)	(5.1)	(6.8)	(8.6)	(9.6)	(10.5)	(8.6)	(9.6)	(10.5)
Occupancy costs	(0.7)	(0.7)	(1.2)	(1.4)	(1.5)	(1.5)	(1.4)	(1.5)	(1.5)
Other costs	(3.7)	(4.3)	(2.7)	(5.7)	(6.7)	(7.1)	(5.0)	(13.1)	(13.2)
EBTDA	**19.4**	**19.1**	**24.7**	**24.5**	**27.2**	**32.1**	**25.3**	**20.7**	**26.0**
Depreciation	(0.4)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.5)	(0.6)	(0.6)
Profit before tax	**19.0**	**18.6**	**24.2**	**24.0**	**26.6**	**31.5**	**24.8**	**20.1**	**25.4**
Income tax expense	(5.8)	(5.5)	(7.1)	(7.2)	(8.0)	(9.4)	(7.4)	(6.0)	(7.6)
Net profit after tax	**13.2**	**13.1**	**17.1**	**16.8**	**18.6**	**22.1**	**17.4**	**14.1**	**17.8**
EBITDA	17.4	17.0	22.9	23.1	25.8	30.5	23.8	19.4	24.4

Note 1: A reconciliation of the pro forma forecast and statutory forecast income statements is provided in Section 4.11.4.1.

Following is a description of income statement line items:

Net operating income consists of net fee and commission income and net interest income.

Net fee and commission income consists of the margin generated from foreign currency spreads, fees charged on low-value transactions and the cost or benefit of the hedging policy (primarily the result of changes in exchange rates between the time when a client rate is agreed and the subsequent hedge transaction is entered), less transaction costs which relate to fees paid to partners and transactional banking fees. Net fee and commission income disclosed in the financial statements of OzForex Pty Limited does not include foreign exchange gain/loss or gain/loss on foreign exchange derivatives, which are included in net fee and commission income in this Prospectus.

Net interest income consists of interest on deposits, primarily consisting of funds received from clients that have not yet been paid out.

Employee costs consist of base salaries, staff bonuses, other employee-related costs and commission payments made to the OzForex Group's sales team. All employee costs related to the development of software are expensed as incurred.

Promotional costs consist primarily of advertising-related costs for online marketing, including search engine and display marketing as well as some small amounts for TV, print and radio marketing. Promotional costs also include the variable costs of the registration acquisition cost associated with new clients, predominantly paid to online search engine providers.

Occupancy costs consist primarily of rental fees for offices.

Other costs consist primarily of non-salary technology costs, communication costs, insurance costs, travel costs, non-recoverable GST/VAT, GST recoveries, compliance costs and the cost of bad debts. Listed company costs and costs of the Offer are also included in other costs where relevant for forecast periods.

Depreciation relates to fixtures and fittings, computer equipment, software and leasehold improvements. The Group's depreciation policy is set out in Appendix 1.

Income tax expense consists of income taxes in relation to each of the jurisdictions in which the OzForex Group has a presence.

4.4 Key operating and financial metrics

Set out below is a summary of certain key historical operating metrics for FY11, FY12 and FY13, and the forecast key operating metrics for the periods reflected in the Forecast Financial Information.

	Historical			Pro forma forecast			Statutory forecast		
	12 mths FY11	12 mths FY12	12 mths FY13	12 mths Sept-13	12 mths FY14	12 mths Sept-14	12 mths Sept-13	12 mths FY14	12 mths Sept-14
Key operating metrics									
New dealing clients[1] (000s)	29.5	34.4	39.6	49.6	61.5	70.0	49.6	61.5	70.0
Active clients[2] (000s)	60.5	75.7	91.8	106.2	123.0	139.6	106.2	123.0	139.6
Transactions (000s)	313.7	388.1	460.4	526.5	611.2	706.2	526.5	611.2	706.2
Transaction turnover[3] ($bn)	7.0	7.4	9.1	11.1	12.6	14.1	11.1	12.6	14.1
Acquisition cost per registration[4] ($)	42.4	58.8	63.8	68.5	67.6	66.6	68.5	67.6	66.6
Key financial metrics									
Net operating income growth[5]	26.5%	12.7%	24.9%		31.1%	27.8%			
EBTDA growth[5]	24.0%	(1.5)%	29.3%		10.1%	31.0%			
EBTDA margin[6]	52.4%	45.8%	47.4%	40.6%	39.8%	41.6%	41.8%	30.4%	33.7%
NPAT growth[5]	22.1%	(0.8)%	30.5%		8.8%	31.5%			
NPAT margin[6]	35.7%	31.4%	32.8%	27.8%	27.2%	28.6%	28.8%	20.7%	23.1%

Note 1: New dealing clients are clients that transacted for the first time during a period.
Note 2: Active clients are clients that, as at the end of a period, had transacted in the last 12 months.
Note 3: Transaction turnover is the total value of client transactions executed by the OzForex Group.
Note 4: Acquisition cost per registration reflects the variable cost of acquiring new registrations and is predominantly paid to the operators of online search engines.
Note 5: The growth rates shown for FY14 pro forma forecast are shown relative to FY13 historical metrics. The growth rates shown for Sept-14 pro forma forecast are shown relative to the Sept-13 pro forma forecast metrics.
Note 6: EBTDA and NPAT margins are calculated by dividing EBTDA and NPAT by net operating income.

4.5 Pro forma forecast income statement for 1H14 and statutory forecast income statements for 1H14 and 1H15

Set out below are the pro forma and statutory forecast consolidated income statements for 1H14, and the statutory forecast consolidated income statement for 1H15. The 1H15 period is prepared only on a statutory basis as no pro forma adjustments are relevant in this period given the expected timing of one-off costs of the Offer and as listed company costs are included from the start of the period. As such the pro forma 1H14 and statutory 1H15 forecasts are comparable.

$ millions	Statutory forecast 6 mths 1H14	Pro forma forecast 6 mths 1H14	Statutory forecast 6 mths 1H15
Net fee and commission income	32.5	32.5	41.3
Net interest income	0.7	0.7	0.8
Net operating income	**33.2**	**33.2**	**42.1**
Employee costs	(11.3)	(11.3)	(14.0)
Promotional costs	(4.7)	(4.7)	(5.7)
Occupancy costs	(0.7)	(0.7)	(0.7)
Other costs	(3.7)	(3.4)	(3.6)
EBTDA	**12.8**	**13.1**	**18.1**
Depreciation	(0.3)	(0.3)	(0.3)
Profit before tax	**12.5**	**12.8**	**17.8**
Income tax expense	(3.8)	(3.8)	(5.4)
Net profit after tax	**8.7**	**9.0**	**12.4**
EBITDA	12.1	12.4	17.3

	Statutory forecast 6 mths 1H14	Pro forma forecast 6 mths 1H14	Statutory forecast 6 mths 1H15
Key operating metrics			
New dealing clients (000s)	28.8	28.8	37.3
Active clients (000s)	106.2	106.2	139.6
Transactions (000s)	290.7	290.7	385.7
Transaction turnover ($bn)	6.2	6.2	7.7
Acquisition cost per registration ($)	70.3	70.3	67.8
Key financial metrics			
Net operating income growth			26.8%
EBTDA growth			38.2%
EBTDA margin	38.6%	39.5%	43.0%
NPAT growth			37.8%
NPAT margin	26.2%	27.1%	29.5%

4.6 Summary geographic net fee and commission income

The following table presents a breakdown of net fee and commission income before hedging policy cost/benefit and transaction costs for international payment services by geography (based on client location) and international payment solutions globally.

	Historical			Pro forma and statutory forecast[1]		
$ millions	12 mths FY11	12 mths FY12	12 mths FY13	12 mths Sept-13	12 mths FY14	12 mths Sept-14
Australia and New Zealand	22.1	24.7	29.5	34.1	38.4	42.2
Europe	7.5	8.9	11.7	12.8	13.8	14.8
North America	3.0	3.4	4.8	6.7	8.8	11.0
Asia	0.6	0.6	0.8	1.1	1.3	1.4
Other geographies	0.4	0.4	0.6	1.1	1.3	1.5
International Payment Solutions	5.4	4.6	5.9	7.3	9.1	10.8
Income before hedging and transaction costs	**39.0**	**42.6**	**53.3**	**63.1**	**72.7**	**81.7**
Hedging policy (cost)/benefit	(1.2)	(0.1)	0.6	0.1	(1.0)	(0.5)
Transaction costs	(2.8)	(2.9)	(3.6)	(4.2)	(4.8)	(5.6)
Net fee and commission income	**35.0**	**39.6**	**50.3**	**59.0**	**66.9**	**75.6**

Note 1: There are no differences between pro forma forecast and statutory forecast net fee and commission income and therefore only one set of disclosures is provided in the table above.

4.7 Historical and forecast consolidated statements of cash flows

The table below sets out the OzForex Group's historical consolidated statements of cash flows for FY11, FY12 and FY13, the pro forma and statutory forecast consolidated statement of cash flows for Sept-13, FY14 and Sept-14.

	Historical			Pro forma forecast[1]			Statutory forecast		
$ millions	12 mths FY11	12 mths FY12	12 mths FY13	12 mths Sept-13	12 mths FY14	12 mths Sept-14	12 mths Sept-13	12 mths FY14	12 mths Sept-14
Profit before tax	**19.0**	**18.6**	**24.2**	**24.0**	**26.6**	**31.5**	**24.8**	**20.1**	**25.4**
Depreciation	0.4	0.5	0.5	0.5	0.6	0.6	0.5	0.6	0.6
EBTDA	**19.4**	**19.1**	**24.7**	**24.5**	**27.2**	**32.1**	**25.3**	**20.7**	**26.0**
Non-cash items	(0.4)	1.6	(0.3)	(0.2)	(0.7)	(0.9)	(0.2)	(0.7)	(0.9)
Changes in working capital[2]	0.8	(0.3)	(0.4)	0.2	0.9	0.4	0.2	6.5	6.0
Changes in provisions	0.6	0.3	0.5	(0.4)	(0.2)	0.5	(0.4)	(0.2)	0.5
Operating cash flow before tax and changes in client liabilities[3]	**20.4**	**20.7**	**24.5**	**24.1**	**27.2**	**32.1**	**24.9**	**26.3**	**31.6**
Changes in client liabilities[3]	1.4	(2.0)	8.8	14.6	22.4	25.7	14.6	22.4	25.7
Operating cash flow before tax	**21.8**	**18.7**	**33.3**	**38.7**	**49.6**	**57.8**	**39.5**	**48.7**	**57.3**
Tax paid	(5.3)	(6.0)	(8.3)	(5.4)	(6.4)	(9.0)	(5.8)	(6.4)	(8.7)
Operating cash flow	**16.5**	**12.7**	**25.0**	**33.3**	**43.2**	**48.8**	**33.7**	**42.3**	**48.6**
Capital expenditure[4]	(0.5)	(0.5)	(0.7)	(0.4)	(0.6)	(0.8)	(0.4)	(0.6)	(0.8)
Net cash flow before financing activities[5]	**16.0**	**12.2**	**24.3**	**32.9**	**42.6**	**48.0**	**33.3**	**41.7**	**47.8**
Dividends[6]				(11.5)	(11.7)	(13.0)	(22.0)	(35.0)	(30.5)
Proceeds from issue of new shares				–	–	–	–	24.0	24.0
Net cash flow				**21.4**	**30.9**	**35.0**	**11.3**	**30.7**	**41.3**

Note 1: A reconciliation of the pro forma forecast cash flows and the statutory forecast cash flows is provided in Section 4.11.4.2. The key differences between the pro forma and statutory forecast cash flows relate to listed company costs, costs of the Offer, the pre-IPO dividend, the post-Offer dividend policy and the proceeds from the Offer.

Note 2: Working capital includes debtors, prepayments, accrued charges and creditors, but excludes client liabilities. These items are identified as Other Assets and Other Liabilities in Section 4.9.1.

Note 3: Refer to Section 4.2.5 for an explanation of operating cash flow before tax and client liabilities.

Note 4: Capital expenditure is consistent with "Payments for property, plant and equipment", as disclosed in the audited financial statements of OzForex Pty Limited.

Note 5: The historical cash flows of the OzForex Group have been presented to net cash flows before financing activities, as dividends prior to the Offer relate to the structure of the business operated by the Existing Owners.

Note 6: Dividends in the pro forma forecast reflect the low end of the target dividend payout range (70% of NPAT) set out in Section 4.14 as applied to the pro forma NPAT of the second half of the prior period and the first half of the current period, and assumed to be paid out in that period. Statutory forecast dividends reflect the pre-IPO dividend of $25.0 million to be paid to Existing Owners on settlement of the Offer (which is reflected in FY14 and Sept-14), together with other dividends already paid to Existing Owners ($10.0 million) and the dividend intended to be paid in Sept-14 in relation to statutory NPAT for the 5 months to 31 March 2014 ($5.5 million), as set out in the dividend policy in Section 4.14.

The table below sets out the OzForex Group's pro forma forecast cash flows for 1H14 and statutory forecast cash flows for 1H14 and 1H15. Consistent with the income statement, 1H15 is prepared only on a statutory basis as no pro forma adjustments are relevant in this period. As such, pro forma 1H14 and statutory 1H15 forecasts are comparable.

$ millions	Statutory forecast 6 mths 1H14	Pro forma forecast[1] 6 mths 1H14	Statutory forecast 6 mths 1H15
Profit before tax	**12.5**	**12.8**	**17.8**
Depreciation	0.3	0.3	0.3
EBTDA	**12.8**	**13.1**	**18.1**
Non-cash items	(0.2)	(0.2)	(0.4)
Changes in working capital	0.7	0.7	0.2
Changes in provisions	(1.1)	(1.1)	(0.4)
Operating cash flow before tax and changes in client liabilities[2]	**12.2**	**12.5**	**17.5**
Changes in client liabilities	10.2	10.2	13.4
Operating cash flow before tax	**22.4**	**22.7**	**30.9**
Tax paid	(2.4)	(2.4)	(4.7)
Operating cash flow	**20.0**	**20.3**	**26.2**
Capital expenditure	(0.2)	(0.2)	(0.4)
Net cash flow before financing activities	**19.8**	**20.1**	**25.8**
Dividends[3]	(10.0)	(5.5)	(5.5)
Proceeds from issue of new shares	–	–	–
Net cash flow	**9.8**	**14.6**	**20.3**

Note 1: A reconciliation of the pro forma forecast cash flows and the statutory forecast cash flows is provided in Section 4.11.4.2. The key differences between the pro forma and statutory forecast cash flows relate to listed company costs and the post-Offer dividend policy.

Note 2: Refer to Section 4.2.5 for an explanation of operating cash flow before tax and client liabilities.

Note 3: Dividends in the pro forma 1H14 and statutory 1H15 forecasts reflect the low end of the target dividend payout range (70% of NPAT) set out in Section 4.14 as applied to the forecast NPAT of 2H13 and 2H14, and assumed to be paid out in those periods. The $10.0 million dividend in the statutory forecast for 1H14 has already been paid and relates to payments to the Existing Owners.

4.8 Management discussion and analysis of the Historical Financial Information

4.8.1 General factors affecting the operating results of the OzForex Group

This Section sets out a discussion of the key factors which affected the OzForex Group's operating and financial performance during FY11, FY12 and FY13 and which the OzForex Group expects may affect the OzForex Group's operating and financial performance over the period of the Forecast Financial Information.

The general matters discussed below are a summary only and do not represent everything that affected the OzForex Group's historical operating and financial performance, nor everything that may affect operating and financial performance in future periods. The information in this Section should also be read in conjunction with the risk factors set out in Section 5, the NPAT sensitivities set out in Section 4.12 and the other information contained in this Prospectus.

Active clients

An important driver of the OzForex Group's financial performance is the number of clients who use its international payments services. A key measure of the overall client base is "active clients", which are clients who, as of a period end, had transacted within the previous 12 months. In order to track the growth in client numbers, the OzForex Group also measures "new dealing clients", which are the subset of active clients that, as of a period end, had undertaken their first transaction during the previous 12 months.

Historically, the way clients have used the international payments service over time has reflected a relatively consistent pattern. On average, usage is highest during the first year after a client's first transaction. However, while the average number of transactions per year declines in subsequent years, transactions by existing customers have represented a consistently high proportion of the OzForex Group's net fee and commission income. Over the historical period, approximately half of net fee and commission income has been generated by clients who have been using the service for less than 12 months, while approximately half has come from the rest of the active client base.

The future growth of the business depends on continuing to attract significant numbers of new dealing clients. Some of the key drivers of new dealing client numbers include:

- the effectiveness of the OzForex Group's marketing efforts;
- customer satisfaction leading to word-of-mouth referrals;
- the ease of the registration process;
- the success of the customer service team in contacting new registrants soon after registration to explain the service and conduct know your client procedures;
- the competitiveness of the prices offered, particularly relative to banks;
- significant movements in key currency pairs; and
- the overall demand for international payment services.

Promotional costs and acquisition costs

The OzForex Group's ability to grow its client base profitably depends on cost-effective promotion of its services. The Group acquires new clients through a number of channels, which involve different costs and therefore different levels of profitability on a customer-by-customer basis. For example, the OzForex Group acquires a portion of its new dealing clients solely through word of mouth and general brand awareness or as a result of the Group's search engine optimisation (**SEO**) strategies. The only directly attributable costs for the acquisition of these clients are those associated with the on-boarding process and executing their transactions.

The OzForex Group also acquires clients through "paid" channels, such as clicking though a search engine or banner advertisement, for which it incurs an agreed fee (**SEM**). Under these arrangements, the OzForex Group generally incurs a one-off fee when the client registers, whether or not they go on to transact. The OzForex Group has taken a number of measures to reduce the percentage of registrations that do not result in a transaction, including better targeting of its advertising and refining the on-boarding process. Because the direct customer acquisition costs are paid up-front, the profit on transactions by repeat customers is generally higher than on transactions by new dealing clients and improves throughout a client's lifetime.

During FY13, approximately 55% of registrations were acquired through paid channels with the remaining approximately 45% acquired outside the paid channels.

For Branded Partnerships, the OzForex Group pays a fixed proportion of the income from each transaction to the referring partner for the lifetime of the client. As such, after three years the profitability of these clients is comparable with that of clients acquired through direct marketing channels but, subsequently the profitability for these clients remains at the same level (as transaction-specific referral fees continue to be paid) while, for clients acquired through direct marketing channels, relative profitability increases.

Transaction turnover

Transaction turnover is the value of the client deals executed during a period and is a function of the number of transactions executed and the average transaction value. This represents the total value of client transactions executed by the OzForex Group from which it generates a margin. Transaction turnover does not represent the income of the OzForex Group.

Number of transactions

The number of transactions executed is driven by the number of active clients in the period and the number of transactions per client. Both of these factors are driven by the underlying need of the client base to transact, which can be affected by a number of macro-economic factors as well as the mix of client types (i.e. consumer versus business), location and channel (i.e. the OzForex Group direct or Branded Partnerships).

Historically, during times of heightened volatility in foreign exchange markets, the volume of client deals has increased resulting in an increase in transaction turnover and therefore net fee and commission income as more clients make decisions to transact.

Average transaction value

The average transaction value has historically been affected by a number of factors including:

- movements in exchange rates between the OzForex Group's key currency pairs; and
- changes in the mix between the various geographies and client types.

The OzForex's Group's average transaction value decreased from $22,400 in FY11 to $19,200 in FY12, due to a number of factors including a strengthening in the Australian Dollar (as the Australian Dollars required to purchase the same amount of the desired foreign currency decreased) and a change in the geographic and client type mix of transactions. In FY13, average transaction value remained relatively stable, increasing marginally from $19,200 in FY12 to $19,800 in FY13, as the relative strength of the Australian Dollar remained consistent with FY12 levels.

Income mix

The OzForex Group derives income from consumer and business clients through its international payments services and through its international payment solutions, including Branded Partnerships. The average transaction value for consumer clients is smaller than for business clients and, correspondingly, the average margin on consumer transactions is higher than for business clients. On average, business clients transact more frequently than consumer clients.

The OzForex Group derives income from both its existing client base and new dealing clients. Typically, new dealing clients transact more frequently and at a higher average transaction value during their first 12 months than they do after their first 12 months.

Given the varying dynamics of these income sources, mix effects arise from period to period as certain segments of the business contribute varying proportions of total income.

Exposure to foreign exchange rates

The OzForex Group manages its global exposure to foreign exchange risk on a net basis, rather than on an individual transaction basis, clearing a position by entering into a hedging contract with counterparty banks to reduce its net exposure as it reaches a defined threshold for each currency. Exposures of the OzForex Group's portfolio are subject to movements in foreign exchange rates until cleared by entering into a hedging contract. The difference between the margins on client deals at execution and the margin recognised in the OzForex Group's financial information after attributing the financial impact of this activity is referred to as *the cost or benefit of the hedging policy*, as it can represent either an increase or decrease to income.

The Group does not speculate or take positions on the direction of foreign exchange markets to profit from the direction the market may take in the future.

New markets and Branded Partnership arrangements

Active clients have increased over the historical period as a result of continued growth in existing geographies, establishment of offices in new geographies and jurisdictions and commencement of new Branded Partnership arrangements. The key historical developments have been:

- Establishment of an office in Hong Kong in July 2011 following the successful application for a Money Service Operator licence, providing improved access to clients in Asia;
- Establishment of an office in the US in February 2012 following the successful application for a number of state licenses;
- Signing of a Branded Partnership arrangement with Travelex and the roll out of international payment services to Travelex in the UK in October 2012. The Travelex international payment services were rolled out in Australia in April 2013, and New Zealand in August 2013; and
- Signing of a Branded Partnership arrangement with MoneyGram and roll out of the MoneyGram international payment service in Australia and New Zealand in July 2013.

4.8.2 Management discussion and analysis: FY13 compared to FY12

4.8.2.1 Consolidated income statement: FY13 compared to FY12

	Historical		
$ millions	12 mths FY12	12 mths FY13	Change %
Net fee and commission income	39.6	50.3	27.0%
Net interest income	2.1	1.8	(14.3)%
Net operating income	**41.7**	**52.1**	**24.9%**
Employee costs	(12.5)	(16.7)	33.6%
Promotional costs	(5.1)	(6.8)	33.3%
Occupancy costs	(0.7)	(1.2)	71.4%
Other costs	(4.3)	(2.7)	(37.2)%
EBTDA	**19.1**	**24.7**	**29.3%**
Depreciation	(0.5)	(0.5)	–
Profit before tax	**18.6**	**24.2**	**30.1%**
Income tax expense	(5.5)	(7.1)	29.1%
Net profit after tax	**13.1**	**17.1**	**30.5%**
EBITDA	17.0	22.9	34.7%

Overview

NPAT in FY13 was $17.1 million representing an increase of $4.0 million (or 30.5%) compared to $13.1 million in FY12. During FY13, continued increases in active clients, together with relatively consistent average transaction values, drove strong growth in transaction turnover, net fee and commission income and profit.

EBTDA in FY13 was $24.7 million representing an increase of $5.6 million (or 29.3%) compared to $19.1 million in FY12.

Net fee and commission income

Net fee and commission income increased by $10.7 million (or 27.0%) to $50.3 million in FY13 compared to $39.6 million in FY12. Transaction turnover increased by $1.7 billion (or 23.0%) to $9.1 billion compared to $7.4 billion in FY12. Total transactions increased by 72,300 (or 18.6%) to 460,400 compared to 388,100 in FY12.

The average transaction value rose slightly from $19,200 in FY12 to $19,800 in FY13, which reflects low levels of volatility in the OzForex Group's key currency pairs, and a beneficial movement in the geographic and client type mix.

The increase in transaction turnover was primarily driven by an increase in active clients from 75,700 at 31 March 2012 to 91,800 at 31 March 2013. New dealing clients increased to 39,600 in FY13 compared with 34,400 in FY12, a 15.1% increase. New dealing client numbers grew across all the OzForex Group's key regions, driven by increased marketing and promotional activity.

The OzForex Group experienced a hedging policy benefit of $0.6 million in FY13 compared with hedging policy cost of $0.1 million incurred in FY12.

Net interest income

Net interest income decreased by $0.3 million (or 14.3%) in FY13 to $1.8 million as a result of lower average interest rates, despite an increase in the average level of cash.

Operating costs

Total costs in FY13 were $27.4 million, a $4.8 million (or 21.2%) increase over $22.6 million in FY12. Despite increased costs, the EBTDA margin increased from 45.8% in FY12 to 47.4% in FY13. The key cost increases related to:

- A $4.2 million increase in employment costs, associated with the addition of 51 full time equivalent employees, mainly focused on dealers and the sales, marketing and support functions. Employment costs increased from 30.0% of net operating income in FY12 to 32.1% in FY13 as the business continued its investment phase; and
- A $1.7 million increase in promotional costs, driven by the acquisition of new dealing clients and also in order to build brand awareness through increased levels of marketing activity, and to drive client registrations in the future.

These increases were partially offset by the benefit of an input GST recovery relating to previous periods and reversal of a bad debt provision which was no longer required.

Income tax

Income tax expense in FY13 was $7.1 million, representing an effective tax rate of 29.3% compared to the Australian company tax rate of 30%.

4.8.2.2 Consolidated cash flows: FY13 compared to FY12

	Historical		
$ millions	12 mths FY12	12 mths FY13	Change %
EBTDA	**19.1**	**24.7**	**29.3%**
Non-cash items	1.6	(0.3)	n/a
Changes in working capital	(0.3)	(0.4)	n/a
Changes in provisions	0.3	0.5	n/a
Operating cash flow before tax and changes in client liabilities	**20.7**	**24.5**	**18.4%**
Changes in client liabilities	(2.0)	8.8	n/a
Operating cash flow before tax	**18.7**	**33.3**	**78.1%**
Tax paid	(6.0)	(8.3)	38.3%
Operating cash flow	**12.7**	**25.0**	**96.9%**
Capital expenditure	(0.5)	(0.7)	40.0%
Net cash flow before financing activities	**12.2**	**24.3**	**99.2%**

Operating cash flow before tax and changes in client liabilities

Operating cash flow before tax and changes in client liabilities increased by $3.8 million (or 18.4%) to $24.5 million in FY13 compared to $20.7 million in FY12. This was primarily the result of a $5.6 million increase in EBTDA, partially offset by the impact of a change in non-cash items of $1.9 million, which related to a change in the unrealised fair value movements in open client contracts.

Client liabilities increased by $8.8 million during FY13 (or 16.8%) as a result of a 23.0% increase in transaction turnover between FY12 and FY13.

Capital expenditure

Capital expenditure in FY13 was $0.2 million (or 40.0%) higher than in FY12 as a result of capital expenditure in relation to the establishment of the US office. Capital expenditure related predominantly to leasehold improvements, computer equipment and software.

4.8.3 Management discussion and analysis: FY12 compared to FY11

4.8.3.1 Consolidated income statement: FY12 compared to FY11

	Historical		
$ millions	12 mths FY11	12 mths FY12	Change %
Net fee and commission income	35.0	39.6	13.1%
Net interest income	2.0	2.1	5.0%
Net operating income	**37.0**	**41.7**	**12.7%**
Employee costs	(10.2)	(12.5)	22.5%
Promotional costs	(3.0)	(5.1)	70.0%
Occupancy costs	(0.7)	(0.7)	–
Other costs	(3.7)	(4.3)	16.2%
EBTDA	**19.4**	**19.1**	**(1.5)%**
Depreciation	(0.4)	(0.5)	25.0%
Profit before tax	**19.0**	**18.6**	**(2.1)%**
Income tax expense	(5.8)	(5.5)	(5.2)%
Net profit after tax	**13.2**	**13.1**	**(0.8)%**
EBITDA	17.4	17.0	(2.3)%

Overview

NPAT in FY12 was $13.1 million representing a decrease of $0.1 million (or 0.8%) compared to $13.2 million in FY11. During FY12, the OzForex Group experienced strong growth in client and transaction numbers which was offset by lower average transaction values and the cost of investment to support expansion and growth.

EBTDA in FY12 was $19.1 million representing a decrease of $0.3 million (or 1.5%) compared to $19.4 million in FY11.

Net fee and commission income

Net fee and commission income increased by $4.6 million (or 13.1%) to $39.6 million in FY12 compared to $35.0 million in FY11. Transaction turnover increased by $0.4 billion (or 5.7%) to $7.4 billion compared to $7.0 billion in FY11. Total transactions increased by 74,400 or 23.7% to 388,100 compared to 313,700 in FY11.

The increase in transaction turnover was primarily driven by an increase in active clients from 60,500 at 31 March 2011 to 75,700 at 31 March 2012. New dealing clients increased to 34,400 in FY12 compared with 29,500 in FY11, a 16.6% increase. The increase in new dealing clients was driven by increased marketing and promotional activity in Australia and New Zealand, supported by increased headcount. The increased transaction turnover from new dealing clients was partially offset by a decrease in transaction turnover from international payment solutions as a result of reduced client activity with Business Solutions and some Branded Partnerships.

Transaction turnover was adversely impacted by a reduction in the average transaction value from $22,400 in FY11 to $19,200 in FY12 as a result of both a strengthening Australian Dollar against key currencies, and a change in geographic and client type mix. Hedging policy costs of $0.1 million in FY12 were significantly reduced as compared with hedging policy costs of $1.2 million incurred in FY11.

Net interest income

Net interest income increased by $0.1 million (or 5.0%) in FY12 to $2.1 million as a result of an 8.3% increase in the average level of cash held during FY12 compared to FY11.

Operating costs

Total costs in FY12 were $22.6 million, a $5.0 million (or 28.4%) increase compared to $17.6 million in FY11. During FY12, the OzForex Group made the strategic decision to invest in marketing and building its employee base to position it for future income and earnings growth. This investment had the effect of reducing the EBTDA margin from 52.4% in FY11 to 45.8% in FY12 as net operating income growth lagged the increase in cost base. The key cost increases related to:

- A $2.3 million increase in employment costs, associated with the addition of 17 full time equivalent employees, mainly focused on client service; and
- A $2.1 million increase in promotional costs driven by the increase in the number of registrations and new clients and additional marketing spend to build brand awareness through advertising and drive client acquisition in the future.

Income tax

Income tax expense in FY12 was $5.5 million, representing an effective tax rate of 29.6% compared to the Australian company tax rate of 30%.

4.8.3.2 Consolidated cash flows: FY12 compared to FY11

	Historical		
$ millions	12 mths FY11	12 mths FY12	Change %
EBTDA	**19.4**	**19.1**	**(1.5)%**
Non-cash items	(0.4)	1.6	n/a
Changes in working capital	0.8	(0.3)	n/a
Changes in provisions	0.6	0.3	n/a
Operating cash flow before tax and changes in client liabilities	**20.4**	**20.7**	**1.5%**
Changes in client liabilities	1.4	(2.0)	n/a
Operating cash flow before tax	**21.8**	**18.7**	**(14.2)%**
Tax paid	(5.3)	(6.0)	13.2%
Operating cash flow	**16.5**	**12.7**	**(23.0)%**
Capital expenditure	(0.5)	(0.5)	–
Net cash flow before financing activities	**16.0**	**12.2**	**(23.8)%**

Operating cash flow before tax and changes in client liabilities

Operating cash flow before tax and changes in client liabilities increased by $0.3 million (or 1.5%) to $20.7 million compared to $20.4 million in FY11. This was primarily the result of a consistent EBTDA result for FY12 compared with FY11 and a positive movement in non-cash items of $2.0 million driven by a change in unrealised fair value movements in open client positions, partially offset by changes in provisions and working capital.

The client liabilities balance at 31 March 2012 was $52.2 million, $2.0 million lower than the balance at 31 March 2011 of $54.2 million.

Capital expenditure

Capital expenditure in FY12 was in line with FY11, at $0.5 million, and related to leasehold improvements, computer equipment and software, and predominantly represented maintenance of the existing business operations. Capital expenditure in FY12 focused on the Australian and Canadian businesses.

4.9 Balance Sheet information

4.9.1 Pro Forma Historical Consolidated Balance Sheet

The table below sets out the adjustments that have been made to the historical consolidated balance sheet as at 31 March 2013 to prepare the Pro Forma Historical Consolidated Balance Sheet of the OzForex Group. The historical consolidated balance sheet was extracted from the 31 March 2013 audited financial statements of OzForex Pty Limited without adjustment. The pro forma adjustments reflect the effects of the Offer as if it had occurred on 31 March 2013.

As at 31 March 2013, $ millions	Historical	Adjustments	Pro forma[1]
Assets			
Cash and cash equivalents[2]	92.1	(2.8)	89.3
Derivative financial instruments	3.6	–	3.6
Other assets	1.0	–	1.0
Property, plant and equipment	1.0	–	1.0
Deferred income tax assets[3]	0.8	2.2	3.0
Total assets	**98.5**	**(0.6)**	**97.9**
Liabilities			
Client liabilities[4]	(60.9)	–	(60.9)
Other liabilities[5]	(2.2)	(5.6)	(7.8)
Provisions	(2.2)	–	(2.2)
Derivative financial instruments	(1.3)	–	(1.3)
Deferred income tax liabilities	(0.7)	–	(0.7)
Current tax liabilities	(0.4)	–	(0.4)
Total liabilities	**(67.7)**	**(5.6)**	**(73.3)**
Net assets	**30.8**	**(6.2)**	**24.6**
Equity			
Ordinary share capital[6]	0.4	24.0	24.4
Foreign currency translation reserve	(0.3)	–	(0.3)
Share option reserve	0.1	–	0.1
Retained earnings[7]	30.6	(30.2)	0.4
Total equity	**30.8**	**(6.2)**	**24.6**

Note 1: Accounting policies relevant to the historical consolidated balance sheet and Pro Forma Historical Consolidated Balance Sheet are set out in Appendix 1.

Note 2: Pro forma cash and cash equivalents decreases by $2.8 million as a result of the receipt of cash proceeds from the Offer ($24.0 million), offset by payment of the pre-IPO dividend ($25.0 million) and the cash costs of the Offer ($1.8 million).

Note 3: Pro forma deferred income tax assets increases by $2.2 million as a result of recognising the tax effect on $7.4 million of Offer costs.

Note 4: Given the significance of the balance, client liabilities has been separately disclosed above, whereas in the audited financial statements of OzForex Pty Limited this balance is included in Other liabilities and described as amounts 'due to brokers and customers'.

Note 5: Pro forma other liabilities increases due to $5.6 million of offer costs reflecting the recognition of the leadership listing and retention payments referred to in Section 6.3.4 and payable as described in that section.

Note 6: Pro forma ordinary share capital increases by $24.0 million as a result of the Offer.

Note 7: Pro forma retained earnings decreases by $30.2 million as a result of the pre-IPO dividend to be paid to the Existing Owners ($25.0 million) and the net after tax expensed costs of the Offer ($5.2 million).

4.9.2 Management discussion and analysis of the historical consolidated balance sheet

The historical consolidated balance sheet is presented based on the liquidity of assets and liabilities categories, as opposed to on a current and non-current basis (as permitted under Australian Accounting Standards).

Significant items include:

- Cash: of the 31 March 2013 cash position of $92.1 million, $60.9 million is either due to be paid to clients or counterparty banks. The net cash as at 31 March 2013 after offsetting client liabilities was $31.2 million, and represents cash that could be utilised by the OzForex Group at that time.
- Client liabilities: Client liabilities represents amounts owed to clients or counterparty banks in order to settle outstanding deals. These liabilities are short term in nature.
- Debt: As at 31 March 2013, the OzForex Group did not have or utilise any debt facilities. The OzForex Group does not anticipate entering into any debt arrangements during the period covered by the Forecast Financial Information. Historically, the OzForex Group has not used special purpose vehicles or similar financing arrangements. The OzForex Group does not have any off-balance sheet financing arrangements with any of its affiliates or with any unconsolidated entities.
- Lease commitments: the OzForex Group leases property under non-cancellable operating leases. As at 31 March 2013 these operating leases had total capital and other expenditure commitments of $3.7 million. Except for these property leases, the OzForex Group does not have any operating leases.

4.9.3 Pro forma adjustments made to derive the Pro Forma Historical Consolidated Balance Sheet

The pro forma adjustments made to derive the Pro Forma Historical Consolidated Balance Sheet as at 31 March 2013 are as follows:

- Gross Offer proceeds of $24.0 million, reflecting the issue of 12 million shares at a price of $2.00, were recognised within cash and share capital;
- The total Offer costs to be recognised by the OzForex Group were estimated at $7.4 million. This resulted in a $5.2 million reduction to retained earnings reflecting the net after tax cost. It is assumed that that these costs are deductible for tax purposes over five years, resulting in a deferred tax asset of $2.2 million. Other Offer costs relating to the underwriting fee and advisor costs will be incurred in SaleCo and will be borne by the Existing Owners, and therefore are not reflected in the Pro Forma Historical Consolidated Balance Sheet;
- Of the total Offer costs, $6.6 million relates to executive transaction bonuses of $1.0 million paid before the Offer (and included in the cash costs of the Offer of $1.8 million) and $5.6 million of which will be paid in the manner referred to in Section 6.3.4 and results in the recognition of a liability on the Pro Forma Historical Consolidated Balance Sheet. As these costs are deferred, at the time of the listing these costs are non-cash; and
- The payment of a pre-IPO dividend of $25.0 million, prior to the Offer, recognised as a reduction to cash and retained earnings.

The Pro Forma Historical Consolidated Balance Sheet is provided for illustrative purposes and is not represented as being necessarily indicative of the OzForex Group's view on its future financial position.

The Directors believe that the OzForex Group will have sufficient working capital to carry out its stated objectives in the forecast period to 30 September 2014.

4.10 Sources of liquidity

The OzForex Group's principal source of funds is cash flows from operations. The OzForex Group benefits from funds received from clients in advance of settling the client trade (recognised in cash but offset by a client liability). The OzForex Group is free to use this cash in the business, but it is typically short term in nature, with settlement generally occurring the day after the client funds are received.

The OzForex Group had pro forma cash and cash equivalents of $89.3 million as at 31 March 2013, offset by client liabilities of $60.9 million.

Operations do not require significant capital expenditure. Costs to develop software systems have been expensed historically and the forecasts have been prepared assuming future development expenditure is expensed as incurred.

The OzForex Group's historical and forecast cash flows are set out in Section 4.7.

4.11 Forecast Financial Information

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, the OzForex Group has undertaken an analysis of historical performance and applied assumptions where appropriate across each of the geographic and service-offering segments. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.12, the risk factors set out in Section 5 and the Investigating Accountant's Reports set out in Section 8.

4.11.1 Specific assumptions

The basis of the specific assumptions that have been used in the preparation of the Forecast Financial Information is set out below.

4.11.1.1 Net operating income assumptions

The Forecast Financial Information is based on the following key net operating income assumptions:

- Active clients: is based on the number of existing clients at the start of a period, the proportion of those existing clients that are expected to transact during the period and the expected number of new dealing clients. The proportion of existing clients that are expected to transact during a period is based on historical experience and allows for a level of client attrition over time. The OzForex Group expects that an increase in new dealing clients, resulting in an increased number of transactions, will be the main driver of the increase in EBTDA over the forecast period. The number of new dealing clients is assumed to grow in each geography and for each client type at rates similar to those achieved in FY13 and in the first quarter of FY14, with consideration of the full year effect of services that commenced part way through FY13. For newer geographies or recently commenced new Branded Partnership arrangements such as Travelex and MoneyGram, growth rates have been assumed to be consistent with those of similar existing services of the OzForex Group. No significant new services or geographies are assumed to be launched within the periods covered by the Forecast Financial Information.
- Number of transactions: is a function of the number of active clients and the number of transactions per active client. The assumed number of transactions per active client is based on historical averages for the different client types in the respective geographies in which the OzForex Group operates. Transactions per active client is assumed to remain in line with the level achieved during FY13.
- Transaction turnover: is a function of the number of transactions and the average transaction value. Average transaction values are based on transactions in FY12 and FY13 for the different client types in the respective geographies in which the OzForex Group operates. Average transaction values are assumed to be consistent.
- Transaction costs: is based on the historical cost per transaction and the relevant referral fee arrangements for each referral partner.
- Hedging policy cost/benefit: is based on historical averages. During FY13 the OzForex Group benefited from a favourable hedging policy impact but is assuming a hedging policy cost of 0.65% of pre-hedging income in the forecast period.

4.11.1.2 Cost assumptions

The Forecast Financial Information is based on the following key cost assumptions:

- Employee costs: employee costs assume average annual salary increases of 4% in FY14 and 5% in the six months to September 2014. Employee numbers are expected to rise by approximately 30% between 31 March 2013 and 30 September 2014 based on the increased operational requirements of the business as it grows over the forecast period;
- Promotional costs: are based on the forecast level of registrations by acquisition channel and an assumed cost per acquisition for each channel and for each region. Promotional costs are forecast to increase in FY14 based on forecast registrations and a cost per acquisition consistent with FY13, and in the six months to 30 September 2014 an assumed 3% increase in the cost per acquisition is included and applied to increased registrations assumed. The assumed mix between paid and unpaid registrations is assumed to be substantially consistent with FY13;
- Occupancy costs: the forecast assumes a continuation of current lease arrangements;
- Depreciation: is calculated by reference to the written down value of fixed assets at the start of the forecast period, forecast capital expenditure and the depreciation policy as set out in Appendix 1;

- Tax expense: assumes a 30% effective tax rate; and
- Other costs: are forecast to increase in line with the growth in net operating income and also includes annual public company costs of $2.0 million in each pro forma forecast period for expected increases in the cost of corporate functions, Board costs and associated listing fees.

Refer to Section 4.11.3.1 for specific assumptions regarding the statutory forecasts.

4.11.2 General assumptions

In preparing the Forecast Financial Information, the following general best estimate assumptions have been adopted:

- No material change in the competitive environment in which the OzForex Group operates;
- No significant deviation from current market expectations of global or Australian economic conditions relevant to the OzForex Group;
- No significant foreign exchange volatility;
- No material changes in any government legislation or regulation (including tax legislation), or government policy that have a material impact on the financial performance or cash flows, financial position, accounting policies, or licensing requirements of the OzForex Group, or its ability to earn income from clients including in jurisdictions where it is not licensed and does not actively market;
- No significant interruptions are experienced in relation to the technology, platform or websites utilised by the OzForex Group;
- No material changes in key personnel;
- No termination of or material amendments to any of the OzForex Group's key contracts, specifically including Branded Partnership arrangements such as those with Travelex, MoneyGram, ING Direct and Macquarie;
- No termination of or material amendments to any of the OzForex Group's key counterparty banks relationships;
- No material changes in applicable Australian Accounting Standards, other mandatory professional reporting requirements or the Corporations Act which have a material effect on the OzForex Group's financial performance, financial position or accounting policies;
- No material acquisitions, disposals, restructuring or investments;
- No material changes to the OzForex Group's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- No material disruptions to the continuity of operations of the OzForex Group nor other material changes in its business;
- None of the risks listed in Section 5 have a material adverse impact on the operations of the OzForex Group; and
- The Offer proceeds in accordance with the timetable set out in Important Dates on page 4 of this Prospectus.

4.11.3 Statutory Forecast Financial Information

The statutory forecast financial information is based on the same specific and general best estimate assumptions as those underlying the pro forma forecast financial information as set out in the sections above, with the exception of the specific assumptions set out below.

4.11.3.1 Specific assumptions for statutory forecast financial information

Listed company costs

Listed company costs are assumed to be incurred from 1 October 2013. Therefore the statutory forecast financial information for:

- Sept-13 and 1H14 do not include any listed company costs;
- FY14 includes $1.0 million of listed company costs, representing the six months of the period during which such costs are expected to be incurred;
- Sept-14 includes $2.0 million of listed company costs, representing a full year of costs; and
- 1H15 includes $1.0 million of listed company costs, representing six months of costs.

One-off Offer costs

$1.3 million of Offer costs will be recognised by the OzForex Group prior to 30 September 2013 and are therefore reflected in the statutory forecast financial information for Sept-13, 1H14 and FY14. A further $6.1 million of Offer costs will be recognised by the OzForex Group at Completion of the Offer and are therefore reflected in the statutory forecast financial information for FY14 and Sept-14.

4.11.4 Pro forma adjustments to pro forma forecast financial information

The tables below set out the pro forma adjustments made to the pro forma forecast financial information for Sept-13, 1H14, FY14 and Sept-14. No reconciliation for 1H15 is provided as only statutory forecast financial information is disclosed in respect of this period.

4.11.4.1 Income statement reconciliations

Pro forma adjustments to the statutory forecast income statement for Sept-13

$ millions	EBTDA	NPAT
Statutory forecast for 12 mths Sept-13	**25.3**	**17.4**
One-off Offer costs expensed[1]	1.3	0.9
Listed company costs[2]	(2.0)	(1.4)
Other	(0.1)	(0.1)
Pro forma forecast for 12 mths Sept-13	**24.5**	**16.8**

Pro forma adjustments to the statutory forecast income statement for 1H14

$ millions	EBTDA	NPAT
Statutory forecast for 6 mths 1H14	**12.8**	**8.7**
One-off Offer costs expensed[1]	1.3	0.9
Listed company costs[2]	(1.0)	(0.7)
Other	–	0.1
Pro forma forecast for 6 mths 1H14	**13.1**	**9.0**

Pro forma adjustments to the statutory forecast income statement for FY14

$ millions	EBTDA	NPAT
Statutory forecast for 12 mths FY14	**20.7**	**14.1**
One-off Offer costs expensed[1]	7.4	5.2
Listed company costs[2]	(1.0)	(0.7)
Other	0.1	–
Pro forma forecast for 12 mths FY14	**27.2**	**18.6**

Pro forma adjustments to the statutory forecast income statement for Sept-14

$ millions	EBTDA	NPAT
Statutory forecast for 12 mths Sept-14	**26.0**	**17.8**
One-off Offer costs expensed[1]	6.1	4.3
Pro forma forecast for 12 mths Sept-14	**32.1**	**22.1**

Note 1: One-off Offer costs expensed – the statutory forecasts include the expensed costs of the Offer.

Note 2: Listed company costs – the statutory forecasts will include listed company costs from 1 October 2013. Additional annual listed company costs of $2.0 million have been added to the pro forma trading results as if these costs were incurred in full in each pro forma forecast period.

4.11.4.2 Cash flow reconciliations

Pro forma adjustments to the forecast net cash flow

$ millions	12 mths Sept-13	6 mths 1H14	12 mths FY14	12 mths Sept-14
Statutory forecast net cash flow	**11.3**	**9.8**	**30.7**	**41.3**
One-off cash Offer costs[1]	1.3	1.3	1.8	0.5
Listed company costs[2]	(2.0)	(1.0)	(1.0)	–
Cash tax impacts[3]	0.4	–	–	(0.3)
Proceeds from the issuance of shares[4]	–	–	(24.0)	(24.0)
Pre-IPO dividend[5]	–	–	25.0	25.0
Dividends paid[6]	10.5	4.5	(1.7)	(7.5)
Other	(0.1)	–	0.1	–
Pro forma forecast net cash flow	**21.4**	**14.6**	**30.9**	**35.0**

Note 1: One-off cash Offer costs – the statutory cash flows for Sept-13, 1H14, FY14 and Sept-14 include cash costs of the Offer

Note 2: Listed company costs – the statutory trading cash flows include listed company costs from 1 October 2013. Additional listed company costs have been added to the pro forma cash flows as if these were incurred in full in each pro forma forecast period.

Note 3: Cash tax impacts – the tax effect of the one-off costs of the Offer and the listed company costs result in different cash tax paid under the statutory and pro forma forecasts.

Note 4: Proceeds from the issuance of shares – the proceeds received in OzForex Group Limited in relation to the Offer are recognised in the statutory cash flows but not in the pro forma cash flows.

Note 5: Pre-IPO dividend – the payment of the pre-IPO dividend will occur on Completion of the Offer and is reflected in the statutory cash flows, but not the pro forma cash flows.

Note 6: Dividends paid – the statutory cash flows reflect the actual dividends paid and expected to be paid in respect of each period, while the pro forma forecasts reflect the low end of the target dividend payout range (70% of NPAT) set out in Section 4.5 as applied to the forecast NPAT of the second half of the prior period and the first half of the current period, and assumed to be paid out in that period.

4.11.5 Management discussion and analysis: FY14 compared to FY13

4.11.5.1 Consolidated income statement: FY14 compared to FY13

$ millions	Historical 12 mths FY13	Pro forma forecast 12 mths FY14	Change %
Net fee and commission income	50.3	66.9	33.0%
Net interest income	1.8	1.4	(22.2)%
Net operating income	**52.1**	**68.3**	**31.1%**
Employee costs	(16.7)	(23.3)	39.5%
Promotional costs	(6.8)	(9.6)	41.2%
Occupancy costs	(1.2)	(1.5)	25.0%
Other costs	(2.7)	(6.7)	148.1%
EBTDA	**24.7**	**27.2**	**10.1%**
Depreciation	(0.5)	(0.6)	20.0%
Profit before tax	**24.2**	**26.6**	**9.9%**
Income tax expense	(7.1)	(8.0)	12.7%
Net profit after tax	**17.1**	**18.6**	**8.8%**
EBITDA	22.9	25.8	12.7%

Net fee and commission income

Net fee and commission income is forecast to increase by $16.6 million (or 33.0%) to $66.9 million in FY14 compared to $50.3 million in FY13 as a result of an increase in total transactions of approximately 150,800 or 32.8% to approximately 611,200 in FY14 from 460,400 in FY13.

- Transaction turnover is forecast to increase by $3.5 billion (or 38.5%) to $12.6 billion compared to $9.1 billion in FY13. The increase in transaction turnover is expected to be driven primarily by an increase in active clients from 91,800 at 31 March 2013 to approximately 123,000 at 31 March 2014. New dealing clients, which are a subset of active clients are forecast to increase to approximately 61,500 in FY14 compared with 39,600 in FY13, primarily from:
  - in Australia and New Zealand, an increased focus on marketing by the new business to business team and the expanded of the sales and marketing team, driving an increase in new dealing clients from 21,700 in FY13 to approximately 29,900 in FY14;
  - in North America, penetration of the U.S. market following the establishment of the U.S. office during FY13 and the granting of a further six state licenses in that financial year (taking the total number of states in which the OzForex Group can market in to 30 including four where no license is required), driving an increase in new dealing clients from 4,000 in FY13 to approximately 7,100 in FY14; and
  - in International Payment Solutions, the expected ramp up in the Travelex Branded Partnership arrangement in the UK reflecting a full year impact of this arrangement, with the impact of the Travelex Australia roll out in April 2013 also contributing additional FY14 new dealing clients. Travelex UK was in operation for 6 months in FY13. The Travelex Branded Partnership in New Zealand commenced in August 2013 and a Branded Partnership arrangement with MoneyGram launched in July 2013 which are both expected to contribute additional new dealing client growth. Together these factors drive a forecast increase in new dealing clients for international payment solutions from 3,900 in FY13 to approximately 11,400 in FY14.
- A consistent number of transactions per client and an increase in the average transaction value driven by a weakening of the Australian Dollar experienced during the first three months of FY14; and
- Hedging policy cost of $1.0 million is expected in FY14 compared with a hedging policy benefit of $0.6 million in FY13.

Net interest income

Net interest income is forecast to decrease by $0.4 million (or 22.2%) in FY14 as a result of the reduction in Australian interest rates during FY13 and the first quarter of FY14, partially offset by a forecast increase in the average level of cash held during FY14 compared to FY13.

Operating costs

During FY14, the OzForex Group intends to continue its strategy to attract new consumer and business clients by expanding its marketing activities and building its employee base to position the Group for income and earnings growth. Operating costs are forecast to increase by $13.7 million (50.0%). The forecast increase in operating costs is mainly attributable to:

- a $6.6 million increase in employment costs, associated with the addition of 29 full time equivalent employees, mainly focused on settlements, sales and marketing to support growth in the number of transactions;
- a $2.8 million increase in promotional costs, to drive growth in the number of new dealing clients;
- the non-recurrence of the benefit in FY13 of the input GST recovery and reversal of a bad debt provision no longer required; and
- $2.0 million of incremental costs related to ongoing listed company costs, which were not incurred in FY13.

The increase in operating costs is forecast to suppress the forecast EBTDA margin in FY14 (39.8% compared with 47.4% in FY13) given the level of business investment and the addition of listed company costs.

4.11.5.2 Consolidated cash flows: FY14 compared to FY13

$ millions	Historical 12 mths FY13	Pro forma forecast 12 mths FY14	Change %
EBTDA	**24.7**	**27.2**	**10.1%**
Non-cash items	(0.3)	(0.7)	n/a
Changes in working capital	(0.4)	0.9	n/a
Changes in provisions	0.5	(0.2)	n/a
Operating cash flow before tax and changes in client liabilities	**24.5**	**27.2**	**11.0%**
Changes in client liabilities	8.8	22.4	n/a
Operating cash flow before tax	**33.3**	**49.6**	**48.9%**
Tax paid	(8.3)	(6.4)	(22.9)%
Operating cash flow	**25.0**	**43.2**	**72.8%**
Capital expenditure	(0.7)	(0.6)	(14.3)%
Net cash flow before financing activities	**24.3**	**42.6**	**75.3%**
Dividends paid		(11.7)	n/a
Proceeds from the issue of new shares		–	n/a
Net cash flow		**30.9**	**n/a**

Operating cash flow before tax and changes in client liabilities

Operating cash flow before tax and changes in client liabilities is forecast to increase by 11.0%, reflecting the forecast growth in EBTDA of 10.1% between FY13 and FY14, as a result of the factors set out in Section 4.11.6.1.

Changes in client liabilities

As a result of a forecast 38.5% increase in transaction turnover between FY13 and FY14, client liabilities are forecast to increase by $22.4 million during FY14. The cash associated with client liabilities is short term in nature, as client transactions are typically settled by the OzForex Group within a few days of receipt of client funds.

Capital expenditure

Forecast capital expenditure in FY14 of $0.6 million reflects an expected 14.3% reduction over FY13 due to the capital expenditure incurred in relation to the establishment of the US office in FY13. Forecast capital expenditure relates to maintenance and includes expenditure on leasehold improvements, computer equipment and software.

Dividends paid

Forecast dividends paid for FY14 reflect the low end of the target dividend payout range (70% of statutory NPAT) as set out in Section 4.14 as applied to the pro forma forecast NPAT for 2H13 and 1H14, which are assumed to be paid in the FY14 period.

4.11.6 Management discussion and analysis: Sept-14 compared to Sept-13

4.11.6.1 Consolidated income statement: Sept-14 compared to Sept-13

	Pro forma forecast		
$ millions	12 mths Sept-13	12 mths Sept-14	Change %
Net fee and commission income	59.0	75.6	28.1%
Net interest income	1.4	1.6	14.3%
Net operating income	**60.4**	**77.2**	**27.8%**
Employee costs	(20.2)	(26.0)	28.7%
Promotional costs	(8.6)	(10.5)	22.1%
Occupancy costs	(1.4)	(1.5)	7.1%
Other costs	(5.7)	(7.1)	24.6%
EBTDA	**24.5**	**32.1**	**31.0%**
Depreciation	(0.5)	(0.6)	20.0%
Profit before tax	**24.0**	**31.5**	**31.2%**
Income tax expense	(7.2)	(9.4)	30.6%
Net profit after tax	**16.8**	**22.1**	**31.5%**
EBITDA	23.1	30.5	32.0%

Net fee and commission income

Net fee and commission income is forecast to increase by $16.6 million (or 28.1%) to $75.6 million in Sept-14 compared to $59.0 million in Sept-13 as a result of an increase in total transactions of approximately 179,700 (or 34.1%) to approximately 706,200 in Sept-14 from 526,500 in Sept-13.

Transaction turnover is forecast to increase by $3.0 billion (or 27.0%) to $14.1 billion compared to $11.1 billion in Sept-13. The increase in transaction turnover is expected to be primarily driven by an increase in active clients from approximately 106,200 at 30 September 2013 to approximately 139,600 at 30 September 2014.

New dealing clients are expected to increase to approximately 70,000 in Sept-14 compared with approximately 49,600 in Sept-13, primarily as a result of continued growth in Australia and New Zealand, growth in North America from recently-granted licenses and continued growth in the Travelex Branded Partnership. Sept-14 reflects the full year impact of the Travelex Branded Partnership arrangements launched in the UK and Australia.

Hedging policy cost of $0.5 million is assumed in Sept-14 compared with a hedging policy benefit of $0.1 million in Sept-13.

Net interest income

Net interest income is forecast to increase by 14.3% in Sept-14 as a result of an increase in the average level of cash held during Sept-14 compared to Sept-13.

Operating costs

Operating costs are forecast to increase by $9.2 million (or 25.6%) to $45.1 million in Sept-14 compared to $35.9 million in Sept-13. The forecast increase in operating costs is mainly attributable to:

- A $5.8 million increase in employment costs associated with the addition of 35 full time equivalent employees. These employees are mainly focused on settlements, sales and marketing to support growth in the number of transactions;
- A $1.9 million increase in promotional costs, to drive growth in the number of new dealing clients; and
- The non-recurrence in Sept-14 of the benefit of a reversal of a bad debt provision in Sept-13.

The EBTDA margin is forecast to increase from 40.6% in Sept-13 to 41.6% in Sept-14.

4.11.6.2 Consolidated cash flows: Sept-14 compared to Sept-13

	Pro forma forecast		
$ millions	12 mths Sept-13	12 mths Sept-14	Change %
EBTDA	**24.5**	**32.1**	**31.0%**
Non-cash items	(0.2)	(0.9)	n/a
Changes in working capital	0.2	0.4	n/a
Changes in provisions	(0.4)	0.5	n/a
Operating cash flow before tax and changes in client liabilities	**24.1**	**32.1**	**33.2%**
Changes in client liabilities	14.6	25.7	n/a
Operating cash flow before tax	**38.7**	**57.8**	**49.4%**
Tax paid	(5.4)	(9.0)	66.7%
Operating cash flow	**33.3**	**48.8**	**46.5%**
Capital expenditure	(0.4)	(0.8)	100.0%
Net cash flow before financing activities	**32.9**	**48.0**	**45.9%**
Dividends paid	(11.5)	(13.0)	13.0%
Proceeds from the issue of new shares	–	–	n/a
Net cash flow	**21.4**	**35.0**	**63.6%**

Operating cash flow before tax and changes in client liabilities

Operating cash flow before tax and changes in client liabilities is forecast to increase by 33.2%, reflecting the growth in EBTDA of 31.0% between Sept-13 and Sept-14, as a result of the factors set out in Section 4.11.7.1.

Changes in client liabilities

As a result of a forecast 27.0% increase in transaction turnover between Sept-13 and Sept-14, client liabilities are forecast to increase by $25.7 million during Sept-14 (or 36.0%). The cash associated with client liabilities is short term in nature, as client transactions are typically settled by the OzForex within a few days of receipt of client funds.

Capital expenditure

Forecast capital expenditure in Sept-14 of $0.8 million reflects a 100.0% increase over Sept-13 due to the phasing of capital expenditure during FY14.

Dividends paid

Forecast dividends paid for Sept-14 reflect the low end of the target dividend payout range (70% of statutory NPAT) as set out in Section 4.14 as applied to the pro forma forecast NPAT for FY14, and which are assumed to be paid in the Sept-14 period.

4.11.7 Management discussion and analysis: 1H15 compared to 1H14

4.11.7.1 Consolidated income statement: 1H15 compared to 1H14

$ millions	Pro forma forecast 6 mths 1H14	Statutory forecast 6 mths 1H15	Change %
Net fee and commission income	32.5	41.3	27.1%
Net interest income	0.7	0.8	14.3%
Net operating income	**33.2**	**42.1**	**26.8%**
Employee costs	(11.3)	(14.0)	23.9%
Promotional costs	(4.7)	(5.7)	21.3%
Occupancy costs	(0.7)	(0.7)	–
Other costs	(3.4)	(3.6)	5.9%
EBTDA	**13.1**	**18.1**	**38.2%**
Depreciation	(0.3)	(0.3)	–
Profit before tax	**12.8**	**17.8**	**39.1%**
Income tax expense	(3.8)	(5.4)	42.1%
Net profit after tax	**9.0**	**12.4**	**37.8%**
EBITDA	12.4	17.3	39.5%

Net fee and commission income

Net fee and commission income is forecast to increase by $8.8 million (or 27.1%) to $41.3 million in 1H15 compared to $32.5 million in 1H14 as a result of an increase in total transactions of approximately 95,000 (or 32.7%) to approximately 385,700 in 1H15 from 290,700 in 1H14.

Transaction turnover is forecast to increase by $1.5 billion (or 24.2%) to $7.7 billion compared to $6.2 billion in 1H14. The increase in transaction turnover is forecast to be primarily driven by an increase in active clients from approximately 106,200 at 30 September 2013 to approximately 139,600 at 30 September 2014. New dealing clients are expected to increase to approximately 37,300 in 1H15 compared with approximately 28,800 in 1H14, a 29.5% increase primarily as a result of continued growth in Australia and New Zealand, growth in North America from recently-granted licenses and continued growth in the Travelex Branded Partnership.

Hedging policy cost of $0.3 million is assumed in 1H15 compared with a hedging policy cost of $0.7 million in 1H14.

Net interest income

Net interest income is forecast to increase by $0.1 million (or 14.3%) as a result of an increase in the average level of cash in 1H15 compared to 1H14.

Operating costs

Operating costs are forecast to increase by $3.9 million (or 19.4%) from $20.1 million in 1H14 to $24.0 million in 1H15. Forecast growth in operating costs of 19.4% is below forecast growth in net operating income of 26.8%, as the operational leverage achieved in earlier periods is assumed to return as the OzForex Group starts to improve scale and profitability during 1H15 in parts of North America and the active customer base increases.

4.11.7.2 Consolidated cash flows: 1H15 compared to 1H14

$ millions	Pro forma forecast 6 mths 1H14	Statutory forecast 6 mths 1H15	Change %
EBTDA	**13.1**	**18.1**	**38.2%**
Non-cash items	(0.2)	(0.4)	n/a
Changes in working capital	0.7	0.2	n/a
Changes in provisions	(1.1)	(0.4)	n/a
Operating cash flow before tax and changes in client liabilities	**12.5**	**17.5**	**40.0%**
Changes in client liabilities	10.2	13.4	n/a
Operating cash flow before tax	**22.7**	**30.9**	**36.1%**
Tax paid	(2.4)	(4.7)	95.8%
Operating cash flow	**20.3**	**26.2**	**29.1%**
Capital expenditure	(0.2)	(0.4)	100.0%
Net cash flow before financing activities	**20.1**	**25.8**	**28.4%**
Dividends paid	(5.5)	(5.5)	–
Proceeds from the issue of new shares	–	–	n/a
Net cash flow	**14.6**	**20.3**	**39.0%**

Operating cash flow before tax and changes in client liabilities

Operating cash flow before tax and changes in client liabilities is forecast to increase by 40.0%, reflecting the growth in EBTDA of 38.2% between 1H14 and 1H15, as a result of the factors set out in Section 4.11.7.1.

Changes in client liabilities

Client liabilities is forecast to increase in line with the increase in transaction turnover during 1H15.

Capital expenditure

Forecast capital expenditure in 1H15 of $0.4 million reflects a 100.0% increase over 1H14 due to the phasing of capital expenditure assumed during FY14.

Dividends paid

Forecast dividends paid in 1H15 reflect the lower end of the target dividend payout policy (70%) as set out in Section 4.14 as applied to the statutory forecast NPAT for the five months ending 31 March 2014, which is expected to be paid in June 2014. Dividends relating to the 1H15 period are assumed to be paid after the end of the period.

4.12 Sensitivity Analysis of Forecast Financial Information

The Forecast Financial Information included in Sections 4.3 and 4.7 is based on a number of estimates and assumptions as described in Section 4.11.1 and Section 4.11.2. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the OzForex Group, its Directors and Management, and upon assumptions with respect to future business decisions, which are subject to change.

Set out below is a summary of the sensitivity of the Forecast Financial Information to changes in a number of key variables. The changes in the key variables set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown, and these variances may be substantial.

For the purposes of the analysis below, each sensitivity is presented in terms of the impact on each of Sept-13 pro forma NPAT ($16.8 million), FY14 pro forma NPAT ($18.6 million) and Sept-14 pro forma NPAT ($22.1 million).

Table of sensitivity analysis of Forecast Financial Information (NPAT)

		Pro forma forecast		
Assumption, $ millions	Variance	12 mths Sept-13	12 mths FY14	12 mths Sept-14
New dealing clients	+/– 5.0%	+/– 0.1	+/– 0.5	+/– 1.0
Active existing clients	+/– 5.0%	+/– 0.3	+/– 0.5	+/– 1.2
Transaction turnover	+/– 5.0%	+/– 0.5	+/– 1.6	+/– 2.4
Acquisition cost per registration	+/– 5.0%	+/– 0.4	+/– 0.5	+/– 0.5

New dealing clients and active existing clients comprise the two components of the OzForex Group active client base:

- *New dealing clients sensitivity* calculates the impact of changing the number of new dealing clients; and
- *Active existing clients sensitivity* calculates the impact of changing the number of active existing clients excluding new dealing clients, reflecting a scenario of a higher/lower attrition rate of existing clients.

Transaction turnover sensitivity considers two of the three key components of transaction turnover, being average deal size and deals per active client, with the final component, the number of active clients held constant in this sensitivity. The average deal size can be impacted by a number of factors, including the geographic and client type mix and movements in key currency exchange rates. For example, the average deal size could be lower/higher if the Australian Dollar strengthens/weakens against the US Dollar and other key currencies. However, the effects of currency movements are complex and this cannot be isolated as a specific sensitivity. Deals per active client can be influenced by a range of factors, including macro-economic factors as well as client-specific circumstances. For example an increase/decrease in the level of demand for imports may result in a rise/fall in the number of deals per active client.

Acquisition cost per registration sensitivity calculates the impact of a change in promotional costs. For example promotional costs could be higher/lower if there is increased/decreased competition for key search words or a higher/lower proportion of paid versus free registrations or higher/lower registration in geographies with a higher relative cost per acquisition.

Care should be taken in interpreting each sensitivity. The estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions, in order to illustrate the likely impact on the Forecast Financial Information. In practice, changes in assumptions may offset each other or alternatively may occur simultaneously or compound each other. While it is likely that management would respond to any adverse change in one item to seek to minimise the net effect on the OzForex Group's results and cash flows, this may not be possible.

4.13 Earnings Per Share

The table below sets out an overview of the OzForex Group's Earnings Per Share (**EPS**) metrics, based on the Forecast Financial Information.

	Pro forma forecast		
EPS	12 mths Sept-13	12 mths FY14	12 mths Sept-14
cents per share	7.0	7.8	9.2

4.14 Dividend Policy

The payment of a dividend by OzForex Group Limited is at the discretion of the Directors and will be a function of a number of factors, including the general business environment, the operating results, cash flows and the financial condition of the OzForex Group, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the OzForex Group, and any other factors the Directors may consider relevant.

The Directors intend to target a payout ratio of between 70% and 80% of statutory NPAT, however the level of payout ratio is expected to vary between periods depending on the factors above. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend.

It is the current intention of the Board to pay interim dividends in respect of half years ending 30 September and final dividends in respect of full years ending 31 March each year. It is anticipated that interim dividends will be paid in December and final dividends will be paid in June following the relevant financial period. It is expected that all future dividends will be franked to the maximum extent possible.

It is the Board's current intention to pay a final dividend for FY14 in respect of the five months ending 31 March 2014 and an interim dividend for 1H15 in respect of the six months ending 30 September 2014. Subject to the forecasts being achieved, the target dividend payout ratio of 70-80% and other relevant factors including those described above, the aggregate of these dividends for the 11 month period ending 30 September 2014 is expected to be 5.9 – 6.8 cents per Share, fully franked.

SECTION 5 Risks

This Section describes potential risks associated with the OzForex Group's business. It does not list every risk that may be associated with the Group, and the occurrence or consequences of some of the risks described in this Section are partially or completely outside the control of the Group, its Directors and senior management.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact if it did occur. This assessment is based on the knowledge of the Directors as at the Prospectus Date. There is no guarantee or assurance that the risks will not change or that other risks will not emerge.

There can be no guarantee that the Group will deliver on its business strategy, or that the Forecasts or any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Group and whether it is a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

5.1 Risks specific to an investment in the OzForex Group

5.1.1 The OzForex Group faces significant competition

The international payments market is highly competitive. Many existing providers either compete directly with the Group or provide services that are potential substitutes for the Group's services. The major existing competitors of the Group include banks, money transfer organisations and other international payments specialists. New competitors, services and business models that compete with the Group are likely to arise in the future. Many of these existing and potential competitors have substantially more resources than the Group.

There is a risk that an existing or potential competitor:

- allocates significantly more resources to competing in the international payments market, including resources devoted to marketing, developing technology and/or client service;
- develops a lower cost or more effective business model, for example by developing or acquiring a more sophisticated technology platform or service delivery method;
- responds to changes to regulations, new technologies or changes in client requirements faster and more effectively than the Group; or
- develops new services that compete more directly with the Group than their current services.

There is also a risk that they may also accept lower returns from their international payments businesses in order to offer more competitive pricing, as referred to in Section 5.1.2.

A substantial increase in competition for any of these reasons could result in the Group's services becoming less attractive to consumer or business clients and partner companies; require the Group to increase its marketing or capital expenditure; or require the Group to lower its spreads or alter other aspects of its business model to remain competitive, any of which could materially adversely affect the Group's profitability and financial condition.

5.1.2 The OzForex Group's competitors may lower their pricing to compete with the Group

A key aspect of the Group's business model and competitive advantage is its ability to offer many clients more attractive exchange rates and transaction fees than they regularly receive from competitors such as many major banks. Competitors could potentially lower their spreads and transaction fees to compete with the Group. There is a risk that a reduction in spreads and transaction fees by competitors could result in a reduction in, or slowing in the growth of, the Group's transaction turnover, a reduction in margins, increased sales and marketing expense or a failure to capture or reduction in market share. Any of these outcomes could materially impact the Group's income and earnings.

5.1.3 The OzForex Group banks may terminate their relationship with The OzForex Group or cease to provide the same services or services on the same terms

The Group relies on banks to conduct its business, particularly to provide its network of local and global bank accounts and act as counterparties in the management of foreign exchange and interest rate risk. The Group currently chooses to enter into counterparty hedging contracts with Barclays for approximately two-thirds of its total counterparty bank turnover. There is a risk that one or more of these banks may cease to deal with the Group (which may occur on short notice), cease to deal with international payments services generally, substantially reduce the services it offers, substantially alter the terms on which it is willing to offer services to the Group, exit one or more of the markets for which the Group uses its services, or collapse. This has occurred in the past and may occur again in the future.

Banks may also cease to offer services to the Group because they view the Group as a competitor. This risk may increase as the Group grows in size. Further, banks may cease to provide services to the Group because they believe the Group's compliance framework is inadequate or disagree with the Group's interpretation of procedures required to comply with applicable regulations. In particular, because the Group's counterparty banks are at risk if the Group's compliance procedures are inadequate with regard to issues such as money laundering and financing of terrorism and sanctions compliance, a failure of the Group's procedures may result in one or more banks terminating their relationship with the Group. Similarly, if other banks have significant issues in the international payments market, banks may decide to cease servicing the industry altogether.

The loss of a significant banking relationship, or the loss of a number of banking relationships at the same time, could prevent or restrict the OzForex Group's ability to offer international payment services in certain jurisdictions, increase operating costs for the Group, increase time taken to execute and settle transactions and reduce the Group's ability to internally net out transactions, all of which could materially impact profitability.

In addition, there is a risk that a loss or reduction in the services provided by the Group's banks could restrict its ability to actively manage its foreign exchange and interest rate risks in certain jurisdictions. As a result, the Group may have to increase the level of foreign exchange and interest rate exposure within existing operations, reduce or withdraw certain services it offers to clients or change its business model to reduce the level of risk within the business to acceptable levels, all of which could also materially impact profitability. See Section 3.4.5.3 for more information on counterparty bank liquidity risk.

5.1.4 The OzForex Group may fail to comply with laws or government regulations or the cost of complying with regulations may become economically unviable

The international payments market is a highly regulated area of economic activity around the world. Regulations applicable to those operating in the market for international payments include financial services regulations, regulation relating to money laundering and financing of terrorism, sanctions laws and other regulations described in Section 3.6. There is a risk that the OzForex Group may fail to comply with these laws or government regulations.

The Group devotes significant resources to complying with applicable regulations. Regulations are often changing, for example new rules regarding electronic remittance services under the US Dodd-Frank Act and the Financial Markets Conduct Bill in New Zealand will soon be implemented. Both are described in Section 3.6.1.3. There is a risk that any new or changed regulations could require the Group to increase its spending on regulatory compliance and/or change its business practices, which could adversely affect the Group's profitability. There is a risk that such regulations could also make it uneconomic for the Group to continue to operate in places that it currently does business.

Any breach of law could have significant consequences for the Group. Potential consequences include:

- loss of licences or denial of pending licences;
- significantly increased compliance costs;
- being forced to cease doing business in certain geographies;
- being forced to change business practices;
- criminal and civil lawsuits;
- increase complexity for new client registrations;
- increase verification of clients;
- forfeiture of significant assets;
- reduction in attractiveness of the Group's services; and
- damage to the Group's reputation.

The Group may face significant penalties if it fails to maintain or follow adequate procedures to detect and prevent money laundering, financing of terrorism, breaches anti-bribery laws or contravenes sanctions, as has been imposed on other companies by governmental authorities, particularly the United States government, in the past.

In addition, there is a risk that evidence of a serious failure to comply with laws may cause one or more of the counterparty banks or partner companies to cease business with the Group. See Section 5.1.3 and Section 5.1.16 for further details.

Regulators, counterparty banks and partner companies may interpret regulations differently to the way in which the OzForex Group interprets certain regulations. There is a risk that the Group could be required to increase its spending on regulatory compliance and/or change its business practices to meet these differing interpretations in order to continue to offer international payment services. This could adversely affect the Group's income and profitability or make it uneconomic for the Group to continue to operate in a particular jurisdiction or with a particular counterparty bank or partner company.

Limits on the levels of ownership that any one person and its associates or affiliates may hold in OzForex Group Limited without the prior approval of applicable regulatory authorities arise in connection with a number of the licences held by the OzForex Group and the applicable governing legislation, as referred to in Section 3.6.1. The applicable regulators typically have wide discretion as to the penalties which they may apply if any person acquires ownership above the specified limit without approval, and discretion as to whether such penalties should apply to the licensee and/or the person acquiring ownership. Such penalties may include significant fines, penalties and other administrative action from the relevant regulator (including potential suspension or removal of the licence or authorisation).

5.1.5 The OzForex Group technology platform and communications systems may be disrupted, fail or cease to function efficiently

The Group depends on the performance, reliability and availability of its technology platform and communications systems. There is a risk that these systems may be adversely affected by a number of factors including damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, external malicious interventions such as hacking, fire, natural disasters or weather interventions. Events of that nature may cause part of the Group's technology platform or websites to become unavailable. The Group's operational processes or disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that the Group suffers as a result of a system failure. This in turn can reduce the Group's ability to generate income, impact client service levels and cause damage to the Group's reputation and, potentially, have a material adverse effect on its financial position and performance.

Furthermore, there is a risk that potential faults in the Group's technology platform could cause transaction errors that could result in legal exposure from clients, potentially leading to a loss of partner companies, damage to the Group's reputation or even cause a breach of certain regulatory requirements (including those affecting any required licence) and have a material adverse effect on the Group's financial position and performance.

5.1.6 The OzForex Group may be affected by a change in the value of currencies, in particular a strengthening of the Australian Dollar, which may impact both transaction turnover and reported earnings

Changes in value in currencies can affect the average transaction size entered into by the Group's clients and, potentially, the number of transactions. For example, an Australian client who wishes to purchase US$100,000 worth of goods from the United States will require fewer Australian Dollars to pay for those goods if the Australian Dollar strengthens against the US$. This would result in a lower transaction turnover and income for that transaction in Australian Dollars.

The Group offers services in over 50 currencies and movements in any of them may adversely impact the Group's performance. Of all currencies offered by the Group, the Australian Dollar is the most significant (representing 53% of transaction turnover in FY13). Consequently, a strengthening of the Australian Dollar, particularly if sustained, may have a material adverse effect on the Group's performance.

In addition, as the Group reports in Australian Dollars, a strengthening of the Australian Dollar against other currencies will also have a negative impact on the reported earnings of the Group that relate to its income earned in geographies outside Australia (which may increase over time, potentially substantially). When combined with the currency impact on average transaction size described above, a strengthening of the Australian Dollar may have a compounding negative impact on the Group's earnings.

5.1.7 The cost of online marketing may increase and/or its effectiveness may decrease

The growth in new dealing clients depends in part on the effectiveness of the online marketing efforts of the Group and its partner companies. There is a risk that the Group's online advertising may become less effective or more expensive as a result of:

- changes to the algorithms or terms of service of search engines, such as Google, which cause the Group, or partner company websites, either to be ranked lower or be excluded from search results;
- increased competition or costs associated with bidding for search engine key words; and
- increases in the cost of online display advertisements.

If the costs of online advertising materially increase or the effectiveness of the Group's online marketing strategies decreases, the Group may be unable to continue to grow at the same rate or as profitably.

5.1.8 The OzForex Group's procedures to detect and report use of the Group's international payment services for illegal or improper purposes such as money laundering could be inadequate

An international payments service provider such as the Group is susceptible to illegal or improper use by clients who may attempt to circumvent the compliance controls in place. Illegal or improper uses of the Group's services may include tax evasion, money laundering or terrorist financing. There is a risk that any improper use of the Group's services, if not detected within the compliance and transaction monitoring processes (as required by applicable regulations) could result in regulatory action including substantial penalties and loss of licences. Publicity associated with the use of the Group's services for improper purposes may adversely affect its reputation, resulting in loss of clients or impede its ability to attract new clients. There is also a risk that improper use of the Group's services could also result in a bank ceasing its relationship with the Group, particularly if the improper use affected the bank's own clients.

5.1.9 The OzForex Group may suffer reputational damage

Maintaining the strength of the Group's reputation is important to retaining and increasing the client base, maintaining its relationships with its banks, partner companies and other service providers, continuing to benefit from word of mouth referrals and successfully implementing the Group's business strategy. There is a risk that unforeseen issues or events may adversely affect the Group's reputation. This may impact on the future growth and profitability of the Group.

The Group reputation is also closely linked to the provision of services to partner companies' end-users. There is a risk that the actions of the Group's partner companies may damage the Group's reputation.

Any factors that diminish the Group reputation could result in clients, banks, partner companies or other service providers ceasing to do business with the Group, impede its ability to compete successfully in the international payments market, negatively affect its future business strategy and have a material adverse impact on the Group's financial position and performance.

5.1.10 The OzForex Group may be unable to obtain new licenses, maintain existing ones or comply with license conditions, and may not possess all the licenses it requires

The Group is subject to numerous licensing and authorisation requirements across different jurisdictions. As part of those licenses or authorisations, the Group is required to comply with certain conditions. Licensing and authorisation regimes differ across jurisdictions and are complex. There is a risk that the Group may breach these requirements, which may result in regulatory action, fines, compensation payments or loss of license.

A loss of required licenses and authorisations as a result of a breach of conditions (or even simply an adverse change in government policy) in a jurisdiction in which the Group operates, or a breach of regulatory requirements resulting in a significant fine or inability to continue operating in a jurisdiction, could materially impact the Group's growth, income and profitability. A significant sanction from a regulatory authority could also have this effect if it had a material impact on the reputation of the Group or otherwise reduced the desirability of the Group brand.

While the Group's websites are accessible across the globe, the Group only actively markets its services in jurisdictions in which it holds licenses to permit it to send international payments from (or has otherwise established it does not need one to do so) and in which it has also established procedures to comply with applicable regulatory requirements. However, (other than in the case of certain sanctioned countries), the Group does not prevent clients who reside outside these jurisdictions from using the Group's services through one of the Group's websites. In these cases, clients are subjected to the regulatory processes established by the Group which are applicable to the jurisdiction of the website they accessed. In FY13, income from such clients was less than 3% of total income.

Some jurisdictions also regulate the *receipt* in those jurisdictions of international payments. Other jurisdictions may do so in the future. It is possible that the Group's compliance procedures do not comply with those regulations or the Group does not have the necessary licence required by those regulations.

There is a risk that regulators in the jurisdictions in which such clients reside, or beneficiaries receive money, could require the Group to obtain a license or to otherwise comply with the regulations of that jurisdiction, and could subject the Group to penalties or compensatory payments for transacting without a license or complying with those regulations. Complying with the requirements of such jurisdictions may make it uneconomic to continue to accept transactions from clients who reside there, or transactions which seek to transfer money into those jurisdictions.

5.1.11 Regulators or counterparty banks may increase the level of capital the OzForex Group is required to maintain or the value of the collateral the OzForex Group is required to post

The Group is required to maintain certain levels of working capital by regulatory authorities. Some counterparty banks also require the Group to post collateral in connection with the hedging activities it conducts. There is a risk that regulators and counterparty banks could require working capital and collateral amounts to be increased in the future. As a result the Group may be required to raise additional capital, increase margins, reduce or cease paying dividends, to increase the level of capital available within the business.

5.1.12 The OzForex Group may be affected by short term fluctuations in foreign exchange rates

The Group generates substantially all of its income from foreign exchange spreads on international payment transactions. The Group's income could be adversely affected if foreign exchange rates change materially between the time a transaction is booked (and the exchange rate is set) and when the transaction is cleared by entering into a hedging contract with a counterparty bank. This is more likely to arise in periods of significant short term fluctuations in foreign exchange rates. See Section 3.4.5.1 for a description of the Group's operational processes in relation to hedging to clear its exposures.

5.1.13 The OzForex Group may be subject to fraud or theft

There is a risk that, if the Group's services are used to transfer money in connection with a fraud or theft, the Group may be required to take steps to recover the funds involved and may in certain circumstances be liable to repay amounts that it accepted for transfer, even after it has made the corresponding international payment. For example, when the Group accepts payment by direct debit, it may ultimately be held liable for the unauthorised use of bank account details in an illegal activity and be required to refund the transaction. If rate of refunds becomes excessive, banks and card associations also may require the Group to pay additional penalties.

The Group could be subject to additional risk if third-party service providers it relies on or the Group's employees fraudulently use client information or, individually or with others, seek to circumvent the Group's policies and procedures for personal gain. This could result not only in a reduction in earnings but also be harmful to the reputation of the Group.

5.1.14 The OzForex Group is impacted by macro-economic conditions that reduce demand for foreign currency, including a material slowdown or disruption in international trade and migration patterns

Macro-economic conditions that reduce demand for foreign currency will impact the Group. International trade is a key driver of demand for international payment services and solutions. A slowdown in international trade could be caused by global macro-economic trends, such as reduced GDP growth or a recessionary economic climate. There is a risk that a slowdown in international trade could adversely impact the Group's transaction turnover and as a result have a material impact on the Group's income, earnings and growth.

Migration patterns may also affect demand for international payment services and solutions. There is also a risk that a slowdown in migration (for example as a result of tightening immigration and visa laws and/or restrictions on international movements) could adversely impact the Group's transaction turnover, and as a result have a material impact on the Group's income, earnings and growth.

5.1.15 The OzForex Group is exposed to potential breaches of data security

Through the ordinary course of business, the Group collects a wide range of personal and financial data from clients. This includes information such as personal contact details as well as payment information and bank account details.

Cyber-attacks may lead to a compromise or even breach of the technology platform used by the Group to protect confidential information. It is possible that the measure taken by the Group (including firewalls, encryption of client data, a privacy policy, and policies to restrict access to data to authorised employees) will not be sufficient to detect or prevent unauthorised access to, or disclosure of, confidential information.

There is a risk that, if a cyber attack is successful, any data security breaches or the Group's failure to protect confidential information could result in loss of information integrity, breaches of the Group's obligations under applicable laws or client agreements and website and system outages, each of which may potentially have a material adverse impact on the Group's reputation, and financial performance.

5.1.16 Partner companies may terminate their contracts with OzForex Group

The Group expects to generate an increasing proportion of its income through its arrangements with partner companies, such as its Branded Partnerships. While most of these arrangements are subject to fixed term contracts, these contracts generally include rights to terminate the arrangement in certain circumstances, including if the Group fails to meet required service levels, damages the reputation of its partner or, in some cases, experiences a change of control. There is a risk that the Group's partner companies may not renew these contracts on expiry, for example because the arrangement has failed to generate expected returns or because the partner company elects to develop its own service or use an alternative provider.

The loss of the Group's arrangements with one or more partner companies may adversely affect the Group's growth and profitability.

5.1.17 The OzForex Group could lose the services of third party vendors it depends on to provide its services

The Group contracts with numerous suppliers to conduct its business as discussed in Section 3. Suppliers include vendors providing electronic identity verification, money laundering, terrorist financing and fraud prevention detection capabilities, and software to facilitate the operation of the Group's technology platform. There is a risk that, if these suppliers' services were interrupted, or if Group was unable to continue to contract with these suppliers, the Group may experience a disruption in its services. For example, its electronic verification, politically exposed person and sanction screening, and fraud detection functions all utilise software provided by external suppliers. Finding alternative suppliers would require the Group to invest time and capital to establish alternative arrangements. This could, if sustained, have a material adverse effect on its earnings.

5.1.18 The OzForex Group relies upon attracting and retaining skilled personnel across all parts of its business and operations

The Group's ability to execute effectively its growth strategy depends upon the performance and expertise of its staff. The Group relies on trained and technical staff in order to operate its international payment business model and technology platform, skilled sales and marketing staff to execute effectively its marketing strategies, and professional staff who have specialist knowledge in risk management and compliance in addition to expertise in the underlying foreign exchange market.

There is a risk that the Group may not be able to attract and retain key staff or be able to find effective replacements in a timely manner, the loss of which, or any delay in their replacement, could impact the Group's ability to operate its business and achieve its growth strategies.

5.1.19 New services or expansion in new markets and partner companies may not perform as intended

The Group may introduce new services or functionality (for example functionality enabling transactions through mobile and tablet devices) or continue expansion into new geographical markets (for example it is currently expanding operations in additional states in the United States). There is a risk that these initiatives may result in unforseen costs or risks and may not perform as intended. The Group's strategy also includes the development and expansion of international payment solutions and existing partner company relationships (particularly with Travelex and MoneyGram). There is a risk that the expansion through partner companies may not perform as intended. These risks or events may have an adverse effect on the Group's future financial position, performance or operating margins.

5.1.20 The OzForex Group clients may withdraw or default on booked transactions

A small number of the Group's clients in certain jurisdictions (such as Australia, Canada and the United Kingdom) are provided with credit to facilitate the making of payments using the Group's services. In addition, in a small number of cases, the Group may settle transactions prior to funds being received. There is a risk that, if a significant client or a number of these clients default on their credit arrangements with the Group at the same time, this would have a negative effect on the financial position and cash reserves of the Group. See Section 3.4.5.4 for more information on credit risk.

5.1.21 Protection of intellectual property

The Group relies on laws relating to trade secrets, copyright and trademarks to assist to protect its proprietary rights. However there is a risk that unauthorised use or copying of the Group's software, data, specialised technology or platforms will occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to the business of the Group will be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question and if an alternative cost effective solution were not available, or not available at all, potentially have a material adverse effect on the Group's financial position and performance.

5.2 General Risks of an Investment in the OzForex Group

5.2.1 Price of Shares may fluctuate

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if the Group's earnings increase.

Some of the factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which the Group operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Group specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters.

5.2.2 Trading in shares might not be liquid

There is currently no public market through which the Shares of the Group may be sold. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

Following Completion of the Offer, the Escrowed Shareholders will hold approximately 8.46% of the Shares, which may also impact on liquidity. The Escrowed Shareholders have entered into voluntary escrow arrangements in relation to all of the Shares they hold immediately following Completion of the Offer, to the date that the Group's reviewed financial accounts for the half year ending 30 September 2014 are released to the ASX, subject to certain exceptions set out in Section 7.6. The absence of any sale of Shares by the Escrowed Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

Following release from escrow, Shares held by the Escrowed Shareholders will be able to be freely traded on the ASX. A significant sale of shares by an Escrowed Shareholder, or the perception that such sale have occurred or might occur, could adversely affect the price of Shares.

5.2.3 Exposure to general economic conditions

General economic conditions (both domestically and internationally), may adversely impact the price of Shares as well as the Group's ability to pay dividends. The Group is unable to forecast the market price for Shares and they may trade on the ASX at a price that is below the Offer Price.

5.2.4 Risk of shareholder dilution

In the future, the Group may elect to issue shares to engage in fundraisings and also to fund, or raise proceeds, for acquisitions the OzForex Group may decide to make. While OzForex Group Limited will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of shares and fundraisings.

5.2.5 Exposure to changes in tax rules or their interpretation

Tax rules or their interpretation in relation to equity investments may change. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective shareholder is encouraged to seek professional tax advice in connection with any investment in OzForex Group Limited.

SECTION **6**
Key people, interests and benefits

6.1 Board of Directors

6.1.1 Experienced and background

Name Director	Experience, qualifications, expertise
Peter Warne *Non-Executive Director and Chairman* Age: 57	• Peter joined the OzForex Group in September 2013 and has over 30 years' experience in accounting and finance • Peter is Chairman of Australian Leisure and Entertainment Property Group and also serves as a board member of the following listed entities: ASX Limited, Macquarie Group Limited, Macquarie Bank Limited and Crowe Horwath Australasia Limited (formerly WHK Group Limited) • Peter's prior professional experience includes Head of Bankers Trust Australia Limited's (BTAL) Financial Markets Group • Peter is also on the board of NSW Treasury Corporation and Securities Industry Research Centre of Asia Pacific (SIRCA) and is a member of the Advisory Board for the Australian Office of Financial Management
Neil Helm *Managing Director and Chief Executive Officer* Age: 48	• Neil commenced working with the OzForex Group in June 2007. He is the Managing Director and Chief Executive Officer of the Group • Prior to joining the Group, Neil was a Senior Manager at Accenture, a Business Manager for the Foreign Exchange Division at Bankers Trust Australia and an Executive Director at Macquarie • Neil is AFMA accredited and is a responsible manager for the OzForex Group's AFSL. Neil also holds a Bachelor of Science with honours in Pharmacology
Grant Murdoch *Non-Executive Director and Chair of the Audit Committee* Age: 61	• Grant joined the OzForex Group in September 2013 and has over 35 years' experience in accounting and finance • Grant also serves as a board member of ALS Limited, QIC Limited and Cardno Limited • Grant is also Chairman of The Endeavour Foundation, director of UQ Holdings Ltd and Senator of the University of Queensland • Grant's prior professional experience includes Head of Corporate Finance for Ernst & Young Queensland
Melinda Conrad *Non-Executive Director and Chair of the Remuneration Committee* Age: 44	• Melinda joined the OzForex Group in September 2013 and has over 20 years' experience in business strategy and marketing • Melinda also serves as a director of David Jones Limited and The Reject Shop Limited and previously, served as a director of APN News & Media Limited • Melinda's prior professional experience includes executive roles at Harvard Business School, Colgate-Palmolive, and several retail businesses • Melinda holds an MBA from Harvard and is a Fellow of the Australian Institute of Company Directors (FAICD)
William Allen *Non-Executive Director* Age: 35	• William joined the OzForex Group in February 2012 and has 12 years' experience in finance • William also serves as a director of UniRush LLC • William is a Principal in the Carlyle Global Financial Services Buyout group and is based in the United States • William's prior professional experience includes Director in the Financial Institutions Group at UBS Investment Bank • William holds a B.A. in history from Middlebury College

The composition of the Board committees and details of its key corporate governance policies are set out in Section 6.7.

Each Director above has confirmed to OzForex Group Limited that he or she anticipates being available to perform his or her duties as a non-executive or executive Director as the case may be without constraint from other commitments.

The Board considers that each of Peter Warne, Grant Murdoch and Melinda Conrad are independent directors, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of the Director's judgment and each are able to fulfil the role of an independent director for the purposes of the ASX Corporate Governance Principles and Recommendations (second edition). As Managing Director and Chief Executive Officer Neil Helm is not currently considered by the Board to fulfil the role of independent director. None of these Directors are acting as nominees or representatives of any current or former shareholder of companies in the OzForex Group, nor as nominees or representatives of the Joint Lead Managers or suppliers to the OzForex Group.

William Allen is employed by an affiliate of The Carlyle Group and is involved in the management of The Carlyle Group funds that are currently among the Existing Owners of the OzForex Group. Mr. Allen was nominated as a director to the OzForex Group by those funds in February 2012. These funds will cease to hold an interest in the OzForex Group on Completion of the Offer. The Board does not currently consider Mr Allen to be independent, however it may do so after the funds associated with The Carlyle Group sell their holdings in the OzForex Group.

The Board has considered OzForex Group's immediate requirements as it transitions to an ASX listed company and is satisfied that the composition of the Board reflects an appropriate range of independence, skills and experience for the company after listing.

6.2 Leadership team

Executive	Experience, qualifications, expertise
Neil Helm *Managing Director and Chief Executive Officer*	• See Section 6.1 above
Mark Ledsham *Chief Financial Officer*	• Mark commenced working with the OzForex Group as Chief Financial Officer in April 2008 • Prior to joining the Group, Mark worked in the Banking and Financial Services division of Macquarie and was responsible for the financial management of strategic investments • Mark holds a BA Honours degree in Accounting and Finance from The University of Manchester in England, and qualified as a Chartered Accountant in 2004
Simon Griffin *Head of Asia Pacific*	• Simon commenced working with the OzForex Group in October 2009 as Head of Strategy and Growth. Simon is responsible for the operations for Asia Pacific, including Australia and New Zealand • Prior to joining the Group, Simon worked in Macquarie's internal Business Improvement and Strategy consulting team working on a variety of growth and process improvement initiatives in both central functions and market facing business units • Simon holds a BA in Economics from the University of Nottingham in England

Executive	Experience, qualifications, expertise
Michael Ward *Head of Europe and North America*	• Michael commenced working with the OzForex Group in January 2012 as Head of Europe and North America. Michael is responsible for the sub-brands UKForex, CanadianForex, USForex and ClearFX in Europe • Prior to joining the Group, Michael was part of the management team at Jameson Bank where he had responsibility for sales, trading, and business development • Michael holds a Bachelor of Business in Finance from Liberty University in the United States
David Higgins *Chief Technology Officer*	• David commenced working with the OzForex Group in 2002 as Chief Technology Officer. David is responsible for the operation of the company's global IT infrastructure as well as overseeing the continued development of in-house software applications • David has 20 years' experience in IT, with and over 10 of those years within the internet industry. He has previously held key roles in both Australia and the UK in a diverse range of industries including payment cards and systems, media, telecommunications and finance
Jason Rohloff *Head of Compliance*	• Jason commenced working with the OzForex Group in June 2007 as Head of Compliance. Jason is responsible for the regulatory positions of the Group in Australia and United States. He is the Compliance Officer for the OzForex Group, the Responsible Manager for the OzForex Group's AFS License, and the Compliance Officer for USForex • Prior to joining the Group, Jason spent four years at Macquarie and prior to that, three and a half years at Westpac. Jason has fourteen years of operations roles working with retail, wholesale and institutional clients across a number of financial products and services including foreign exchange, equities, cash instruments, bonds and unit trusts • Jason holds a Bachelor of Commerce and Administration from Victoria University in Wellington, New Zealand, a Diploma of Financial Markets from the Securities Institute of Australia and an Advanced Diploma of Financial Services from the Australian Financial Markets Association
Chris Minehan *Head of Marketing*	• Chris commenced working with the OzForex Group in June 2009 as Head of Marketing. Chris is responsible for directing clients to the company's online foreign exchange platform and the Group's service standards • Chris has over ten years' experience in online marketing in Australia, the United States and the UK. He previously worked as a Senior Product Manager at amazon.co.uk and prior to that, the British Broadcasting Corporation • Chris holds a Bachelor of Economics from the Australian National University

Key people, interests and benefits

Executive	Experience, qualifications, expertise
Jeff Parker *Head of Operations & Banking*	• Jeff commenced working with the OzForex Group in September 2013 and is responsible for all banking and operations functions of the business globally • Jeff has over 13 years' experience across operations, strategy, consulting and M&A. Prior to joining the Group, Jeff held roles at Macquarie, Accenture, Morgan Stanley and JP Morgan • Jeff holds a BSc in Management Sciences from the University of Manchester in England and is a qualified as a Chartered Management Accountant (ACMA) in 2006
Lionel Docker *Head of Legal*	• Lionel commenced working with the OzForex Group in 2006 as Head of Legal. He became Company Secretary in 2010. In his current role, Lionel is responsible for all legal, licensing and corporate regulatory aspects of the Group's business globally • Prior to joining the Group, Lionel spent 12 years working both in private practice and as an in-house lawyer in Sydney and the UK • Lionel holds a Master of Laws degree from the University of Sydney

6.3 Interests and benefits

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of OzForex Group Limited;
- person named in this Prospectus and who has performed a function in a professional, advisery or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of OzForex Group Limited; or
- underwriter to the Offer,

holds at the Prospectus Date, or has held in the two years before the Prospectus Date, an interest in:

- the formation or promotion of the OzForex Group;
- property acquired or proposed to be acquired by the OzForex Group in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the OzForex Group or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Group.

6.3.1 Directors' interests and remuneration

6.3.1.1 Managing Director and Chief Executive Officer

OzForex Group Limited has entered into an employment contract with Neil Helm to document Neil's employment with the OzForex Group. Neil is Managing Director of OzForex Group Limited and is employed in the position of Chief Executive Officer. Neil's annual remuneration package is comprised of 40% base salary ($470,000 including superannuation), 30% in the form of a cash based short-term incentive, and 30% in the form of performance rights under the Performance Rights Plan in Section 6.5.

The terms and conditions of Neil's specific performance rights, including as to vesting and exercise, are to be determined by the Directors, however it is intended that Neil will be offered performance rights annually, and that these will vest 3 years from issue subject to satisfaction of key performance indicators set by the Directors.

OzForex Group Limited intends to grant 176,250 performance rights (representing $352,500 at the Offer Price) to Neil as the first tranche of performance rights following listing which, subject to satisfaction of relevant conditions are intended to vest on 1 April 2016. Full vesting of these performance rights will be conditional on the OzForex Group's annual EBTDA compound annual growth rate (**CAGR**) for the vesting period exceeding a target EBTDA CAGR to be determined by the Directors.

Neil's employment contract has an initial fixed term that extends until release to the ASX of the OzForex Group's half year results to September 2014. Either of OzForex Group Limited or Neil may terminate Neil's employment after the expiry of 6 months following the initial fixed term, by providing at least 6 months' notice in writing before the proposed date of termination, or in OzForex Group Limited's case, payment in lieu of notice. OzForex Group Limited may terminate the employment of Neil immediately and without payment in lieu of notice in certain circumstances including for any act of dishonesty, fraud, wilful disobedience, serious misconduct or serious breach of duty. Neil's employment contract also includes a restraint of trade period of 6 months following expiry of the notice period. Enforceability of such restraint of trade is subject to all usual legal requirements.

Neil will also receive cash for the cancellation of options held by him in the current holding company of the OzForex Group (see Section 6.3.3 for further details) and was paid a transaction bonus by that company of $375,000.

6.3.1.2 Non-executive Director remuneration

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, under the ASX Listing Rules, the total amount paid to all Directors for their services must not exceed in aggregate in any financial year the amount fixed by OzForex Group Limited in general meeting. This amount has been fixed by OzForex Group Limited at $1,000,000. For the remainder of the financial year ending 31 March 2014, it is expected that the fees payable to the current Directors will not exceed $355,000 in aggregate. Annual directors' fees currently agreed to be paid by OzForex Group Limited are $200,000 to the Chairman, Peter Warne, and $100,000 to each of the other non-executive Directors.

In addition, the chairs of the Audit committee and the chair of the Remuneration and Nomination committee, will be paid $25,000 annually. Other committee members will receive $15,000 per annum for serving on the committees. The remuneration of Directors must not include a commission on, or a percentage of profits or income. Superannuation payments are included in these amounts.

The non-executive Directors are not entitled to participate in any employee incentive scheme (including the Performance Rights Plan).

6.3.1.3 Deeds of access, insurance and indemnity for Directors

OzForex Group Limited has entered into deeds of indemnity, insurance and access with each Director which confirm each person's right of access to certain books and records of the OzForex Group for a period of seven years after the Director ceases to hold office. This seven year period may be extended where certain proceedings or investigations commence before the seven year period expires. The deed also requires OzForex Group Limited to provide an indemnity for liability incurred as an officer of OzForex Group Limited and its subsidiaries, to the maximum extent permitted by law.

Indemnification: Pursuant to the Constitution, OzForex Group Limited is required to indemnify Directors and employees, past and present, against liabilities allowed under law. Under the deeds of indemnity, insurance and access, OzForex Group Limited indemnifies each Director against all liabilities to another person that may arise from their position as a Director of OzForex Group Limited or its subsidiaries to the extent permitted by law. The deed stipulates that OzForex Group Limited will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

Insurance: Pursuant to the Constitution, OzForex Group Limited may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of indemnity, insurance and access, OzForex Group Limited must obtain such insurance during each Director's period of office and for a period of seven years after a Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

6.3.1.4 Other Information

Directors may also be reimbursed for travel and other expenses incurred in attending to the OzForex Group's affairs. Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of OzForex Group Limited or a subsidiary.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.3.1.5 Directors' shareholdings

Directors are not required under the Constitution to hold any Shares in OzForex Group Limited. The Directors (and their associates) are entitled to apply for Shares under the Offer. The following Directors have informed OzForex Group Limited they, or superannuation funds they are associated with, intend to apply for Shares under the Offer: Peter Warne ($250,000), Neil Helm ($500,000), Melinda Conrad ($100,000) and Grant Murdoch ($100,000).

6.3.2 Leadership team interests and remuneration

6.3.2.1 Managing Director and Chief Executive Officer

See Section 6.3.1.1.

6.3.2.2 Chief Financial Officer

OzForex Group Limited has entered into an employment contract with Mark Ledsham to document Mark's employment with the OzForex Group. Mark is Chief Financial Officer of the OzForex Group. Mark's annual remuneration package is comprised of 60% base salary ($330,000 including superannuation), 20% in the form of a cash based short-term incentive, and 20% in the form of performance rights under the Performance Rights Plan described in Section 6.5.

The terms and conditions of Mark's specific performance rights, including as to vesting and exercise, are to be determined by the Directors, however it is intended that Mark will be offered performance rights annually, and that these will vest 3 years from issue subject to satisfaction of key performance indicators set by the Directors.

OzForex Group Limited intends to grant 55,000 performance rights (representing $110,000 at the Offer Price) to Mark as the first tranche of performance rights following listing which, subject to satisfaction of relevant conditions are intended to vest on 1 April 2016 (refer to Section 6.5 for a summary of the terms of the Performance Rights Plan). Full vesting of these performance rights will be conditional on the OzForex Group's annual EBTDA CAGR for the vesting period exceeding a target EBTDA CAGR to be determined by the Directors.

Mark's employment contract has an initial fixed term that extends until release to the ASX of the OzForex Group's half year results to September 2014. OzForex Group Limited or Mark may terminate Mark's employment after the expiry of 6 months following the initial term, by providing at least 6 months' notice in writing before the proposed date of termination, or in OzForex Group Limited's case, payment in lieu of notice. OzForex Group Limited may terminate the employment of Mark immediately and without payment in lieu of notice in certain circumstances including for any act of dishonesty, fraud, wilful disobedience, serious misconduct or serious breach of duty.

6.3.2.3 Leadership team service arrangements

Members of the leadership team are party to contracts of employment with OzForex Group Limited under which either of OzForex Group Limited or the executive may terminate the executive's employment, generally after the expiry of 6 months' notice in writing, or in OzForex Group Limited's case, payment in lieu of notice.

In addition, the contract of employment with Simon Griffin (Head of Asia Pacific) includes an initial fixed term that extends until release to ASX of OzForex Group's half year results to September 2014. Either OzForex Group Limited or Simon may terminate Simon's employment after the expiry of 6 months following that initial term by providing at least 6 months' notice in writing before the proposed date of termination or in OzForex Group Limited's case, payment in lieu of notice.

6.3.3 Leadership team interests and annual remuneration

The leadership team's annual remuneration package is comprised of a base salary, cash based short-term incentive and participation in a long term incentive plan. The short term incentive plan gives participants the opportunity to receive a cash bonus based on satisfaction of certain hurdles and key performance indicators based on the individual's role.

The long term incentive plan is governed by the Performance Rights Plan (refer to Section 6.5). It is intended that, following listing, the leadership team will receive, in aggregate, approximately 331,000 performance rights, (representing approximately $662,000 at the Offer Price). This excludes the performance rights that are intended to be granted to the Chief Executive Officer and Chief Financial Officer, which are referred to in Sections 6.3.1.1 and 6.3.2.2. The terms and conditions of the performance rights, including as to vesting and exercise, will be determined by the Directors. Full vesting of these performance rights will be conditional on the OzForex Group's annual EBTDA CAGR for the vesting period exceeding a target EBTDA CAGR to be determined by the Directors. It is intended that performance rights granted to the leadership team will be offered annually and will vest 3 years from issue subject to satisfaction of key performance indicators set by the Directors. Those performance rights intended to be granted following listing are intended, subject to satisfaction of relevant conditions, to vest on 1 April 2016.

Members of the leadership team, including Neil Helm, hold options over existing shares in the company that holds the OzForex Group as at the Prospectus Date. These options, granted by the Existing Owners, will be cancelled on Completion of the Offer and a payment in consideration for their cancellation will be made from the Existing Owners to the option holders. Neil Helm, the only Director on the leadership team, was granted these options in November 2010 and will receive approximately $5.6 million from the Existing Owners on cancellation of these options on Completion of the Offer.

6.3.4 Leadership listing and retention payment

Members of the leadership team will be eligible to receive an additional cash payment from the OzForex Group of approximately $5.3 million, subject to the Completion of the Offer, on the first anniversary of Completion of the Offer. Payment to the eligible employee will be conditional upon that employee's continued service with OzForex Group Limited (or a subsidiary of it) at the time of the first anniversary of Completion of the Offer. Where an employee's service has been terminated without cause prior to the first anniversary of Completion of the Offer, the bonus amount will be paid on the first anniversary of the Completion of the Offer. Neil Helm, Managing Director and Chief Executive Officer, is expected to receive 39.1% of this aggregate bonus amount, and Mark Ledsham, Chief Financial Officer, is expected to receive 11.4%.

6.3.5 Interests of advisers

OzForex Group Limited has engaged the following professional advisers:

- Goldman Sachs and Macquarie Capital have acted as Joint Lead Managers to the Offer. SaleCo has paid, or agreed to pay, the Joint Lead Managers the fees described in Section 9.1.1 for these services;
- Clayton Utz has acted as Australian legal adviser in relation to the Offer. SaleCo has paid, or agreed to pay, approximately $1,300,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Clayton Utz in accordance with its normal time-based charges;
- Kirkland & Ellis has acted as US legal adviser in relation to the Offer. SaleCo has paid, or agreed to pay, approximately $490,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Kirkland & Ellis in accordance with its normal time-based charges;
- KPMG Transaction Services has acted as Investigating Accountant and taxation adviser and has prepared the Investigating Accountant's Reports and has performed work in relation to due diligence enquiries. SaleCo has paid, or agreed to pay, approximately $750,000 in total (excluding disbursements and GST) for the above services up until the Prospectus Date; and
- PricewaterhouseCoopers has provided accounting services in relation to the US Offer. SaleCo has paid, or agreed to pay, approximately $290,000 in total (excluding disbursements and GST) for the above services up until the Prospectus Date; and
- Financial Technology Partners LP and FTP Securities, LLC (**FT Partners**) have acted as financial adviser in relation to the Offer. SaleCo has agreed to pay FT Partners approximately $6,250,000 (excluding disbursements and GST) subject to Completion of the Offer. Further amounts may be paid to FT Partners in accordance with its normal time-based charges.

JBWere Limited has agreed to act as Co-Manager and Macquarie Equities Limited has agreed to act as Broker to the Offer. Each will be paid fees of 1.25% of the value of Shares allocated to clients of that Broker. All amounts payable to them are payable by the Joint Lead Managers out of the fees payable to the Joint Lead Managers under the Underwriting Agreement. Macquarie Equities Limited is also an Existing Owner and will also receive its Share of the Offer proceeds (refer to Section 7).

Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2 and 7.1.3.

6.4 Employee incentive arrangements

The OzForex Group has established various incentive arrangements to assist in the attraction, motivation and retention of management and employees of the OzForex Group as set out below.

6.5 Performance Rights Plan

The Performance Rights Plan is a long term incentive plan, under which rights to subscribe for or be transferred Shares may be offered to eligible employees (including executives, officers and permanent employees) selected by the Directors. The invitations issued to eligible employees will include information such as performance conditions and upon acceptance of an invitation, the Directors will grant performance rights in the name of the eligible employee. On vesting, one performance right is exercisable into one Share, however participants in the Performance Rights Plan will not pay any consideration for the grant of the performance rights.

A key performance condition for full vesting of the performance rights will be that OzForex Group meets or exceeds earnings growth targets for the vesting period. This will be measured by the OzForex Group's actual EBTDA compound annual growth rate (CAGR) relative to a target EBDTA CAGR as determined by the Directors.

Performance rights will not be listed and may not be transferred, assigned or otherwise dealt with except with the approval of the Directors (or by force of law upon death to the participants legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy).

Performance rights will only vest where the performance conditions and any other relevant conditions advised to the participant by the Directors have been satisfied. An unvested performance right will lapse in a number of circumstances including where performance conditions are not satisfied within the relevant time period, the participant deals with the performance right in breach of the rules of the Performance Rights Plan, or in the opinion of the Directors, a participant has acted fraudulently or dishonestly.

If a participant's employment or engagement with OzForex Group Limited (or its subsidiaries) terminates before the performance rights have vested, the Directors may, in their absolute discretion determine the extent to which the unvested performance rights that have not lapsed will become vested performance rights.

Where there is a takeover bid made for Shares in OzForex Group Limited, the Directors must, and where there is a scheme of arrangement proposed in relation to OzForex Group Limited, the Directors may, consider whether, and may in its absolute discretion determine that all or a part of the participant's unvested performance rights, will become vested performance rights and in such circumstances, the Directors shall promptly notify each participant in writing that he or she may, within the period specified in the notice, exercise vested performance rights.

If there are certain variations of the share capital of OzForex Group Limited including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Directors may make such adjustments as they consider appropriate under the Performance Rights Plan, in accordance with the provisions of the ASX Listing Rules.

Participants who are holding a performance right issued pursuant to the Performance Rights Plan have no rights to dividends and no rights to vote at meetings of OzForex Group Limited until that performance right is exercised and the participant is the holder of a valid Share in OzForex Group Limited.

Shares acquired upon vesting of the performance rights will upon allotment rank equally in all respects with other Shares. OzForex Group will apply for quotation of the Shares on the ASX.

No performance right or Share may be offered under the plan if to do so would contravene the Corporations Act, the ASX Listing Rules or instruments of relief issued by ASIC from time to time.

6.6 Staff Profit Scheme

Members of management (other than members of the leadership team) are eligible to participate in the staff profit scheme which was introduced for FY14 and under which they have the opportunity to receive up to a specified percentage of their annual remuneration in the form of a cash bonus, payable after annual results of OzForex Group Limited have been published. The amount of the payment (if any) under this scheme will be determined by the Directors by reference to the amount by which an actual earnings measure for the relevant year exceeds the earnings budgets set by the Directors for that year for OzForex Group Limited or its relevant division. No payment will be made if the applicable targets are not met.

6.7 Corporate governance

This Section explains how the Board will oversee the management of the OzForex Group's business. The Board is responsible for the overall corporate governance of the Group. The Board monitors the operational and financial position and performance of the OzForex Group and oversees its business strategy, including approving the strategic goals of the Group and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of the OzForex Group. In conducting business with these objectives, the Board seeks to ensure that the OzForex Group is properly managed to protect and enhance Shareholder interests, and that the OzForex Group, its directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the OzForex Group, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the OzForex Group's business and which are designed to promote the responsible management and conduct of the OzForex Group.

The main policies and practices adopted by the OzForex Group, which will take effect from listing, are summarised below. In addition, many governance elements are contained in the Constitution. The OzForex Group's code of conduct outlines the standards of conduct expected of the OzForex Group's business and personnel in a range of circumstances. In particular, the code requires awareness of, and compliance with, laws and regulations relevant to the OzForex Group's other policies and procedures. Details of the OzForex Group's key policies and practices and the charters for the Board and each of its committees will be available from listing at www.ozforex.com.au/about-us/investors.

OzForex Group is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released corporate governance recommendations for Australian listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the OzForex Group will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where OzForex Group does not follow a recommendation, it must identify the recommendation that has not being followed and give reasons for not following it. Except as set out below, the Board does not anticipate that it will depart from the recommendations of the ASX Corporate Governance Council; however, it may do so in the future if it considers that such a departure would be reasonable.

6.7.1.1 Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board. The charter addresses the following matters and responsibilities of the Board:

- enhancing Shareholder value;
- oversight of the OzForex Group, including its control and accountability systems;
- appointing and removing the Managing Director (or equivalent) and the Chief Financial Officer;
- ratifying the appointment, and where appropriate, the removal of the senior executives;
- providing strategic direction for, and approval of, corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management, internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance, implementing strategy and seeking to ensure appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving budgets;
- approving and monitoring operational and financial position and performance of the OzForex Group and other reporting;
- identifying the principal risks faced by the OzForex Group and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks; and
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards, including establishing procedures to ensure the financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements.

The management function is conducted by, or under the supervision of, the chief executive officer as directed by the Board (and by officers to whom the management function is properly delegated by the chief executive officer). Leadership must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to access senior management and to request additional information at any time they consider it appropriate. The Board collectively, and individual directors, may seek independent professional advice at the OzForex Group's expense, subject to the approval of the Chairman or the Board as a whole.

6.7.1.2 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit Committee and the Remuneration and Nomination Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the OzForex Group, relevant legislative and other requirements and the skills and experience of individual Directors.

6.7.1.3 Audit Committee

Under its charter, this committee must have at least three members, a majority of whom must be independent and all of whom must be non-executive Directors. Currently, Grant Murdoch, Peter Warne and Melinda Conrad are members of this committee.

Grant Murdoch will act as chair of the committee. In accordance with its charter, it is intended that all members of the committee should be financially literate and have familiarity with financial management and at least one member should have relevant qualifications and experience.

The primary role of this committee includes:

- Overseeing the process of financial reporting, internal control, continuous disclosure, financial and non-financial risk management and compliance and external audit;
- Providing advice in relation to the OzForex Group's OH&S management and performance and auditing systems;
- Monitoring the OzForex Group's compliance with laws and regulations and the Group's own codes of conduct and ethics;
- Encouraging effective relationships with, and communication between, the Board, management and the OzForex Group's external auditor; and
- Evaluating the adequacy of processes and controls established to identify and manage areas of potential risk and to seek to safeguard the assets of the OzForex Group.

Under the charter it is the policy of the OzForex Group that its external auditing firm must be independent of it. The committee will review and assess the independence of the external auditor on an annual basis.

6.7.1.4 Remuneration and Nomination Committee

Under its charter, this committee must have at least three members, a majority of whom (including the chairman) must be independent Directors. Currently, Melinda Conrad, Peter Warne and William Allen are members of this committee. Melinda Conrad will act as chair of the committee.

The main functions of the committee are to assist the Board with a view to establishing a Board of effective composition, size, diversity, expertise and commitment to adequately discharge its responsibilities and duties, and assist the Board with a view to discharging its responsibilities to Shareholders and other stakeholders to seek to ensure that the OzForex Group:

- Has coherent remuneration policies and practices which enable the OzForex Group to attract and retain executives and Directors who will create value for Shareholders;
- Fairly and responsibly remunerates Directors and executives, having regard to the performance of the OzForex Group, the performance of the executives and the general remuneration environment;
- Has policies to evaluate the performance of the Board, individual directors and executives on (at least) an annual basis;
- Has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet the OzForex Group needs; and
- Will integrate human capital and organisational issues into the overall business strategy.

6.7.2 Risk management policy

The identification and proper management of the OzForex Group's risks are an important priority of the Board. The OzForex Group has adopted a risk management policy appropriate for its business. This policy highlights the risks relevant to Group's operations and the Group's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Board is responsible for overseeing and approving risk management strategy and policies. The Board has responsibility for identifying major risk areas and implementing risk management systems. The Board is responsible for monitoring risk management and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board may delegate these functions to the Audit committee or a separate risk committee in the future.

The OzForex Group will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including to assist the chief executive officer or chief financial officer to provide its declaration under section 295A of the Corporations Act.

The OzForex Group has in place a system whereby management is required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

6.7.3 Diversity policy

The OzForex Group values a strong and diverse workforce and is committed to developing measurable objectives to achieve gender diversity in its workplace. The OzForex Group has implemented a diversity policy which is overseen by the Remuneration and Nomination Committee and which aligns the Group's management systems with the commitment to develop a culture and business model that values and achieves diversity in its workforce and on its Board. In its annual report, the OzForex Group will disclose the measurable objectives for achieving gender diversity and progress towards achieving them, and will also disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

6.7.4 Code of conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of conduct, to take effect from listing on the ASX, to be followed by all employees and officers. The key aspects of this code are to:

- Act with honesty, integrity and fairness and in the best interest of the OzForex Group and in the reasonable expectations of the OzForex Group's shareholders;
- Act in accordance with all applicable laws, regulations, policies and procedures;
- Have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- Use the OzForex Group's resources and property properly.

The code of conduct sets out the OzForex Group's policies on various matters including ethical conduct, business conduct, compliance, privacy, security of information, financial integrity, and conflicts of interest.

6.7.5 Continuous disclosure policy

Once listed, the OzForex Group will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the OzForex Group will be required to disclose to the ASX any information concerning the Group which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. The OzForex Group is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.

The OzForex Group has adopted a policy to take effect from listing which establishes procedures which are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. Under the disclosure policy, the Board will be responsible for managing the OzForex Group's compliance with its continuous disclosure obligations.

6.7.6 Securities trading policy

The OzForex Group has adopted a Securities Trading Policy which will apply to the Group and its Directors, officers, employees and senior management, including those persons having authority and responsibility for planning, directing and controlling the activities of the Group, whether directly or indirectly.

The policy is intended to explain the types of conduct in relation to dealings in Shares that is prohibited under the Corporations Act and establish procedures in relation to Directors, senior management or employees dealing in the Shares.

Subject to certain exceptions, including exceptional financial circumstances, the policy defines certain "closed periods" during which trading in Shares by OzForex Group Limited's directors, officers, employees and senior management is prohibited. Those closed periods are currently defined as the following periods:

- The OzForex Group's year end until the business day after the release of the full year results; and
- The period commencing the OzForex Group's half year end until the business day after the release of the half yearly results.

Outside of these periods, Directors, management and the OzForex Group employees must receive clearance for any proposed dealing in Shares. In all instances, buying or selling Shares is not permitted at any time by any person who possesses price-sensitive information.

A copy of these policies will be available on the Group's website at www.ozforex.com.au/about-us/investors following listing.

6.7.7 Shareholder communications

The Board wishes to ensure that Shareholders are provided with sufficient information to assess the performance of the OzForex Group and that Shareholders are informed of all major developments affecting the affairs of the Group. The Group is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the OzForex Group's website, www.ozforex.com.au/about-us/investors.

The OzForex Group's website will also contain information about it, including media releases, key policies and the charters of its Board committees.

6.8 Arrangements with Macquarie

In 2007, a Macquarie company, Macquarie Equities Limited, became the holder of 51% of the shares of OzForex Pty Ltd and in November 2010, it reduced its holding to 19.9%. The Board does not believe Macquarie is, or on Completion of the Offer will be, a related party of OzForex Group Limited.

As at the Prospectus Date, the OzForex Group has the following commercial arrangements with the Macquarie Group. The Board believes these arrangements have been entered into on arm's length terms:

- the OzForex Group provides Business Solutions to members of the Macquarie group, pursuant to which they use OzForex services to service the FX needs of their clients (refer to Section 3.3 for further information);
- the OzForex Group has a Branded Partnership arrangement with Macquarie in Canada and Australia, whereby clients of Macquarie transact directly with the OzForex Group, accessing the services through the Macquarie website (refer to Section 3.3 for further information);
- Macquarie Bank Limited is the issuer of the OzForex-branded travel card (representing less than 0.5% of transaction turnover in FY13);
- Macquarie Bank Limited provides liquidity to the OzForex Group under the terms of an ISDA Master Agreement (representing approximately 6% of counterparty turnover in FY13); and
- Macquarie Bank Limited facilitates the participation of the OzForex Group into the BPAY Scheme by acting as a biller institution on behalf of the OzForex Group.

The Macquarie Business Partnership and Business Solution arrangements account for a significant portion of the Group's international payment solutions income, and approximately 10% of the Group's total income in FY13. Contracts in relation to the provision of Business Solutions and the Branded Partnerships permit Macquarie to terminate those contracts in the event of a change in control of the Group. Macquarie has consented to any change in control arising in relation to disposal of the investments by Existing Owners in the Group on settlement of the Offer.

Macquarie's involvement with the Offer includes:

- Macquarie Capital providing services as an underwriter for which it will receive the fees described in Section 6.3.5;
- Macquarie Equities Limited selling down its stake in the OzForex Group as described in Section 7.1.4, for which it will receive proceeds (net of costs) of approximately $82.6 million; and
- Macquarie Equities Limited acting as a Broker to the Offer, for which it will receive fees described in Section 6.3.5.

The chairman of the Board, Peter Warne, is also a member of the boards of Macquarie Group Limited and Macquarie Bank Limited (amongst other companies). However, Mr Warne is not acting as a nominee or representative of any Macquarie entity in his role as chairman of the Board of OzForex Group Limited (refer to Section 6.1.1). The Board considers Mr Warne to be an independent director.

SECTION 7
Details of the Offer

Details of the Offer

7.1 Description of the Offer

This Prospectus relates to an initial public offering of 219.7 million shares in OzForex Group Limited at an Offer Price of $2.00 per Share. On Completion of the Offer, 20.3 million Shares will be held by Existing Owners and subject to voluntary escrow agreements described in Section 7.6. The total number of Shares on issue at the Completion of this Offer will be 240 million. All Shares will rank equally with each other.

The Offer comprises the Broker Firm Offer (see Section 7.3) and the Institutional Offer (see Section 7.4). There is no general public offer of Shares.

The Offer has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 9.1.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Purpose of the Offer

The purpose of the Offer is:

- to give Existing Owners an opportunity to realise their investment in the OzForex Group;
- for OzForex Group Limited to raise capital to pay a dividend to the Existing Owners declared by OzForex Pty Ltd in respect of the operation of the business up to Completion;
- to provide a liquid market for Shares in OzForex Group Limited;
- to provide the OzForex Group business with the benefits of an increased profile that arises from being a listed entity;
- to provide the OzForex Group with access to the capital markets to improve capital management flexibility; and
- to assist the OzForex Group in attracting and retaining quality staff.

7.1.2 Offer Proceeds

The Offer is expected to raise approximately $439.4 million. Of this amount:

- $415.4 million represents proceeds from the sale of Shares by SaleCo and will be paid to SaleCo. This amount, less costs of approximately $28.4 million agreed to be paid by SaleCo, will be passed on to the Existing Owners. The funds received for the sale of these Shares will not be paid to the OzForex Group; and
- the remaining $24.0 million represents proceeds from the issue of the Shares by OzForex Group Limited and will be used by the Group as described in Section 7.1.3.

7.1.3 Sources and uses of funds

Sources of funds	$ million	%
Cash proceeds received from sale of Shares by SaleCo	415.4	78.2%
Cash proceeds received from issue of Shares by OzForex Group Limited	24.0	4.5%
Cash and cash equivalents of OzForex Group as at 31 March 2013[1]	92.1	17.3%
Total sources	**531.5**	**100.0%**

Uses of funds	$ million	%
Payment of costs of the Offer by SaleCo	28.4	5.3%
Payment of net proceeds to Existing Owners	387.0	72.8%
Payment of pre-IPO dividend to Existing Owners	25.0	4.7%
Payment of costs of the Offer by OzForex Group Limited	1.8	0.3%
Pro forma cash and cash equivalents[1]	89.3	16.8%
Total uses	**531.5**	**100.0%**

1. Balance Sheet cash and cash equivalents (including cash associated with client liabilities) further outlined in Section 4.9.

7.1.4 Formation of the OzForex Group and settlement of the Offer

OzForex Group Limited was incorporated in Victoria, Australia on 2 September 2013 and will become the new holding company for the OzForex Group as part of settlement of the Offer. At the Prospectus Date, OzForex Group Limited has not traded and has 14 Shares on issue (each fully paid to $1.00) currently held by the Existing Owners.

On settlement of the Offer, the following key steps will occur:

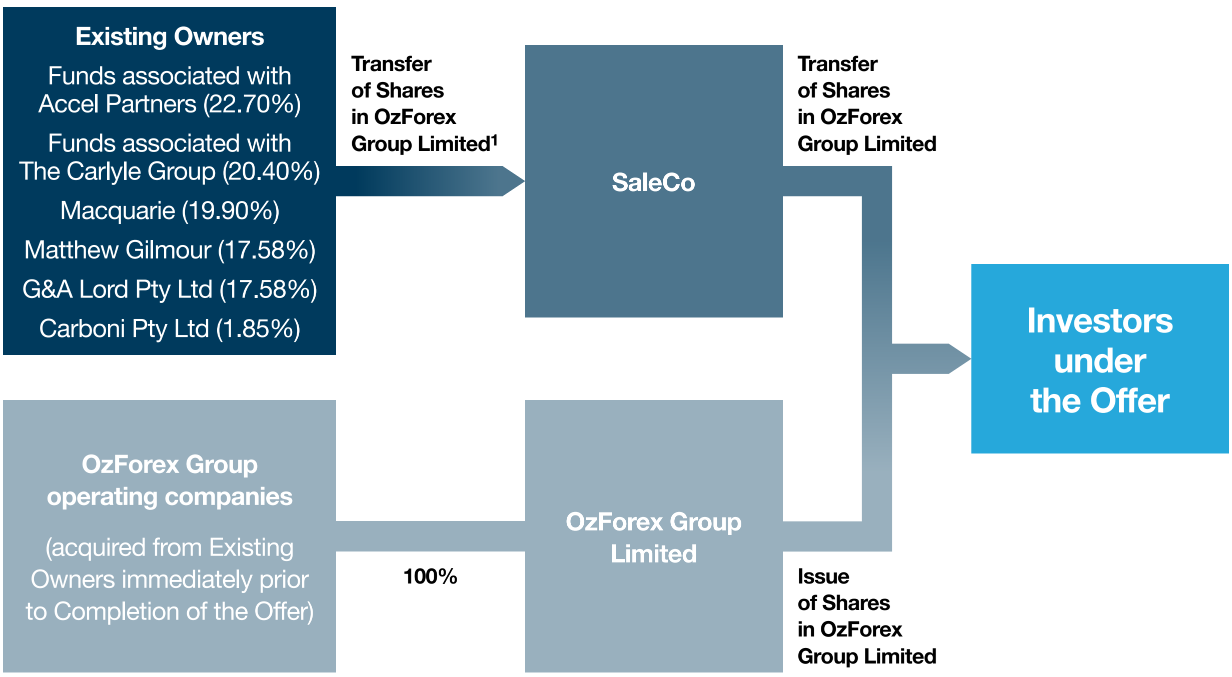
- OzForex Group Limited will acquire the OzForex Group from the Existing Owners. The Existing Owners will receive Shares in OzForex Group Limited as consideration;
- Existing Owners will receive payment of a pre-IPO dividend in respect of the operation of the business prior to Completion of the Offer of $25 million;
- Existing Owners will transfer these Shares held by them in OzForex Group Limited to SaleCo (other than Shares to be retained by the Escrowed Shareholders);
- SaleCo will sell these Shares, and OzForex Group Limited will issue Shares, to investors under the Offer; and
- Proceeds received will be dealt with as described in Section 7.1.3.

OzForex Group Limited will acquire the OzForex Group from the Existing Owners on settlement of the Offer pursuant to deed polls entered into by those entities. OzForex Group Limited will issue Shares in consideration for this acquisition to the Existing Owners pursuant to a deed poll in the same proportion that the Existing Owners hold in the OzForex Group as described in Figure 7.1.4.1 below. These deed polls are expressed to be irrevocable and in favour of OzForex Group Limited and the Existing Owners respectively, and are conditional on the Underwriting Agreement referred to in Section 9.1 remaining in effect, and the Offer proceeding, at the requisite time on the date of settlement of the Offer.

Following the above, the Existing Owners will transfer the Shares in OzForex Group Limited (other than Shares to be retained by Escrowed Shareholders and subject to voluntary escrow arrangements described in Section 7.6), free from encumbrances and third party rights, to SaleCo pursuant to deed polls entered into by those entities. The price payable by SaleCo for these Shares is the Offer Price. These deed polls are expressed to be irrevocable and in favour of SaleCo, and are subject to the same condition relating to Settlement of the Offer referred to above.

The Shares which SaleCo acquires from the Existing Owners will be transferred to successful applicants under the Offer.

Figure 7.1.4.1: Offer Structure



1. Except for Shares being retained by the Escrowed Shareholders and subject to voluntary escrow arrangements as described in Section 7.6

SaleCo was incorporated on 2 September 2013 and has no material assets, liabilities or operations other than its interests in these deed polls. The shareholders in SaleCo are the Existing Owners. The sole director of SaleCo is Neil Helm, a Director of OzForex Group Limited.

Following Completion of the Offer, the OzForex Group's corporate structure will be as illustrated below:

7.1.5 Other information about OzForex Group Limited

OzForex Group Limited's Pro Forma Balance Sheet following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.9.

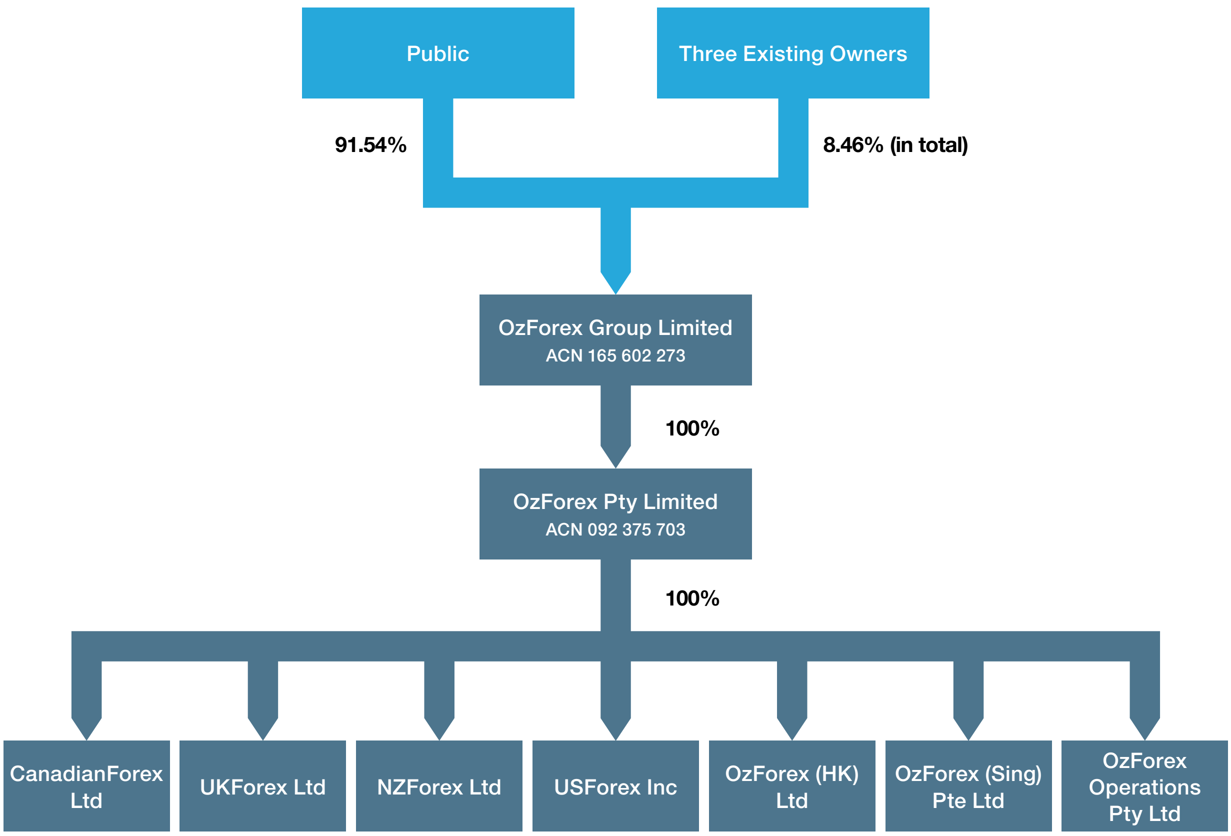
OzForex Group Limited's capitalisation and indebtedness as at 31 March 2013, before and following Completion of the Offer, is set out in Section 4.9.

OzForex Group Limited is taxed as an Australian tax resident public company for the purpose of Australian income tax law.

The Directors do not expect any shareholder to control OzForex Group Limited on Completion of the Offer.

The Directors believe that on Completion of the Offer, the OzForex Group will have sufficient funds available from the Offer and its operations to fulfil the purposes of the Offer and meet its stated business objectives.

Figure 7.1.4.2: The OzForex Group's corporate structure following Completion of the Offer



7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in OzForex Group Limited).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.9 below.
What is the consideration payable for each security?	The offer Price is $2.00 per Share.
What is the Offer period?	The key dates, including details of the Offer period, are set out in Important Dates on page 4. No securities will be issued on the basis of this Prospectus later than the Expiry Date.
What are the cash proceeds to be raised?	$439.5 million will be raised under the Institutional Offer and Broker Firm Offer.
What is the minimum and maximum application size under the Broker Firm Offer?	The minimum application under the Broker Firm Offer is $2,000, and in multiples of $500 thereafter, as directed by the applicant's Broker. The Joint Lead Managers and the OzForex Group reserve the right to reject any application or to allocate a lesser number of Shares than that applied for. There is no maximum value of Shares that may be applied for under the Broker Firm Offer.
What is the allocation policy?	Approximately $40.0 million of Shares have been allocated to the Broker Firm Offer and the remaining Shares have been allocated to the Institutional Offer and selected investors invited to subscribe for Shares by the Existing Owners. Prior to the Prospectus Date, certain Institutional Investors committed to the Joint Lead Managers to acquire Shares as described in Section 7.4.1. The allocation of Shares among applicants in the Institutional Offer will be determined by the Joint Lead Managers in consultation with the OzForex Group. For further information on the Institutional Offer refer to Section 7.4. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among eligible retail clients. For further information on the Broker Firm Offer, see Section 7.3.

Topic	Summary
Are there any restrictions on Shareholdings?	There are certain restrictions on the number of Shares a Shareholder and its affiliates and associates may hold without approval from relevant regulators as a result of licencing or regulatory requirements in certain jurisdictions in which the OzForex Group operates. For example the OzForex Group believes that the maximum Shareholding which may apply for a Shareholder and its affiliates or associates in OzForex Group Limited is currently 10%, however investors should obtain legal advice if they wish to acquire substantial holdings in OzForex Group Limited. Refer to Section 3.6.5 for further information.
When will I receive confirmation whether my application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about 17 October 2013.
Will the securities be listed?	OzForex Group Limited will apply for admission to the official list of the ASX and quotation of Shares on the ASX under the code "OFX". Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. The OzForex Group will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the OzForex Group from time to time. The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the OzForex Group to the official list is not to be taken as an indication of the merits of the OzForex Group or the Shares offered for subscription.

Topic	Summary
When are the securities expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about 11 October 2013, initially on a conditional and deferred settlement basis. The contracts formed on acceptance of applications and confirmations of allocations will be conditional on the ASX agreeing to quote the Shares on the ASX, and on issue occurring. Trades occurring on the ASX before issue occurring will be conditional on allotment issue. Conditional trading will continue until OzForex Group Limited has advised the ASX that: (i) the Shares to be sold by the Existing Owners have been transferred to SaleCo; (ii) OzForex Group Limited has issued Shares, and SaleCo has transferred Shares, to successful applicants under the Offer, which is expected to be on or about 16 October 2013. From 16 October, trading will be on an unconditional but deferred settlement basis until OzForex Group Limited has advised the ASX that holding statements have been dispatched to Shareholders. Normal settlement trading is expected to commence on or about 18 October 2013. If settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of the Offer and confirmations of allocations will be cancelled and of no further effect and all application monies will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect. **It is the responsibility of each applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.** OzForex Group Limited, SaleCo and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by OzForex Offer Information Line, by a Broker or otherwise.
Is the Offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer. Details are provided in Sections 7.1 and 9.1.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.6.
Has any ASIC relief or ASX waiver been obtained or been relied on?	No, except as described in Section 7.7.
Are there any tax considerations?	Refer to Section 9.5.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by applicants on acquisition of Shares under the Offer. See Sections 6.3.5 and 9.1.1 for details of various fees payable by the OzForex Group to the Joint Lead Managers and by the Joint Lead Managers to the Co-Manager and Broker.

Topic	Summary
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the OzForex Offer Information Line on 1300 610 034 (within Australia) from 8.30am to 5.00pm Sydney Time, Monday to Friday (Business Days only). If you are unclear in relation to any matter or are uncertain as to whether the OzForex Group is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

7.3 Broker Firm Offer

7.3.1 Who can apply?

The Broker Firm Offer of approximately $40.0 million of Shares is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. If you have been offered a firm allocation by a Broker, you will be treated as an applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

7.3.2 How to apply

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or in its paper copy form which may be downloaded in its entirety from www.ozforex.com.au/about-us/investors. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your firm allocation. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form.

By making an application, you declare that you were given access to this Prospectus (or any replacement Prospectus), together with an Application Form. **The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.**

The minimum application under the Broker Firm Offer is $2,000 worth of Shares and in multiples of $500 thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, the OzForex Group and the Joint Lead Managers reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications in the Broker Firm Offer which are for more than $250,000. The OzForex Group may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and application monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens on 1 October 2013 and is expected to close on 9 October 2013. The OzForex Group and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

7.3.3 How to pay

Applicants under the Broker Firm Offer must pay their application monies in accordance with instructions received from their Broker.

7.3.4 Application monies

The OzForex Group reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Amount by the Offer Price. Where the Offer Price does not divide evenly into the Application Amount, the number of Shares to be allocated will be determined by the applicant's Broker.

Cheque(s) or bank draft(s) must be in Australian Dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the applicant received a firm allocation.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for application monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as for which your cleared application monies will pay (and to have specified that amount on your Application Form) or your application may be rejected.

7.3.5 Acceptance of applications

An application in the Broker Firm Offer is an offer by an applicant to the OzForex Group and SaleCo to subscribe for or purchase (as the case may be) Shares in the amount specified the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an application by an applicant under the Offer is irrevocable.

An application may be accepted by the OzForex Group and the Joint Lead Managers in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the applicant. Acceptance of an application will give rise to a binding contract.

7.3.6 Broker Firm Offer allocation policy

The allocation of firm stock to Brokers will be determined by the Joint Lead Managers and the OzForex Group. Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued or transferred to the applicants who have received a valid allocation of Shares from those Brokers (subject to the right of the OzForex Group and the Joint Lead Managers to reject or scale back applications which are for more than $250,000). It will be a matter for those Brokers how they allocate Shares among their retail clients, and they (and not the OzForex Group or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

7.3.6.1 Announcement of final allocation policy in the Broker Firm offer

The OzForex Group expects to announce the final allocation policy under the Broker Firm Offer on or about 11 October 2013. It is expected that this information will be advertised in The Sydney Morning Herald, The Melbourne Age, The Australian and The Australian Financial Review on that same day. Applicants in the Broker Firm Offer will be able to call the OzForex Offer Information Line on 1300 610 034 from 8.30am to 5.00pm Sydney Time, Monday to Friday (Business Days only), from 11 October 2013 to confirm their allocations. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the OzForex Offer Information Line or confirmed your allocation through a Broker.

7.4 Institutional Offer

7.4.1 Invitations to Bid

Selected Institutional Investors have committed to the Joint Lead Managers to acquire Shares under this Prospectus at the Offer Price per Share. These Institutional Investors may be allocated additional Shares at the discretion of the Joint Lead Managers in consultation with the OzForex Group.

The Joint Lead Managers will also invite certain Institutional Investors to bid for Shares in the Institutional Offer.

The Institutional Offer will be in two parts:

- an invitation to Australian resident Institutional Investors and other eligible Institutional Investors in jurisdictions outside the United States to bid for Shares – made under this Prospectus; and
- an invitation to Institutional Investors in the United States – made under the US Offering Memorandum (which includes this prospectus).

7.4.2 Institutional Offer Allocation policy

Subject to the commitment described in Section 7.4.1, the Joint Lead Managers and the OzForex Group have absolute discretion regarding the basis of allocation of Shares among other Institutional Investors and there is no assurance that any such Institutional Investor will be allocated any Shares, or the number of Shares for which it has bid.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Joint Lead Managers.

The allocation policy for the invitations referred to in Section 7.4.2 will be influenced by a number of factors including potentially:

- Number of Shares bid for by particular bidders;
- The timeliness of the bid by particular bidders;
- The OzForex Group's desire for an informed and active trading market following listing on the ASX;
- The OzForex Group's desire to establish a wide spread of institutional shareholders;
- Overall level of demand under the Broker Firm Offer, and Institutional Offer;
- The size and type of funds under management of particular bidders;
- The likelihood that particular bidders will be long-term shareholders; and
- Any other factors that the OzForex Group and the Joint Lead Managers consider appropriate.

The allocation of Shares between the Institutional Offer and the Broker Firm Offer will be determined by the Joint Lead Managers and the OzForex Group.

7.5 Underwriting arrangements

The Offer is fully underwritten. The Joint Lead Managers and the OzForex Group have entered into an Underwriting Agreement under which the Joint Lead Managers have been appointed as managers and underwriters of the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to underwrite severally applications for all Shares under the Offer in equal proportions. The Underwriting Agreement sets out a number of circumstances under which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.1.

7.6 Escrow arrangements

Matthew Gilmour and G&A Lord Pty Limited as trustee for the Lord Family Trust each currently hold 17.58% of the OzForex Group and Carboni Pty Ltd holds 1.85%. It is expected that, on Completion of the Offer, Matthew Gilmour and G&A Lord Pty Limited will each hold 4% of the Shares, Carboni Pty Ltd will hold 0.46% of the Shares, and will each (together with applicable controlling parties, Escrowed Shareholders) enter into voluntary escrow arrangements over these Shares which prevent them from disposing their escrowed Shares prior to the date on which OzForex's reviewed half year accounts for the period ending 30 September 2014 are released to the ASX by OzForex Group Limited.

There are limited circumstances in which an escrow may be released, namely:

- to allow the Escrowed Shareholder to accept an offer under a takeover bid in relation to its Shares and holders if at least half of the Shares which are subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid;
- to allow the Shares held by the Escrowed Shareholder to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act; or
- the death or incapacity of the Escrowed Shareholder.

During the escrow period, the Escrowed Shareholders whose Shares are subject to escrow, may deal in any of their Shares to the extent the dealing is required by applicable law (including an order of court of competent jurisdiction). The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things.

7.6.1 Discretion regarding the Offer

The OzForex Group and SaleCo may withdraw the Offer at any time before the issue of Shares to successful applicants or bidders under the Broker Firm Offer and the Institutional Offer. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.

The OzForex Group, SaleCo and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications or bids either generally or in particular cases, reject any application or bid, or allocate to any applicant or bidder fewer Shares than the amount applied or bid for applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

7.7 ASIC relief and ASX confirmation

OzForex Group Limited has received a no action letter issued by the Australian Securities & Investments Commission in relation to possible contraventions of Part 7.7A of the Corporations Act in respect of certain commissions and rebates payable in connection with the Offer. It has applied for a modification of the Corporations Act from Australian Securities & Investments Commission to permit performance rights referred to in the Prospectus to be offered without preparation of a prospectus or other disclosure document.

OzForex Group Limited applied to the ASX for confirmation that it may undertake conditional and deferred settlement trading of the Shares, subject to the conditions set out in the table in Section 7.2.

7.8 ASX listing, registers and holding statement, deferred/conditional settlement trading

7.8.1 CHESS and issuer sponsored holdings

The OzForex Group will apply to participate in the ASX's Clearing House Electronic Sub-register System (CHESS) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register.

For all successful applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHESS holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The OzForex Group and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.9 Description of Shares

7.9.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the OzForex Group is admitted to the official list of the ASX.

7.9.2 Voting at a general meeting

At a general meeting of the OzForex Group, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid Share held.

7.9.3 Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the OzForex Group and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

7.9.4 Dividends

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment. For further information in respect of OzForex Group's proposed dividend policy, see Section 4.14.

7.9.5 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the corporations Act, the ASX Listing Rules or ASX Settlement Operating Rules.

7.9.6 Issue of further Shares

Subject to the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the OzForex Group may issue, or grant options in respect of, or otherwise dispose of further shares on such terms and conditions as the Directors resolve.

7.9.7 Winding up

If the OzForex Group is wound up, then subject to the Constitution and any special resolution or preferential rights or restrictions attached to a class of shares, any surplus must be divided among the OzForex Group's members in the proportions which the amount paid and payable (including amounts credited) on the shares of a member is of the total amount paid and payable (including amounts credited) on the shares of all members of the OzForex Group.

7.9.8 Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules, the OzForex Group may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

7.9.9 Share buy-backs

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the OzForex Group may buy back shares in itself on terms and at times determined by the Board.

7.9.10 Proportional takeover provisions

The Constitution contains provisions for Shareholder approval to be required in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by special resolution of the Shareholders in general meeting by the third anniversary of the date of the Constitution's adoption.

7.9.11 Variation of class rights

At present, the OzForex Group's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- With the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- By a special resolution passed at a separate meeting of the holders of those shares.
- In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

7.9.12 Dividend reinvestment plan

The Constitution authorises the Directors, on any terms and at their discretion, to establish a dividend reinvestment plan (under which any Shareholder may elect that the dividends payable by the OzForex Group be reinvested reinvestment plan (under which any member may elect that the dividends payable by the OzForex Group be reinvested by a subscription for securities).

7.9.13 Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is fixed by the Directors but may not be more than 10 unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of the OzForex Group. Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any Managing Director) retires at each annual general meeting of the OzForex Group. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the OzForex Group.

7.9.14 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote.

7.9.15 Directors – remuneration

The Directors (other than executive Directors) will be paid by way of fees for services up to the maximum aggregate sum per annum as may be approved from time to time by the OzForex Group in general meeting. The current maximum aggregate sum per annum is $1,000,000 with the initial remuneration of the Directors set out in Section 6.3.1. Any change to that maximum aggregate sum needs to be approved by Shareholders. The Constitution also makes provision for the OzForex Group to pay all reasonable expenses of Directors in attending meetings and carrying on their duties.

7.9.16 Indemnities

The OzForex Group, to the extent permitted by law, indemnifies each Director against any liability incurred by that person as an officer of the OzForex Group or its subsidiaries, and reasonable legal costs incurred by that person in defending an action for a liability of that person. The OzForex Group, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person.

The OzForex Group, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring any Director against any liability incurred by that person as an officer of the OzForex Group or its subsidiaries and legal costs incurred by that person in defending an action for a liability of that person.

The OzForex Group, to the extent permitted by law, may enter into an agreement or deed with a Director or a person who is, or has been, an officer of the OzForex Group or its subsidiaries, under which the OzForex Group must do all of the following:

- Keep books of the OzForex Group and allow either or both that person and that person's advisers access to those books on the terms agreed;
- Indemnify that person against any liability incurred by that person as an officer of the OzForex Group or its subsidiaries and legal costs incurred by that person in defending an action for a liability of that person;
- Make a payment (whether by way of advance, loan or otherwise) to that person in respect of legal costs incurred by that person in defending an action for a liability of that person; and
- Keep that person insured in respect of any act or omission by that person while a Director or an officer of the OzForex Group or its subsidiaries, on the terms agreed (including as to payment of all or part of the premium for the contract for insurance).

7.9.17 Amendment

The Constitution may be amended only by special resolution passed by at least three-quarters of the Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the OzForex Group.

The OzForex Group must give at least 28 days written notice of a general meeting of the OzForex Group.

7.10 Restrictions on distribution

No action has been taken to register or qualify the Shares that are the subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act. Offers to any persons in the United States are only being made pursuant to, and in accordance with the terms described in, the US Offering Memorandum.

This Prospectus may not be distributed in the United States unless it is attached to, or constitutes part of, the US Offering Memorandum that describes selling restrictions applicable in the United States, and may only be distributed to persons to whom the Offer may be lawfully made in accordance with the laws of any applicable jurisdiction.

SECTION 8
Investigating Accountant's Reports

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

PO Box H67
Australia Square 1213
Australia

Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

The Directors
OzForex Group Limited &
Cloudbreak Settlement Pty Limited
Level 9, 10 Bridge Street
Sydney NSW 2000

23 September 2013

Dear Directors

Limited Assurance Investigating Accountant's Report – Historical Financial Information and Pro Forma Historical Consolidated Balance Sheet

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by OzForex Group Limited and Cloudbreak Settlement Pty Limited ("SaleCo") to prepare this report for inclusion in the Prospectus to be dated 23 September 2013 ("Prospectus"), and to be issued by OzForex Group Limited and SaleCo, in respect of the proposed IPO of OzForex Group Limited ("Offer").

Expressions defined in the Prospectus have the same meaning in this report.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the historical financial information described below and disclosed in the Prospectus.

The historical financial information and pro forma historical consolidated balance sheet are presented in the Prospectus in an abbreviated form, insofar as they do not include all of the presentation and disclosures required by Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the following historical financial information (together the "Historical Financial Information") of OzForex Group Limited (the responsible party) included in the Prospectus:

- the historical consolidated income statements for the financial years ended 31 March 2011, 2012 and 2013;
- the historical consolidated statements of cash flows for the financial years ended 31 March 2011, 2012 and 2013; and
- the historical consolidated balance sheet as at 31 March 2013.

The Historical Financial Information of OzForex Group Limited has been extracted from the financial reports of OzForex Pty Limited for the years ended 31 March 2011, 2012 and 2013, which were audited by another accounting firm in accordance with the Australian Auditing Standards. The auditor issued an unmodified audit opinion on the financial report.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Historical Financial Information is not prepared, in all material respects, in accordance with the recognition and measurement principles contained in the Australian Accounting Standards (including the Australian Accounting Interpretations) and OzForex Group Limited's accounting policies, as described in the Prospectus.

We have conducted our procedures in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the extraction of Historical Financial Information of OzForex Group Limited from the audited financial statements of OzForex Pty Limited for the years ended 31 March 2011, 31 March 2012 and 31 March 2013;
- analytical procedures on the Historical Financial Information;
- a consistency check of the application of the Basis of Preparation, as described in Section 4.2.2 of the Prospectus, to the Historical Financial Information;
- a review of OzForex Pty Limited's audit work papers, accounting records and other documents; and
- enquiry of Directors, management and others in relation to the Historical Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion in relation to the Historical Financial Information.

Pro Forma Historical Consolidated Balance Sheet

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical consolidated balance sheet of OzForex Group Limited (the responsible party) included in the Prospectus.

The pro forma historical consolidated balance sheet has been derived from the 31 March 2013 historical consolidated balance sheet of OzForex Group Limited, after adjusting for the effects of pro forma adjustments described in Section 4.9.3 of the Prospectus.

The pro forma historical consolidated balance sheet as at 31 March 2013 is set out in Section 4.9.1 of the Prospectus issued by OzForex Group Limited (the "Pro Forma Historical Consolidated Balance Sheet").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards (including the Australian Accounting Interpretations) applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 4.9.3 of the Prospectus, as if those events or transactions had occurred as at 31 March 2013. Due to its nature, the Pro Forma Historical Consolidated Balance Sheet does not represent OzForex Group Limited's actual or prospective balance sheet.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Pro Forma Historical Consolidated Balance Sheet in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Consolidated Balance Sheet is not prepared, in all material respects, by the directors in accordance with the stated basis of preparation. As stated in Section 4.2.3 of the Prospectus, the stated basis of preparation is:

- the extraction of the historical consolidated balance sheet from the audited financial statements of OzForex Pty Limited for the year ended 31 March 2013; and

- the application of pro forma adjustments, determined in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and OzForex Group Limited's accounting policies set out in Appendix 1 of the Prospectus, to the the historical balance sheet to illustrate the effects of the Offer on OzForex Group Limited described in Section 4.9.3 of the Propsectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures we performed were based on our professional judgement and included:

Historical Financial Information

- a review of the extraction of the historical consolidated balance sheet of OzForex Group Limited from the audited financial statements of OzForex Pty Limited for the years ended 31 March 2011, 2012 and 2013;

Pro forma adjustments:

- consideration of the pro forma adjustments described in the Propsectus;
- enquiry of Directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro Forma Historical Consolidated Balance Sheet; and
- a review of accounting policies for consistency of application.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Consolidated Balance Sheet is prepared, in all material respects, by the Directors in accordance with the stated basis of preparation.

Directors' responsibilities

The Directors are responsible for the preparation of:

- the Historical Financial Information; and
- the Pro Forma Historical Consolidated Balance Sheet, including the selection and determination of the pro forma transactions and/or adjustments made to the pro forma historical balance sheet and included in the Pro Forma Historical Consolidated Balance Sheet.

The Directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as set out in Section 4 of the Prospectus, comprising:

- the historical consolidated income statements of OzForex Group Limited for the years ended 31 March 2011, 2012 and 2013;
- the historical consolidated statements of cash flows of OzForex Group Limited for the years ended 31 March 2011, 2012 and 2013; and
- the historical consolidated balance sheet of OzForex Group Limited as at 31 March 2013;

is not prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles contained in Australian Accounting Standards (including the Australian Accounting Interpretations) and the accounting policies of OzForex Group Limited set out in Appendix 1 of the Prospectus.

Pro Forma Historical Consolidated Balance Sheet

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Consolidated Balance Sheet, as set out in Section 4.9.1 of the Prospectus, is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 4.9.3 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies of OzForex Group Limited set out in Appendix 1 of the Prospectus.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Transaction, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is not the auditor of OzForex Group Limited but, from time to time, provides OzForex Group Limited with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

Matthew Saunders
Authorised Representative

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

PO Box H67
Australia Square 1213
Australia

Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

The Directors
OzForex Group Limited &
Cloudbreak Settlement Pty Limited
Level 9, 10 Bridge Street
Sydney NSW 2000

23 September 2013

Dear Directors

Limited Assurance Investigating Accountant's Report – Forecast Financial Information

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by OzForex Group Limited and Cloudbreak Settlement Pty Limited ("SaleCo") to prepare this report for inclusion in the prospectus to be dated 23 September 2013 ("Prospectus"), and to be issued by OzForex Group Limited and SaleCo, in respect of the proposed IPO of OzForex Group Limited ("Offer").

Expressions defined in the Prospectus have the same meaning in this report.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the forecast financial information described below and disclosed in the Prospectus.

The forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards (including the Australian Accounting Interpretations) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Forecast Financial Information and Directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to:

- the pro forma forecast consolidated income statements of OzForex Group Limited for the 12 months ending 30 September 2013 ("Sept-13"), the financial year ending 31 March 2014

("FY14"), the 12 months ending 30 September 2014 ("Sept-14"), and the six months ending 30 September 2013 ("1H14");

- the statutory forecast consolidated income statements of OzForex Group Limited for Sept-13, FY14, Sept-14, 1H14 and the six months ending 30 September 2014 ("1H15"); and

- the pro forma forecast consolidated statements of cash flows of OzForex Group Limited for Sept-13, 1H14, FY14 and Sept-14 and the statutory forecast consolidated statements of cash flows of OzForex Group Limited for Sept-13, 1H14, FY14, Sept-14 and 1H15,

as described in Section 4.1 of the Prospectus (collectively, the "Forecast Financial Information").

The Directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 4.11 of the Prospectus. As stated in Section 4.2.1 of the Prospectus, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards (including the Australian Accounting Intepretations) and significant accounting policies of OzForex Group Limited set out in Appendix 1 of the Prospectus.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Section 4 of the Prospectus, and the Directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;

- in all material respects the Forecast Financial Information is not:

  - properly prepared on the basis of the Directors' best-estimate assumptions as described in the Prospectus; and

  - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards (including the Australian Accounting Interpretations) and the accounting policies set out in Appendix 1 of the Prospectus; and

- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted primarily of:

- comparison and analytical review procedures;
- discussions with management and the Directors of the factors considered in determining their assumptions; and
- examination, on a test basis, of evidence supporting:
  - the assumptions and amounts in the Forecast Financial Information; and
  - the evaluation of accounting policies used in the Forecast Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The Directors are responsible for the preparation of the Forecast Financial Information, including the Directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The Directors' responsibility includes establishing and maintaining such internal controls as the Directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Forecast Financial Information and the Directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the 12 months ending 30 September 2013, the six months ending 30 September 2013, the financial year ending 31 March 2014, the 12 months ending 30 September 2014 and the six months ending 30 September 2014 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the Directors' best-estimate assumptions as described in Section 4.11 of the Prospectus; and

OzForex Group Limited &
Cloudbreak Settlement Pty Limited
Limited Assurance Investigating Accountant's Report
Forecast Financial Information
23 September 2013

- is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies set out in Appendix 1 of the Prospectus; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by OzForex Group Limited management and adopted and disclosed by the Directors in order to provide prospective investors with a guide to the potential financial performance of OzForex Group Limited for Sept-13, FY14, Sept-14, 1H14 and 1H15.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of OzForex Group Limited. Evidence may be available to support the Directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in OzForex Group Limited, which are detailed in Section 5 of the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Sections 5 and 4.12, respectively, of the Prospectus. The sensitivity analysis described in Section 4.12 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of OzForex Group Limited, that all material information concerning the prospects and proposed operations of OzForex Group Limited has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Transaction, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is not the auditor of OzForex Group Limited but, from time to time, provides OzForex Group Limited with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

Matthew Saunders
Authorised Representative

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

PO Box H67
Australia Square 1213
Australia

Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

Financial Services Guide

Dated 23 September 2013

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**'KPMG Transaction Services'**), and Matthew Saunders as an authorised representative of KPMG Transaction Services (**Authorised Representative**), authorised representative number 404266.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services.
This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities, and
- superannuation,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by OzForex Group Limited and Cloudbreak Settlement Pty Limited (**SaleCo**) to provide general financial product advice in the form of Reports to be included in the prospectus to be dated 23 September 2013 (**Prospectus**) prepared by OzForex Group Limited and SaleCo in relation to the proposed initial public offering of OzForex Group Limited's shares and listing on the ASX (**Transaction**).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Reports because you have been provided with a copy of the Prospectus. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than OzForex Group Limited and SaleCo.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Reports.

General Advice

As KPMG Transaction Services has been engaged by OzForex Group Limited and SaleCo, the Reports only contain general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Reports having regard to your circumstances before you act on the general advice contained in the Reports.

You should also consider the other parts of the Prospectus before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing the reports. These fees will be agreed with, and paid by, SaleCo. Fees are agreed on either a fixed fee or a time cost basis. In this instance, OzForex Group Limited and SaleCo have agreed to pay KPMG Transaction Services approximately $750,000 for preparing the Reports. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Reports.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Reports.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Reports is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of tax and advisory services to OzForex Group Limited for which professional fees are received. Over the past two years professional fees of $500,000 have been received from OzForex Group.

No individual involved in the preparation of these Reports holds a substantial interest in, or is a substantial creditor of, OzForex Group Limited or SaleCo or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Matthew Saunders
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

SECTION 9
Additional information

SECTION 9

9.1 Underwriting Agreement

The Offer is being underwritten by the Joint Lead Managers pursuant to an underwriting agreement, dated 19 September 2013, between the Joint Lead Managers, OzForex Group Limited, OzForex Pty Limited, and SaleCo. Under the Underwriting Agreement, the Joint lead Managers have agreed to arrange, manage and underwrite the Offer.

9.1.1 Commissions, fees and expenses

OzForex Group Limited must pay to the Joint Lead Managers in equal proportions and in accordance with the Underwriting Agreement a base fee equal to 2.5% of the total Offer proceeds. OzForex Group Limited may also elect, at its absolute discretion, to pay the Joint Lead Managers an incentive fee of 1.5% of the total Offer proceeds.

OzForex Group Limited has agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer. The Joint Lead Managers are responsible for fees paid to any parties appointed as Co-Manager and Brokers to the Offer.

9.1.2 Termination events

A Joint Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and on or before 10.00am on the date for settlement under the Offer by notice to the other party if any of the following events occur:

- there is a misleading or deceptive statement in the Prospectus or Application Form accompanying the Prospectus or an omission from the Prospectus of material required by sections 710, 711, 715A or 716 of the Corporations Act that is materially adverse from the point of view of any investor;
- OzForex Group Limited issues, or in the reasonable opinion of a Joint Lead Manager, is required to issue, a supplementary prospectus under section 719(1) of the Corporations Act; or lodges a supplementary prospectus in a form and substance that has not been approved by a Joint Lead Managers;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to the admission of OzForex Group Limited to the official list of the ASX within the specified timeframe; or approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to official quotation of the Shares within the specified timeframe, or ASX withdraws, qualifies (other than by customary conditions) or withholds such approval;
- except in certain cases, any of the following notifications are made in respect of the Offer:
  - ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
  - ASIC holds a hearing under section 739(2) of the Corporations Act;
  - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an offer document or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Act 2001 (Clth) in relation to the Offer or an offer document;
  - any person (other than a Joint Lead Manager) who has previously consented to the inclusion of its name in the Prospectus withdraws that consent; or
  - any person (other than a Joint Lead Manager, named co-manager or named broker) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
  - OzForex or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement;
- OzForex Pty Limited, OzForex Group Limited or SaleCo does not provide a closing certificate within the specified timeframe or a statement in any closing certificate is, in any material respect, false, misleading, inaccurate or untrue or incorrect;
- OzForex Group Limited or SaleCo withdraws the Prospectus, the Institutional Offering Memorandum or the Offer;
- any member of the Group or SaleCo becomes insolvent or there is an act or omission which is likely to result in a member of the Group or SaleCo becoming insolvent;
- except in certain cases, an event specified in the timetable up to and including the date of settlement is delayed by more than 3 Business days;
- OzForex Group Limited is prevented from allotting and issuing Shares, or SaleCo is prevented from transferring Shares by applicable laws, an order of a court of competent jurisdiction or a governmental authority; or
- there is a change in senior management or the Board.

9.1.3 Termination subject to materiality

A Joint Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and on or before 10:00am on the date for settlement under the Offer by notice to the other party, if any of the following events occur and the Joint Lead Manager has reasonable grounds to believe and acting in a bona fide manner, does believe that the event (i) has or is likely to have a material adverse effect on the success or outcome of the Offer, or on the ability of the Joint Lead Manager to settle the Offer, or (ii) will, or is likely to, give rise to a liability of the Joint Lead Manager under, or a material contravention by the Joint Lead Manager of, any applicable law:

- the due diligence report provided by or on behalf of OzForex Group Limited, OzForex Pty Limited or SaleCo to the Joint Lead Managers in relation to OzForex Group Limited or the Offer is, or becomes, false, misleading or deceptive, including by way of omission;
- an event occurs which is, or is likely to give rise to, an adverse change in the assets, liabilities, financial position or performance or forecasts of the Group from those disclosed in the Prospectus; or any adverse change in the nature of the business conducted by the Group as disclosed in the Prospectus;
- hostilities not presently existing at the date of the Underwriting Agreement commence or a major escalation in existing hostilities occurs (whether war has been declared or not) or a declaration is made of a national emergency or war or a major terrorist act is perpetrated in respect of any one or more of Australia, New Zealand, the United States, Canada, the United Kingdom, Hong Kong, The People's Republic of China, Singapore, or any member state of the European Union;
- a new law is introduced, or there is a public announcement of a proposal to introduce, in Australia, New Zealand, the United States, the United Kingdom, Hong Kong, Singapore a new law or regulation or government policy (excluding a policy of the Reserve Bank of Australia and a law or policy which has been announced before the date of the Underwriting Agreement);
- a representation, warranty contained in the Underwriting Agreement on the part of OzForex Group Limited, OzForex Pty Limited or SaleCo is not true or correct;
- OzForex Group Limited, OzForex Pty Limited or SaleCo breaches one or more of its undertakings or obligations under the Underwriting Agreement;
- legal proceedings against OzForex Group Limited, OzForex Pty Limited or SaleCo or any of their respective directors in their capacity as a director is commenced, a director of OzForex Group Limited, OzForex Pty Limited or SaleCo is charged with an indictable offence or disqualified from managing a corporation in accordance with the Corporations Act or any regulatory body commences an enquiry or public action against a member of the Group or SaleCo or OzForex Pty Limited other than in relation to a matter which is disclosed in the Prospectus;
- any of the following occurs (i) a general moratorium on commercial banking activities in Australia, United Kingdom, the United States or Hong Kong is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) trading in all securities quoted or listed on ASX or the New York Stock Exchange is suspended for at least 1 day on which that exchange is open for trading; or
- any of OzForex Group Limited, SaleCo or OzForex Pty Limited or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage, or have been alleged by a Governmental Authority to have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer.

9.1.4 Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by OzForex Pty Limited, OzForex Group Limited and SaleCo to the Joint Lead Managers (as well as common conditions precedent), including the entry into a voluntary escrow deed by certain of the Existing Owners and implementation deeds entered into by Existing Owners in a form and substance acceptable to the Joint Lead Managers and not breached or amended in a material respect, rescinded or terminated by the Prospectus Date.

The representations and warranties given by OzForex Pty Limited and OzForex Group Limited include but are not limited to matters such as power and authorisations, compliance with applicable laws and Listing Rules, financial information, information contained in the Prospectus, the conduct of the Offer and the due diligence process. OzForex Pty Limited also provides additional representations and warranties in connection with matters including in relation to its assets, litigation, non-disposal of escrowed shares, entitlements of third parties, tax, insurance, authorisations, eligibility for Listing and internal accounting controls. The representations and warranties given by SaleCo include but are not limited to matters such as power and authorisations and the Shares sold by SaleCo.

OzForex Group Limited provides undertakings under the Underwriting Agreement which include but are not limited to notifications of breach before Completion of the Offer or any obligation, representation or warranty or undertaking given by it under the Underwriting Agreement and that it will not, during the period following the date of the Underwriting Agreement until 90 days after Shares have been issued under the Offer, issue any Shares or securities without the consent of the Joint Lead Managers (any consent not to be unreasonably withheld or delayed), subject to certain exceptions. These exceptions include the issue of Shares under the Offer, an issue of securities pursuant to an employee share plan, a non-underwritten dividend reinvestment plan or a bonus share plan. SaleCo also provides undertakings under the Underwriting Agreement which include but are not limited to notifications of breach before Completion of the Offer or any obligation, representation or warranty or undertaking given by it under the Underwriting Agreement.

9.1.5 Underwriting mechanism

If the issue or sale of Offer Shares to the Underwriter pursuant to the Underwriting Agreement would result in an Underwriter (taking into account the number of shares that would be held by that Underwriter and its Affiliates and associates) holding, directly or indirectly, an interest in 10% or more of the Offer Shares then that Underwriter will not purchase those Shares to the extent its interest in the Offer Shares would be 10% or more (**Balance Shares**).

In this case, on settlement of the Offer, the Underwriters will advance to SaleCo an amount equal to the number of the Balance Shares allotted to or held by SaleCo multiplied by the Offer Price (**Advance Amount**). SaleCo will then appoint the Underwriters as agent to sell the Balance Shares allotted to or held by SaleCo within 12 months of the date of the Underwriting Agreement and the Underwriters will use their best endeavours to sell all of the Balance Shares as soon as practicable after the settlement of the Offer.

The Underwriters must indemnify SaleCo as to the shortfall between the actual price received for each Balance Shares and the Offer Price (if any). SaleCo must only repay the Advance Amount from, and to the extent the Underwriters receive, the proceeds of sale of the Balance Shares. The after-tax amount of any dividends or distributions received by SaleCo in respect of the Balance Shares must be also be paid to the Underwriters in reduction of the Advance Amount. The Underwriter will automatically and immediately apply any proceeds of sale of the Balance Shares held by SaleCo against repayment of the Advance Amount.

9.1.6 Indemnity

Subject to certain exclusions relating to, among other things, fraud, recklessness, gross negligence or wilful misconduct of an indemnified party, OzForex Group Limited and OzForex Pty Limited agree to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.2 Litigation and claims

As at the Prospectus Date, So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the OzForex Group is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the OzForex Group.

9.3 Consents to be named and disclaimers of responsibility

Each of the parties referred to below (each a 'Consenting Party'), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- Goldman Sachs Australia Pty Ltd;
- Macquarie Capital (Australia) Limited;
- Clayton Utz;
- Kirkland & Ellis;
- KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd);
- PricewaterhouseCoopers;
- Computershare Investor Services Pty Limited;
- Financial Technology Partners LP and FTP Securities, LLC;
- Macquarie Equities Limited; and
- JBWere Limited.

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd) has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Investigating Accountant's Reports in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

PricewaterhouseCoopers has given, and not withdrawn before lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor in the form and context it is so named.

9.4 Description of the Syndicate

The Joint Lead Managers to the Offer are Goldman Sachs and Macquarie Capital.

The Co-Manager (JBWere Limited), and Broker (Macquarie Equities Limited) to the Offer are the retail affiliates of the Joint Lead Managers. See Section 6.3.5 for information on the fees the Co-Manager and Brokers will be paid.

9.5 Taxation considerations

The following tax comments are based on the tax law in Australia in force as at the Prospectus Date. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor. During the period of ownership of the Shares by investors, the taxation laws of Australia, or their interpretation, may change. The precise implications of ownership or disposal will depend upon each investor's specific circumstances. Investors should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate investors. These comments do not apply to investors that hold Shares on revenue account or, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 which have made elections for the fair value or Reliance on Financial Reports (**ROFR**) methodologies.

9.5.1 Dividends paid on Shares

9.5.1.1 Australian resident individuals and complying superannuation entities

Dividends paid by OzForex Group Limited on a Share will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to shares to the extent they are held to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend. Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, such investors should be entitled to a tax refund.

To the extent that the dividend is unfranked, the investor will generally be taxed at his or her prevailing marginal rate on the dividend received with no tax offset.

9.5.2 Corporate investors

Corporate investors are also required to include both the dividend and associated franking credit in their assessable income.

They are then allowed a tax offset up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit on the distribution received. This will allow the corporate investor to pass on the benefit of the franking credits to its own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund for a company but can be converted into carry forward tax losses.

9.5.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

9.5.4 Shares held at risk

The benefit of franking credits can be denied where an investor is not a 'qualified person' in which case the investor will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, an investor is required to hold shares "at risk" for more than 45 days continuously (which is measured as the period commencing the day after the shares were acquired and ending on the 45th day after the shares become ex-dividend) in order to qualify for franking benefits, including franking credits. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed $5,000.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the shares at risk for the continuous 45 day period as above but within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the shares become ex-dividend.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

9.5.5 Disposal of Shares

Most Australian resident investors will be subject to Australian CGT on the disposal of the Shares. Some investors will hold Shares on revenue account, trading stock or under the Taxation of Financial Arrangements regime. These investors should seek their own professional advice.

An investor will derive a capital gain on the disposal of a particular Share where the capital proceeds received on disposal exceeds the CGT cost base of the share. The CGT cost base of the share is broadly the amount paid to acquire the share plus any transaction/incidental costs.

A CGT discount may be available on the capital gain for individual investors, trustee investors and investors that are complying superannuation entities provided the particular Shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and trusts is 50% and for complying superannuation entities is 331/3%. In relation to trusts, the rules are complex, but this discount may be able to be flowed up to beneficiaries of the trust.

An investor will incur a capital loss on the disposal of the particular Shares to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the Shares.

If an investor derives a net capital gain in a year, this amount is, subject to the comments below, included in the investor's assessable income. If an investor incurs a net capital loss in a year, this amount is carried forward and is available to offset against capital gains derived in subsequent years, subject in some cases to the investor satisfying certain rules relating to the recoupment of carried forward losses.

9.5.6 Tax file numbers

An investor is not required to quote their tax file number (**TFN**) to OzForex Group Limited. However, if TFN or exemption details are not provided, Australian tax may be required to be deducted by OzForex Group Limited from dividends at the maximum marginal tax rate plus the Medicare levy.

An investor that holds shares as part of an enterprise may quote its Australian Business Number instead of its TFN.

9.5.7 Stamp duty

No stamp duty should be payable by investors on the acquisition of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.5.8 Australian Goods and Services Tax (GST)

The acquisition, redemption or disposal of the Shares by an Australian resident (that is registered for GST) will be an input taxed financial supply, and therefore is not subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor that is registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

Investors should seek their own advice on the impact of GST in their own particular circumstances.

9.6 Privacy

OzForex Group Limited and the Share Registry on its behalf, collect, hold and use that personal information to process your application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Once you have become a Shareholder, the Corporations Act requires that information about you (including your name, address and details of the Shares you hold) are included in OzForex Group Limited's Shareholder register. The information must continue to be included in OzForex Group Limited's Shareholder register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed.

OzForex Group Limited and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including the following or as otherwise authorised under the Privacy Act 1988 (Clth); the Share Registry for ongoing administration of the Shareholder register; the Joint Lead Managers in order to assess your application; printers and other companies for the purpose of preparation and administration of documents and for handling mail; market research companies for the purpose of analysing OzForex Group Limited's shareholder base and for product development and planning; and legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of OzForex Group Limited. You can request access to your personal information or obtain further information about OzForex Group Limited's privacy practices by contacting the Share Registry. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. OzForex Group Limited aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

9.7 Contract summaries

Summaries of contracts set out in this Prospectus (including the summary of the Underwriting Agreement set out in Section 9.1, the summary of international payment solutions agreements set out in Section 3.3 and the summary of the deed polls executed to effect settlement of the Offer in Section 7.1), are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

9.8 Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the OzForex Group. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

9.9 Governing law

This Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in New South Wales and each applicant and bidder submits to the exclusive jurisdiction of the courts of New South Wales.

9.10 Statement of Directors

The issue of this Prospectus has been authorised by each Director and the SaleCo Director. Each Director and the SaleCo Director has consented to lodgement of the Prospectus and issue of the Prospectus and has not withdrawn that consent.

APPENDIX 1
Further accounting information

Further accounting information

1 Supporting financial information

1.1 Reconciliation of historical income statements to the audited financial statements of OzForex Pty Limited

The following reconciliation is provided in order to show the line items from the audited financial statements that have been grouped in the Section 4.3 presentation of the historical income statements.

	Historical		
$ millions	12 mths FY11	12 mths FY12	12 mths FY13
Fee and commission income	37.4	44.2	53.6
Fee and commission expense	(2.8)	(2.9)	(3.6)
Gain/(loss) on foreign exchange derivatives	0.3	(1.9)	0.1
Foreign exchange gains	0.1	0.2	0.2
Net fee and commission income[1]	**35.0**	**39.6**	**50.3**
Interest and similar income	2.0	2.1	1.8
Interest expense and similar charges	–	–	–
Net interest income	**2.0**	**2.1**	**1.8**
Net operating income	**37.0**	**41.7**	**52.1**
Operating expenses			
Employment costs	(10.2)	(12.5)	(16.7)
Occupancy costs (including depreciation)	(0.8)	(0.9)	(1.4)
Add back Depreciation	0.1	0.2	0.2
Occupancy costs (excluding depreciation)	(0.7)	(0.7)	(1.2)
Other costs	(6.4)	(8.8)	(8.8)
Remove Promotional costs	3.0	5.1	6.8
Include Non-salary technology costs (including depreciation)	(0.6)	(0.9)	(1.0)
Add back Depreciation	0.3	0.3	0.3
Other costs (excluding depreciation)	(3.7)	(4.3)	(2.7)
Promotional costs	(3.0)	(5.1)	(6.8)
EBTDA	**19.4**	**19.1**	**24.7**
Depreciation	(0.4)	(0.5)	(0.5)
Operating profit before income tax	**19.0**	**18.6**	**24.2**
Income tax expense	(5.8)	(5.5)	(7.1)
Profit from ordinary activities after income tax/NPAT	**13.2**	**13.1**	**17.1**

Note 1: Net fee and commission income disclosed in the financial statements of OzForex Pty Limited does not include foreign exchange gain/loss or gain/loss on foreign exchange derivatives, which are included in net fee and commission income in this Prospectus, as shown above.

1.2 Reconciliation of historical cash flows to the audited financial statements of OzForex Pty Limited

The audited financial statements of OzForex Pty Limited present a direct cash flow statement. The following reconciliation has been provided to in order to show the line items from the audited financial statements that have been grouped in the Section 4.7 presentation of historical cash flows.

	Historical		
$ millions	12 mths FY11	12 mths FY12	12 mths FY13
Cash flows from operating activities			
Interest received	2.0	2.1	1.8
Fee and other non-interest income received	7,088.9	7,490.1	9,047.4
Payments to suppliers and employees	(7,069.1)	(7,473.5)	(9,015.9)
Net cash flows from operating activities before tax (‘Operating cash flow before tax’)	**21.8**	**18.7**	**33.3**
Income tax paid	(5.3)	(6.0)	(8.3)
Net cash flows from operating activities (‘Operating cash flow’)	**16.5**	**12.7**	**25.0**
Net cash flows used in investing activities			
Capital expenditure	(0.5)	(0.5)	(0.7)
Net cash flow before financing activities	**16.0**	**12.2**	**24.3**
Reconciliation of operating cash flow			
Profit before tax	**19.0**	**18.6**	**24.2**
Depreciation	0.4	0.5	0.5
EBTDA	**19.4**	**19.1**	**24.7**
Non-cash items			
Gain/(loss) on foreign exchange derivatives	(0.3)	1.8	(0.1)
Foreign exchange gains	(0.1)	(0.2)	(0.2)
Share based payments	–	–	–
Non-cash items	**(0.4)**	**1.6**	**(0.3)**
Changes in working capital			
Decrease/(increase) in debtors and prepayments	0.2	(0.3)	(0.4)
(Decrease)/increase in accrued charges and creditors	2.0	(2.0)	8.8
Remove change in liabilities for amounts due to brokers and customers	(1.4)	2.0	(8.8)
Changes in working capital	**0.8**	**(0.3)**	**(0.4)**
Increase in provisions for employee entitlements	0.6	0.3	0.5
Changes in provisions	**0.6**	**0.3**	**0.5**
Changes in liabilities for amounts due to brokers and customers (‘client liabilities’)	**1.4**	**(2.0)**	**8.8**
Operating cash flows before tax	**21.8**	**18.7**	**33.3**

Further accounting information

2 Critical accounting policies

The following significant accounting policies have been adopted in the preparation of the Financial Information included in Section 4 of this Prospectus. These accounting policies are consistent with the last audited general purpose financial report of OzForex Pty Limited for the year ended 31 March 2013.

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Compliance with Australian Accounting Standards ensures that the Financial Information complies with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). Consequently, this Financial Information has also been prepared in accordance with and complies with IFRS as issued by the IASB.

The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities (including derivative instruments) at fair value.

Critical accounting estimates and significant judgements

The preparation of the Financial Information in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Financial Information are as follows:

- fair value of financial instruments;
- recoverability of deferred tax assets; and
- fair value of share options.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The Directors believe the estimates used in preparing the Financial Information are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new recognition and measurement requirements, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ended 31 March 2013.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the financial performance or position of the consolidated entity.

2.2 Principles of consolidation

The Financial Information incorporates the assets and liabilities of all subsidiaries of OzForex Group Limited (the **OzForex Group**) and the results of all subsidiaries for the respective year then ended. OzForex Group Limited and its subsidiaries together are referred to in this Financial Information as the OzForex Group or the consolidated entity. For historical periods prior to the incorporation of OzForex Group Limited, references to OzForex Group relate to the group headed by OzForex Pty Limited.

Subsidiaries are all entities (including special purpose entities) over which the OzForex Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the OzForex Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the OzForex Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the OzForex Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the OzForex Group.

2.3 Establishment of new parent entity

On establishment of a new parent entity, when:

- the new parent entity issues equity instruments in exchange for existing equity instruments of the original parent;
- there is no change in the OzForex Group's assets or liabilities as a result of the re-organisation; and
- there is no change in the interest of the shareholder – either absolute or relative – as a result of the re-organisation,

the OzForex Group elects that the re-organisation will be accounted for at book value in the OzForex Group's annual financial statements, with no gain or loss recognised in profit or loss.

2.4 Foreign currency translations

Functional and presentation currency

Items included in the Financial Information of foreign operations are measured using the currency of the primary economic environment in which the foreign operation operates (the functional currency). The Financial Information is presented in Australian Dollars, which is the OzForex Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as a result of meeting cash flow hedge or net investment hedge accounting requirements.

Translation differences on non-monetary items (such as equities) held at fair value through profit or loss, are reported as part of the fair value gain or loss in the income statement. Translation differences on non-monetary items (such as equities) classified as available-for-sale financial assets are included in the AFS reserve in equity, unless they perform part of fair value hedge relationships in which case the translation differences are recognised in the income statement.

2.5 Income

Income is measured at the fair value of the consideration received or receivable. Income is recognised for the major income stream as follows:

Net interest income

Net interest income arising from loans and deposits is brought to account using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Fees and transaction costs associated with loans are capitalised and included in the effective interest rate and recognized in the income statement over the expected life of the instrument. Interest income on finance leases is brought to account progressively over the life of the lease consistent with the outstanding investment balance.

Net fee and commission income

Brokerage fees charged in respect of services provided are brought to account as work is completed and a fee is agreed with clients. Fee and commission income is shown net of transactional banking fees and fees paid to partners for referrals.

2.6 Income tax

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

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

Deferred tax assets are recognised when temporary differences arise between the tax base of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or where a benefit arises due to unused tax losses, but are only recognised in both cases to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences will give rise to taxable amounts being payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled.

2.7 Dividends

Provision for dividends to be paid by the OzForex Group are recognised on the balance sheet as a liability and a reduction in retained earnings when the dividend has been declared.

2.8 Derivative instruments

Derivative instruments entered into by the OzForex Group include forward rate agreements and options in the foreign exchange markets. These derivative instruments are principally used for the risk management of existing financial assets and liabilities.

All derivatives, including those used for balance sheet hedging purposes, are recognised on the balance sheet and are disclosed as an asset where they have a positive fair value at balance date or as a liability where the fair value at balance date is negative.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Movements in the carrying amounts of derivatives are recognised in the income statement, unless the derivative meets the requirements for cash flow or net investment hedge accounting.

The best evidence of a derivative's fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. Where such alternative evidence exists, the OzForex Group recognises profits immediately when the derivative is recognised.

2.9 Investments and other financial assets

Classification

With the exception of derivatives which are classified separately in the balance sheet, the remaining investments in financial assets are classified in the following categories: other financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired, which is determined at initial recognition and, except for fair value through profit or loss, is re-evaluation at each reporting date.

(i) Other financial assets at fair value through profit or loss

This category includes only those financial assets which have been designated by management as held at fair value through profit or loss on initial recognition. The policy of management is to designate a financial asset as such if the asset contains embedded derivatives which must otherwise be separated and carried at fair value; if it is part of a group of financial assets managed and evaluated on a fair value basis; or if by doing so eliminates, or significantly reduces, a measurement or recognition inconsistency that would otherwise arise. Interest income on debt securities designated as at fair value through profit or loss is recognised in the income statement in interest income using the effective interest method.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the OzForex Group commits to purchase or sell the asset. A regular way of purchase or sale of a financial asset under contract is a purchase or sale that requires delivery of the assets within the period established generally by regulation or convention in the market place.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the OzForex Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'other financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

Impairment

Impairment is assessed at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale cannot be reversed.

If there is evidence of impairment for any of the financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

2.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Assets are reviewed for impairment at each reporting date. Historical cost includes expenditure directly attributable to the acquisition of the asset.

Depreciation on assets is calculated on a straight-line basis to allocate the difference between their cost and their residual values over their estimated useful lives, at the following rates:

• Furniture and fittings	10 per cent to 20 per cent
• Leasehold improvements *	20 per cent
• Computer equipment and software	33 per cent
• Plant and equipment	20 per cent to 33 per cent

* Where remaining lease terms are less than five years, leasehold improvements are depreciated over the lease term.

Useful lives and residual values are reviewed annually and reassessed in light of commercial and technological developments. If an asset's carrying value is greater than its recoverable amount due to an adjustment to its useful life, residual value or impairment, the carrying amount is written down immediately to its recoverable amount. Adjustments arising from such items and on disposal of fixed assets are recognised in the income statement.

Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised in the income statement.

2.11 Provisions

Employee benefits

A liability for employee benefits is recognised by the entity that has the obligation to the employee. Generally, this is consistent with the legal position of the parties to the employment contract.

Liabilities for unpaid salaries, salary related costs and provisions for annual leave are recorded in the statement of financial position at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long-term benefits are recognised at the present value of expected future payments to be settled. In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using rates on high quality corporate bonds, except where there is no deep market in which case rates on Commonwealth Government securities are used. Such discount rates have terms that match as closely as possible to the expected future cash flows.

Provisions for unpaid employee benefits are derecognised when the benefit is settled, or is transferred to another entity and the OzForex Group is legally released from the obligation and do not retain a constructive obligation.

2.12 Performance based remuneration

Share based payments

OzForex Pty Limited (the ultimate chief entity of the Company) operated a share based compensation plan, which includes options granted to employees and employees of its subsidiaries. The Company recognised a share option expense in relation to options granted to its employees with the offsetting adjustment recognised as a contribution of capital from the shareholders. The options are measured at their grant dates based on their fair value and using the number expected to vest. This amount is recognised as an expense evenly over the respective vesting periods.

The fair value of each option is estimated on the date of grant using a trinomial option pricing framework. No grants were made in the current financial year. The following key assumptions have been adopted for grants made in FY13:

- risk free interest rate: 5.5 per cent weighted average prices
- expected life of options: 7 years
- volatility of share price: 35 per cent; and
- dividend yield: nil

Where options are issued by the Company to employees of subsidiaries, the Company recognises the equity provided as an investment in the subsidiary.

The Company annually revises its estimates of the number of options that are expected to become exercisable. Where appropriate, the impact of revised estimates are reflected in the income statement over the remaining vesting period, with a corresponding adjustment to the share option reserve.

Profit share remuneration

The OzForex Group recognises a liability and an expense for profit share based on a formula that takes into consideration the OzForex Group's earnings before interest and tax. The OzForex Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash and balances with central banks.

2.14 Leases

Leases entered into by the OzForex Group as lessee, are operating leases. The total fixed payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.15 GST

Income costs and fixed assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the cost. Receivables and payables are stated inclusive of the amounts of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of the cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2.16 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Market risk disclosures

Significant market risks relevant to the Financial Information are disclosed in Note 23 to the financial statements of the OzForex Group which have been lodged with ASIC and are available from www.ozforex.com.au/about-us/investors.

APPENDIX **2**
Glossary

Glossary

Term	Meaning
AFSL	Australian Financial Services Licence
Appendix	An Appendix to this Prospectus
Application Form	The relevant form attached to or accompanying this Prospectus, including the online application form available at www.ozforex.com.au/about-us/investors pursuant to which applicants apply for Shares
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited ABN 98 008 624 691
ASX Listing Rules	The official listing rules of ASX
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement and, to the extent that they are applicable, the operating rules of each of the ASX and ASX Clear Pty Limited ABN 48 001 314 503
AUD, A$, $ or Australian Dollar	Australian Dollar
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
Barclays	Barclays Bank plc
Board or Board of Directors	The board of Directors of OzForex Group Limited
Branded Partnerships	Has the meaning given in Section 3.3
Broker	Any ASX participating organisation selected by the Joint Lead Managers to participate in the Broker Firm Offer, including Macquarie Equities Limited ABN 41 002 574 923
Broker Firm Offer	The offer of Shares under this Prospectus to Australian residents who are sophisticated or professional investors (within the meaning of sections 708(8) and 708(11) of the Corporations Act, respectively) or, following lodgement of this Prospectus, to Australian resident investors who are not Institutional Investors and have received a firm allocation from their Broker
Business Day	Has the meaning given in the Listing Rules
Business Solutions	Has the meaning given in Section 3.3
CGT	Capital gains tax
CAGR	Compound annual growth rate

APPENDIX **2**

Term	Meaning
CHESS	Clearing House Electronic Sub-register System operated in accordance with the Corporations Act
Co-Manager	JBWere Limited ABN 68 137 978 360
Completion of the Offer	Completion in respect of the allotment and transfer of Shares of the Offer in accordance with the Underwriting Agreement
Constitution	The constitution of OzForex Group Limited
Corporations Act	*Corporations Act 2001 (Cth)*
Director	Each of the Directors of OzForex Group Limited from time to time
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBTDA	Earnings before tax, depreciation and amortisation
Eligible US Fund Manager	A dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not US Persons for which it has and is exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S
EPS	Earnings Per Share
Existing Owners	The Shareholders as at the Prospectus Date
Expiry Date	The date which is 13 months after the Prospectus Date, after which no Shares will be issued or transferred under this Prospectus
Exposure Period	The period specified in section 727(3) of the Corporations Act, being a minimum of seven days from the Prospectus Date, during which an application must not be accepted. ASIC may extend this period by a further seven days after the end of this period
Escrowed Shareholders	Matthew Gilmour, G&A Lord Pty Limited as trustee of the Lord Family Trust, and Carboni Pty Ltd and applicable controlling entities
Financial Information	Refers to all the financial information of the OzForex Group contained in Section 4
Forecast Financial Information	Has the meaning given in Section 4
1H14	The six months ending 30 September 2013
1H15	The six months ending 30 September 2014
FY11	Financial year ended 31 March 2011

Glossary

Term	Meaning
FY12	Financial year ended 31 March 2012
FY13	Financial year ended 31 March 2013
FY14	Financial year ending 31 March 2014
Goldman Sachs	Goldman Sachs Australia Pty Ltd ACN 006 797 897
GST	Goods and services or similar tax imposed in Australia
Historical Financial Information	Has the meaning given in Section 4
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Institutional Investor	An investor who is: • a person in Australia who is a wholesale client under section 761G of the Corporations Act and either a "professional investor" or "sophisticated investor" under sections 708(11) and 708(8) of the Corporations Act; and • an institutional investor in in certain other jurisdictions, as agreed between OzForex Group Limited and the Underwriters, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which OzForex Group Limited and SaleCo are willing, in their absolute discretion, to comply), in either case, provided that if such person is in the United States it is only an Institutional Investor if it is a QIB or is an Eligible US Fund Manager
Institutional Offer	The invitation to bid for Shares made to Institutional Investors under this Prospectus to acquire Shares as described in Section 7.4
Investigating Accountant	KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215
Investigating Accountant's Reports	The Investigating Accountant's Reports set out in Section 8
Joint Lead Managers or Underwriters	Goldman Sachs Australia Pty Ltd ACN 006 797 897 and Macquarie Capital (Australia) Limited ABN 79 123 199 548
Macquarie	Macquarie Group Limited (ABN 94 122 169 279) or its applicable subsidiary or subsidiaries which are party to the relevant agreement or arrangement with the OzForex Group, other than Macquarie Capital and its role as an underwriter
Macquarie Capital	Macquarie Capital (Australia) Limited (ABN 79 123 199 548)

APPENDIX **2**

Term	Meaning
non-IFRS financial measures	Has the meaning given in Section 4
NPAT	Net profit after tax
Offer	Offer under this Prospectus of 12.0 million Shares to be issued by OzForex Group Limited and of 207.7 million Shares to be sold by SaleCo
Official List	Official list of entities that ASX has admitted to and not removed from listing
Offer Price	$2.00 per Share
OzForex Group or Group	The business described in this Prospectus, or when the context requires, the group of companies holding that business. This includes OzForex Group Limited from Completion of the Offer as illustrated in Section 7.1.4, but excludes SaleCo
Performance Rights Plan	Has the meaning given in Section 6.5
Pro Forma Historical Consolidated Balance Sheet	The pro forma historical consolidated balance sheet described in Section 4
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document
Prospectus Date	The date on which a copy of the Initial Prospectus was lodged with ASIC, being 23 September 2013
QIB	A "qualified institutional buyer" as defined in Rule 144A under the US Securities Act
Regulation S	Regulation S promulgated under the United States Securities Act
SaleCo	Cloudbreak Settlement Pty Limited (ACN 165 602 255)
SaleCo Director	The Directors of SaleCo from time to time, currently Neil Helm
Sept-13	The 12 months ending 30 September 2013
Sept-14	The 12 months ending 30 September 2014
settlement	The settlement in respect of the Shares the subject of the Offer occurring under the deed poll described in Section 7.1 and the Underwriting Agreement, Offer Management Agreement, and associated settlement support arrangements
Share	A fully paid ordinary share in OzForex Group Limited
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277

Glossary

Term	Meaning
Shareholder	The registered holder of a Share
Sydney Time	The time in Sydney, Australia
UK or United Kingdom	The United Kingdom of Great Britain and Northern Ireland
Underwriting Agreement	The underwriting agreement between OzForex Group Limited, OzForex Pty Ltd, SaleCo and the Joint Lead Managers as described in Section 9.1
US or United States	United States of America, its territories and provinces, any state of the United States of America and the District of Columbia
US Offering Memorandum	The offering memorandum under which the Institutional Offer will be made in the United States which consists of this Prospectus and a US wrap
US Person	Has the meaning given to it in Rule 902(k) of Regulation S
United States Securities Act	United States Securities Act of 1933
USD, US$ or US Dollar	United States Dollar
Web Services	Has the meaning given in Section 3.3

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CORPORATE **DIRECTORY**

OzForex Group Limited registered office
Level 9, 10 Bridge Street
Sydney NSW 2000
Australia

Joint Lead Manager
Goldman Sachs Australia Pty Ltd
Level 46, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

Joint Lead Manager
Macquarie Capital (Australia) Limited
No. 1 Martin Place
Sydney NSW 2000
Australia

Australian Legal Adviser
Clayton Utz
Level 15
1 Bligh Street
Sydney NSW 2000
Australia

US Legal Adviser
Kirkland and Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Financial Adviser
Financial Technology Partners LP
FTP Securities LLC
601 California Street
San Francisco
CA 94108
USA

Investigating Accountant
KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Limited
10 Shelley Street
Sydney NSW 2000
Australia

Auditor
PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000
Australia

Share Registry
Computershare Investor Services Pty Limited
60 Carrington Street
Sydney NSW 2000
Australia

Co-Manager
JBWere Limited
Level 16, 101 Collins Street
Melbourne VIC 3000
Australia

OzForex Offer Information Line
Number: 1300 610 034
Hours of operation: 8.30am to 5:00pm (Sydney Time)
Monday to Friday (Business Days only)

OZFOREX GROUP
Foreign Exchange Services