

OZFOREX PTY LIMITED

A.C.N. 092 375 703

Interim Financial Report

Half year Ended 30 September 2013



The Company's registered office is:
Level 9
10 Bridge Street
SYDNEY NSW 2000

**INTERIM FINANCIAL REPORT
HALF YEAR ENDED SEPTEMBER 2013
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OzForex Pty Limited

Financial Report

Income statement

For the Half year ended 30 September 2013

	Notes	Consolidated	
		September 2013 \$'000	September 2012 \$'000
Interest and similar income	3	775	966
Interest expense and similar charges	3	-	-
Net interest income		775	966
Fee and commission income	3	37,064	25,630
Fee and commission expense	3	(2,721)	(1,838)
Net fee and commission income		34,343	23,792
Other income	3	26,522	-
Total other Income		26,522	-
Employment expenses	3	(12,908)	(7,824)
Occupancy expenses	3	(747)	(598)
Information technology expenses	3	(622)	(489)
IPO related expenses	3	(26,522)	-
Other operating expenses	3	(7,890)	(3,925)
Total operating expenses		(48,689)	(12,836)
Profit before income tax		12,951	11,922
Income tax expense	4	(3,424)	(3,503)
Profit for the half year		9,527	8,419
Profit attributable to ordinary equity holders of OzForex Pty Limited		9,527	8,419

The above income statement should be read in conjunction with the accompanying notes.

OzForex Pty Limited

Statement of comprehensive income For the Half year ended 30 September 2013

	Consolidated	
	September 2013 \$'000	September 2012 \$'000
Profit from ordinary activities after income tax for the year	9,527	8,419
Other comprehensive income		
Exchange differences on translation of foreign operations	192	(60)
Total comprehensive income for the half year	9,719	8,359
Total comprehensive income for the half year is attributable to:		
Ordinary equity holders of OzForex Pty Limited	9,719	8,359

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

OzForex Pty Limited

Statement of financial position As at 30 September 2013

	Notes	Consolidated	
		September 2013 \$'000	March 2013 \$'000
Assets			
Cash and cash equivalents		127,099	92,112
Derivative financial instruments – positive values	5	9,446	3,576
Other assets	6	31,122	962
Property, plant and equipment		1,005	999
Deferred income tax assets		1,040	848
Total assets		169,712	98,497
Liabilities			
Derivative financial instruments – negative values	5	7,708	1,259
Client liabilities		96,522	60,946
Other liabilities	7	30,182	2,221
Current tax liabilities		1,919	415
Provisions	8	2,353	2,175
Deferred income tax liabilities		546	718
Total liabilities		139,230	67,734
Net assets		30,482	30,763
Equity			
Ordinary share capital		360	360
Foreign currency translation reserve		(67)	(259)
Share option reserve		74	74
Retained earnings		30,115	30,588
Total capital and reserves attributable to ordinary equity holders			
OzForex Pty Limited		30,482	30,763
Total equity		30,482	30,763

The above statement of financial position should be read in conjunction with the accompanying notes.

OzForex Pty Limited

Statement of changes in equity For the Half year ended 30 September 2013

Consolidated

	Contributed equity	Retained earnings	Foreign currency translation reserve	Share option reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2012	360	25,568	(68)	55	25,915
Total comprehensive income for the half year	-	8,419	-	-	8,419
Transactions with equity holders in their capacity as equity holders:					
Movement in foreign currency translation reserve	-	-	(60)	-	(60)
Dividends and distributions paid	-	(117)	-	-	(117)
Employee share options – value of employee services	-	-	-	1	1
Balance at 30 September 2012	360	33,870	(128)	56	34,158
Balance at 31 March 2013	360	30,588	(259)	74	30,763
Total comprehensive income for the half year	-	9,527	-	-	9,527
Transactions with equity holders in their capacity as equity holders:					
Movement in foreign currency translation reserve	-	-	192	-	192
Dividends and distributions paid	-	(10,000)	-	-	(10,000)
Employee share options – value of employee services	-	-	-	-	-
Balance at 30 September 2013	360	30,115	(67)	74	30,482

The above statement of changes in equity should be read in conjunction with the accompanying notes.

OzForex Pty Limited

Statement of cash flows For the Half year ended 30 September 2013

	Consolidated	
	September 2013 \$'000	September 2012 \$'000
Cash flows from operating activities		
Interest received	775	966
Interest and other costs of finance paid	-	-
Fees and other non-interest income received	8,038,927	5,299,812
Payments to suppliers and employees	(7,992,559)	(5,284,276)
Income tax paid	(2,283)	(4,626)
Net cash flows from operating activities	44,860	11,876
Cash flows from investing activities		
Payments for property, plant and equipment	(267)	(537)
Investment in subsidiary undertakings	-	-
Net cash flows used in investing activities	(267)	(537)
Cash flows from financing activities		
Proceeds from repayments of loans by related parties	-	-
Loan from/(proceeds to) related party balances	-	-
Repayment of balances	-	-
Dividends paid	(10,000)	(117)
Net cash flows used in financing activities	(10,000)	(117)
Net increase/(decrease) in cash	34,593	11,222
Cash and cash equivalents at the beginning of the financial year	92,112	79,867
Exchange gains on cash and cash equivalents	394	(210)
Cash and cash equivalents at the end of the financial year	127,099	90,879

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements For the Half year ended 30 September 2013

Note 1. Basis of preparation of half year report

This condensed consolidated half year report for the period ended 30 September 2013 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2013 and any public announcements made by OzForex Pty Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year, except as set out below:

- Changes in accounting policy

OzForex Pty Limited has considered the impact and changed some of its accounting policies as the result of new policies or revised accounting standards implemented by management which became effective for the annual reporting period commencing on 1 April 2013.

The presentation of fee and commission income has changed in the Income Statement in this interim report. In prior periods, fee and commission income was presented separately to the gains or losses on foreign exchange contracts. As a result of timing differences inherent to OzForex Pty Limited's policy of aggregating and netting foreign currency contracts, these two balances should be viewed in combination to give a true reflection of revenue generated for the period. Fee and commission income will now be presented inclusive of realised and unrealised income earned from the sale of foreign currency contracts to customers.

New standards that are applicable for the first time for this interim report includes AASB 10 Consolidated Financial Statements. The adoption of this standard did not affect the consolidation conclusion for OzForex Pty Limited's investments in other entities and therefore there were no adjustments to carrying amounts recognised in the financial statements.

Other new standards applicable for the first time are AASB 13 Fair Value Measurement, AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle. These standards have introduced new disclosures for the interim report but did not affect OzForex Pty Limited's accounting policies or any of the amounts recognised in the financial statements.

OzForex Pty Limited

Notes to the financial statements For the Half year ended 30 September 2013

Note 2. Segment information

The group operates international payment services in defined geographic regions (based on client location) and international payment solutions globally.

International payment solutions is a package offered to strategic partners which consists of the OzForex IT platform, customer service, compliance sophistication, banking relationships, and payments capabilities.

Half-year 30 September 2013	Australia & New Zealand \$'000	Europe \$'000	North America \$'000	Asia \$'000	International Payment Solutions \$'000	Consolidated \$'000
Segment Revenue						
Segment operating revenue	20,494	7,506	4,000	730	4,334	37,064
Total segment revenue	20,494	7,506	4,000	730	4,334	37,064
Segment result						
EBITDA	7,797	3,288	114	224	1,015	12,438
Depreciation and amortisation						(262)
Interest income						775
Profit before income tax						12,951
Income tax expense						(3,424)
Profit for the half-year						9,527
Segment assets 30 September 2013						
Segment assets	141,235	20,322	12,900	6,057	-	180,514
Deferred tax assets						1,040
Total Assets						181,554
Segment liabilities 30 September 2013						
Segment liabilities	(121,290)	(17,869)	(9,722)	(1,645)	-	(150,526)
Deferred tax liabilities						(546)
Total Liabilities						(151,072)
Segment net assets	19,945	2,453	3,178	4,412	-	29,988
Net deferred tax						494
Total Net Assets						30,482

OzForex Pty Limited

Notes to the financial statements For the Half year ended 30 September 2013

Note 2. Segment information (continued)

Half-year 30 September 2012	Australia & New Zealand \$'000	Europe \$'000	North America \$'000	Asia \$'000	International Payment Solutions \$'000	Consolidated \$'000
Segment Revenue						
Segment operating revenue	14,524	5,804	2,110	397	2,794	25,630
Total segment revenue	14,524	5,804	2,110	397	2,794	25,630
Segment result						
EBITDA	6,755	2,583	404	116	1,337	11,195
Depreciation and amortisation						(239)
Interest income						966
Profit before income tax						11,922
Income tax expense						(3,503)
Profit for the half-year						8,419
Segment assets 31 March 2013						
Segment assets	78,665	12,536	8,405	4,091	-	103,697
Deferred tax assets						848
Total Assets						104,545
Segment liabilities 31 March 2013						
Segment liabilities	(56,053)	(10,864)	(5,929)	(218)	-	(73,064)
Deferred tax liabilities						(718)
Total Liabilities						(73,782)
Segment net assets	22,612	1,672	2,476	3,873	-	30,633
Net deferred tax						130
Total Net Assets						30,763

OzForex Pty Limited

Notes to the financial statements (continued) For the Half year ended 30 September 2013

	Consolidated	
	September 2013 \$'000	September 2012 \$'000
Note 3. Profit for the financial year		
Net interest income		
Interest and similar income received/receivable	775	966
Interest expense and similar charges paid/payable	-	-
Net interest income	775	966
Net fee and commission income		
Realised margin and fees on foreign exchange contracts	37,443	25,674
Unrealised gains/(losses) on foreign exchange contracts	(117)	107
Retranslation of foreign exchange assets and liabilities	(262)	(151)
Fee and commission expense	(2,721)	(1,838)
Net fee and commission income	34,343	23,792
Other Income		
Reimbursement of IPO expenses*	26,522	-
Total other income	26,522	-
* Nets with IPO related expenses in note 3, page 12.		
Employment expenses		
Salary, salary related costs including commissions, superannuation and performance-related profit share	(11,860)	(7,316)
Retention payments	(866)	-
Provision for annual leave	(180)	(76)
Provision for long service leave	(75)	(38)
Recoveries	866	-
Total compensation expense	(12,115)	(7,430)
Other employment expenses including on-costs, staff procurement and staff training	(793)	(394)
Total employment expenses	(12,908)	(7,824)
Recoveries received during the year were from Macquarie Equities Limited.		
Occupancy expenses		
Operating lease rentals	(544)	(402)
Depreciation: furniture, fittings and leasehold	(42)	(74)
Other occupancy expenses	(161)	(122)
Total occupancy expenses	(747)	(598)

OzForex Pty Limited

Notes to the financial statements (continued) For the Half year ended 30 September 2013

	Consolidated	
	September 2013 \$'000	September 2012 \$'000

Note 3. Profit for the financial year (continued)

Information technology expenses

Depreciation: computer equipment and software	(220)	(164)
Other information technology expense	(402)	(325)
Total information technology expenses	(622)	(489)

IPO related expenses

Professional fees*	(26,522)	-
Total IPO related expenses	(26,522)	-

* Nets with other income in note 3, page 11.

Other operating expenses

Communication expenses	(269)	(207)
Professional fees	(335)	(291)
Advertising promotional expenses	(5,326)	(2,923)
Compliance expenses	(433)	(332)
Insurance expenses	(280)	(216)
Travel expenses	(390)	(170)
Bad and doubtful debts recovery/(expense)	(300)	(284)
Non recoverable GST	(71)	787
Other expenses	(486)	(289)
Total other operating expenses	(7,890)	(3,925)

Note 4. Income tax expense

a) Income tax expense

Current tax expense	(3,726)	(3,349)
Deferred tax benefit/(expense)	302	(154)
Total income tax expense	(3,424)	(3,503)

Deferred income tax revenue included in income tax expense comprises:

Increase/ (Decrease) in deferred tax assets	131	(122)
Decrease/(Increase) in deferred tax liabilities	171	(32)
Total deferred income tax revenue/(expense)	302	(154)

b) Reconciliation of income tax expense to prima facie tax payable

Prima facie income tax expense on operating profit**	(3,885)	(3,577)
Tax effect of amounts adjusted in calculating taxable income:		
Other items	461	74
Total income tax expense	(3,424)	(3,503)

** Prima facie income tax on operating profit is calculated at the rate of 30 percent (2012: 30 percent). The Group has a tax year ending on 30 September.

OzForex Pty Limited

Notes to the financial statements (continued) For the Half year ended 30 September 2013

	Consolidated	
	September 2013 \$'000	March 2013 \$'000
Note 5. Derivative financial instruments at fair value through profit and loss		
Value of forward contracts – positive values	9,445	3,576
Value of forward contracts – negative values	(7,708)	(1,259)
Total derivative financial instruments at fair value through profit and loss	1,737	2,317
Note 6. Other assets (current assets)		
Reimbursement for IPO expenses	28,284	-
Other	2,838	962
Total other assets	31,122	962
Note 7. Other liabilities (current liabilities)		
IPO related payables and accruals	28,284	-
Accrued charges and sundry provisions	960	1,589
Other	938	632
Total other liabilities	30,182	2,221
Note 8. Provisions		
Current - provision for employee entitlements		
Annual Leave	822	620
Employee Benefits	1,180	1,278
Non-current - provision for employee entitlements	2,002	1,898
Long Service Leave	351	277
Total provisions	2,353	2,175

Note 9. Contingent liabilities and assets

In connection with the transaction outlined in note 11, key management personnel will be eligible to receive a cash payment from the OzForex Group of approximately \$5.3m, subject to the completion of the transaction, on the first anniversary of its completion. This is anticipated to be funded by capital raised by the transaction.

The Group has no contingent assets.

Note 10. Fair values of financial assets and liabilities

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

Notes to the financial statements (continued) For the Half year ended 30 September 2013

Note 10. Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value are categorized in their entirety, in accordance with the levels of the fair value hierarchy as outlined below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate level for an instrument is determined on the basis of the lowest level input that is significant to the fair value measurement.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments:

- Liabilities, financial assets and liabilities at fair value through profit or loss, derivative financial instruments and other transactions undertaken for trading purposes are measured at fair value by reference to quoted market prices when available (e.g. listed securities). If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated periodically to test that outputs reflect prices from observable current market transactions in the same instrument or other available observable market data. To the extent possible, models use only observable market data (e.g. for OTC derivatives), however management is required to make assumptions for certain inputs that are not supported by prices from observable current market transactions in the same instrument, such as volatility and correlation. Changing these assumptions to reasonably possible alternative assumptions, for those financial instruments for which fair values were determined in whole or in part using valuation techniques based on such assumptions (e.g. for certain exotic or structured financial instruments), would not significantly change the fair values recognised in the financial statements.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments which are carried at amortised cost:

- The fair values of liquid assets and other instruments maturing within 3 months approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.
- The fair value of demand deposits with no fixed maturity is approximately their carrying amount as they are short term in nature or are payable on demand.
- The fair values of balances due from/to related entities are approximated by their carrying amount as the balances are generally receivable/payable on demand.

The table below summarises the carrying value and fair value of all financial instruments of the Group at 31 March.

	September 2013 Carrying amount \$'000	September 2013 Fair value \$'000	March 2013 Carrying amount \$'000	March 2013 Fair value \$'000
Assets				
Cash	127,099	127,099	92,112	92,112
Derivative financial instruments – positive values	9,446	9,446	3,576	3,576
Total financial assets	136,545	136,545	95,688	95,688
Liabilities				
Derivative financial instruments – negative values	7,708	7,708	1,259	1,259
Total financial liabilities	7,708	7,708	1,259	1,259

OzForex Pty Limited

Notes to the financial statements (continued) For the Half year ended 30 September 2013

Note 10. Fair values of financial assets and liabilities (continued)

The following table summarises the levels of the fair value hierarchy for financial instruments measured at fair value of the Group at 31 March:

	September 2013 Level 2 \$'000	September 2013 Total \$'000	March 2013 Level 2 \$'000	March 2013 Total \$'000
Assets				
Derivative financial instruments – positive values	9,446	9,446	3,576	3,576
Total assets	9,446	9,446	3,576	3,576
Liabilities				
Derivative financial instruments – negative values	7,708	7,708	1,259	1,259
Total liabilities	7,708	7,708	1,259	1,259

Note 11. Events occurring after balance sheet date

On the 4th October 2013 OzForex Pty Limited became a non-listed public company (OzForex Limited).

On the 11th October 2013 OzForex Group Limited (ACN 165 602 273) listed on the ASX on a conditional basis.

On the 15th October 2013 the share capital of OzForex Limited was transferred to OzForex Group Limited in exchange for a like for like share swap. The beneficial owners of OzForex Group Limited were the shareholders of OzForex Limited in the same proportions. In accordance with AASB 3 the transaction was treated as a continuation of the existing Group.

On the 15th October 2013 OzForex Group Limited completed a share split, increasing the number of shares on issue from 360,000 to 228,000,000 shares.

On the 16th October 2013 OzForex Group Limited issued a further 12,000,000 new shares (and 207,690,000 existing shares were transferred) to investors as part of the listing on the ASX for \$2.00 per share raising \$24 million of new capital, and following this OzForex Group Limited listed on the ASX on an unconditional basis.

On the 16th October OzForex Group Limited paid a \$25 million dividend to the previous shareholders following the board resolution approving the distribution on the 20th September 2013.

Directors' Declaration

In the Directors' opinion

- (a) the financial statements and notes set out on pages 3 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of OzForex Pty Limited's financial position as at 30 September 2013 and of its performance for the Half year ended on that date; and
- (b) there are reasonable grounds to believe that OzForex Pty Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Neil Helm
Director

Sydney

Date: 20 Nov 2013



Auditor's Independence Declaration

As lead auditor for the review of Ozforex Pty Limited for the half-year ended 30 September 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ozforex Pty Limited during the period.

A handwritten signature in black ink, appearing to read 'CJ Heath', written over a horizontal line.

CJ Heath
Partner
PricewaterhouseCoopers

Sydney
20 November 2013

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Independent auditor's review report to the members of OzForex Pty Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report, being a special purpose financial report, of OzForex Pty Limited (the company), which comprises the statement of financial position as at 30 September 2013, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the OzForex Pty Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including AASB 134 *Interim Financial Reporting*). The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, 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 financial report is not presented fairly, in all material respects, in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of OzForex Pty Limited does not present fairly in all material respects, the consolidated entity's financial position as at 30 September 2013 and its performance for the half-year ended on that date in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting*.

PricewaterhouseCoopers
PricewaterhouseCoopers

C.J. Heath
C J Heath
Partner

Sydney
20 November 2013