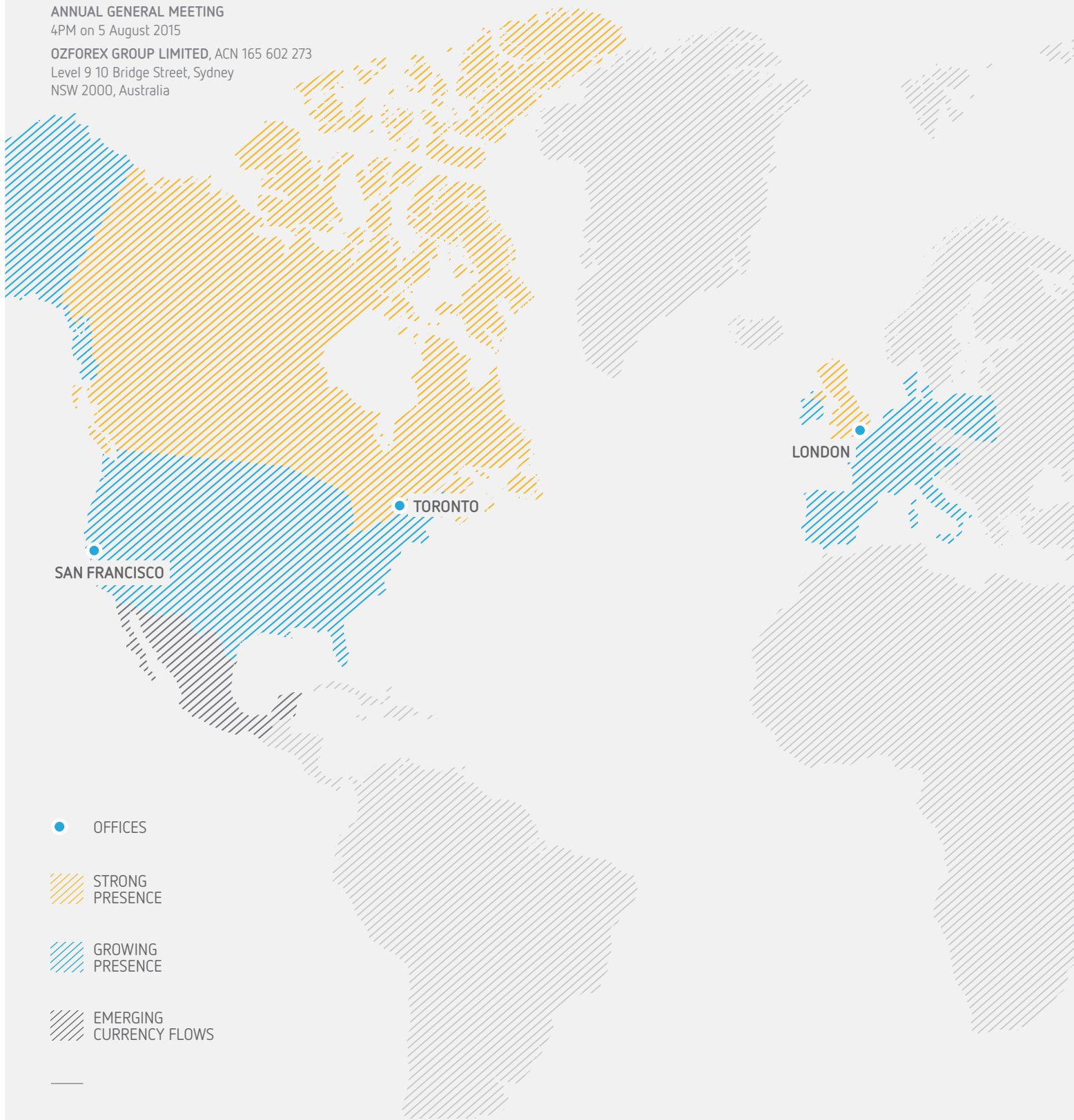

ANNUAL REPORT
2015

ANNUAL GENERAL MEETING

4PM on 5 August 2015

OZFOREX GROUP LIMITED, ACN 165 602 273
Level 9 10 Bridge Street, Sydney
NSW 2000, Australia



- OFFICES
- STRONG PRESENCE
- GROWING PRESENCE
- EMERGING CURRENCY FLOWS

- 02// ABOUT US
- 03// OUR HIGHLIGHTS
- 04// CHAIRMAN & CEO'S LETTER
- 10// DIRECTORS' REPORT
- 20// REMUNERATION REPORT
- 35// FINANCIAL STATEMENTS
- 74// SHAREHOLDER INFORMATION


Since the OzForex Group was founded in 1998 on the Northern Beaches of Sydney, where pivotal early decisions were made perched over a surfboard in that moment between sets, to determining our future in boardrooms in our six offices around the world, we have always had our vision set on the horizon, the global opportunity to make payments simple.

With an established presence in Australia and New Zealand, the United Kingdom and Canada, we are excited by the growth opportunities our presence in the United States, Asia and Europe will present to welcome new users to our family of 300,000 satisfied customers.

Since inception we are proud to have helped customers all around the world transfer money globally to the total value of A\$69 billion.

OZFOREX GROUP

PROVIDING INTERNATIONAL PAYMENT SERVICES ACROSS 6 CONTINENTS

 HONG KONG

 SYDNEY

 AUCKLAND



3250 deals settled
on average per day



246 dedicated staff
24/5 around the globe



4.5M new visitors
to our websites this year



80% increase in
app visitors year on year

ABOUT US

OUR VISION//

We strive to provide the global payment alternative that is built on banking foundations. Serving customers in a manner they have not previously been accustomed to in terms of price, simplicity and speed of transaction. We are not a bank but we are a serious, trusted and reliable player in the international payments industry and we aim to make global easy for our customers.

OUR CUSTOMERS//

We know who our customer is, they occupy every moment of our working day; we feel joy in the realisation of the dream wedding in Bali; the pride in the overseas education a parent saved for and enabled; the eventuation of a retirement vision to live in an aspirational location somewhere sunnier in the world; and the way we can take the worry and cost out of our corporate customers lives. It is those moments that drive us to work harder to provide an easier, faster and better value payment service to facilitate these occasions.

Starting with 13 customers in 2003 to 300,000 customers this year we are convinced and proud of our service; a service that makes this global world easier.

OUR PEOPLE//

We pride ourselves on being a global workforce not only in locations but in terms of languages and culture with over 35 individual nationalities that make up the family of OzForex Group. This was confirmed in a recent employee survey where one of our highest scores was for diversity. We have created a culture where it is easy for people from diverse backgrounds to fit in and succeed.

Having a culture that embraces global from within means that we understand the needs and ambitions of our customers wherever they live in the world, and wherever they need to transfer their money.

33% growth in active clients since ASX listing.

- London office opened and UKForex brand launched.
- International payments services offered 24 hours a day, 5 days a week.

- 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.

- Launched Macquarie International Money Transfers service for Macquarie staff and retail clients in Australia.

142,500 active clients have trusted us with their international payments in the last 12 months.

OUR HIGHLIGHTS

PRO FORMA EBTDA// (\$M)



22%↑

NET OPERATING INCOME// (\$M)



24%↑

PRO FORMA NPAT// (\$M)



21%↑

TRANSACTIONS//



21%↑

TURNOVER// (\$B)



22%↑

ACTIVE CLIENTS//



18%↑

Funds associated with Accel Partners and The Carlyle Group became shareholders.

Annual international payments transaction turnover exceeded \$7 billion.
Hong Kong office opened and Clear FX brand launched.

OzForex Travel Card launched.
San Francisco office opened and USForex brand launched.
Established international payment solution with Travelex in the UK.

OzForex Group Limited publicly listed on the Australian Securities Exchange.

142,500
100,000
50,000
ACTIVE CLIENTS

CHAIRMAN AND CEO'S LETTER

It is our pleasure to present to shareholders the OzForex Group Limited's Annual Report for the financial year ending 31 March 2015. A recent business review of the competitive environment and current and future market opportunities provided renewed confidence and clarity about the strategic direction of the Company.



PETER WARNE // CHAIRMAN



NEIL HELM // CEO

WELCOME //

It is our pleasure to present to shareholders the OzForex Group Limited's Annual Report for the financial year ending 31 March 2015. A recent business review of our business model, the competitive environment and current and future market opportunities provided renewed confidence and clarity about the strategic direction of the Company.

OzForex is a pioneer in the international payments industry, an industry that continues to grow and evolve. As we ourselves have evolved, we have continued to invest in our people, our processes and our technology. This investment and innovation is critical in an environment where our current and future customers are expecting an all-channel experience from their service providers. Within this changing landscape we continue to thrive, driving double digit growth across all our key performance indicators. We strive to differentiate ourselves from our competitors by being customer-led, enabled by nimble marketing and supported by state-of-the-art technology.

STRATEGIC HIGHLIGHTS //

We continue to focus on enhancing the customer experience and improving our business performance and we have been pleased with the growth shown in our operational and financial metrics. During the year there were a number of highlights:

- **Customer experience**

We delivered improvements to our all-channel customer experience with a focus on mobile optimisation. We also converted all our desktop pages to 'be mobile responsive' which is favoured by the Google Search algorithm that is an important source of both business and consumer clients for the Group.

- **Marketing**

A number of new marketing tools were implemented to aid more efficient and smarter execution of search engine marketing campaigns. These same tools also open up new digital marketing opportunities outside of 'paid search' as we look to broaden our customer acquisition channels. In addition, we completed our brand work and have a clear path forward in the year ahead in line with focus on other strategic initiatives.

- **Regional**

- Since 1 April 2014 we have added another 6 licences in the key North America market, which means we can operate in 47 US states.
- Established a corporate dealing team in Auckland, New Zealand.
- Appointed a new Head of UK.

- **Wholesale**

The Wholesale business continues to grow on the back of existing branded partnerships and web services relationships and we recently integrated into the Cloud based accounting business SAASU which will provide a new revenue stream and important insights into this industry vertical.

KEY FINANCIAL HIGHLIGHTS//

Pro forma
Net Operating Income
increased by 24% to

\$90.1M

Pro forma NPAT
increased by 21% to

\$24.3M

The cash position
net of client liabilities
increased 21%
(pre dividend) from
\$41.0M in FY14 to

\$49.4M

- **Banking relationships**

The transition of services that were being provided by Westpac to alternative providers is now complete and we have added new global banking partners who clearly understand the global opportunity that our industry provides. We will continue to focus on enhancing existing and building new banking relationships. We consider our network of banking partners to be a key strategic asset and competitive advantage for our business.

- **Risk and compliance**

Our compliance obligations continue to grow to meet the regulatory requirements of an increasingly global footprint which has led to an increasing number of government organisations that regulate us this financial year against last year. In turn we continued investing in our systems and staff to manage the complexities of working in so many different regulatory environments. The results of our investments are evident in the favourable outcomes we have received from the required regulatory examinations conducted in a number of jurisdictions.

CAPITAL MANAGEMENT//

OzForex has a robust balance sheet with no external interest bearing debt and strong cash flow conversion. This strong financial position allows us to continue to invest in the business to meet our goals and execute on our growth strategies. We will continue to focus on growth in net operating income and EBTDA but with a watchful eye on the evolving nature of our industry.

SHAREHOLDER RETURNS//

The Board determined a final dividend of 3.584 cents per share fully franked. The dividend will have a payment date of 26 June 2015. The Group's dividend policy is to payout approximately 70%-80% of NPAT per annum.

THE BOARD//

The OzForex Group Board is committed to ensuring our business is conducted ethically and in accordance with the highest standards of corporate governance. We recognise the importance of governance, environmental and social matters to our shareholders and other stakeholders and continually review developments in these areas which are relevant to our business. The Board is still relatively small and our Remuneration and Nomination Committee chaired by Melinda Conrad (Non-Executive Director) continues to run a Board selection process to identify and appoint, when appropriate, Non-Executive Board members with the right balance of attributes, personality, and skill sets. Our ambition is to have a Board with a diversity of perspective, a collective set of competencies that will increase the ability to ask critical questions and assess information, in addition to planning, stewardship and governing responsibilities.

In March this year, Mr William Allen retired as Director from the OzForex Group. Mr Allen had been a Director of the previous unlisted parent company, OzForex Limited since February 2012. We also announced the appointment of Mr Douglas Snedden as a Director of the OzForex Group Board. Mr Snedden spent almost 30 years at Accenture, a global management consulting, technology services and outsourcing company.

KEY OPERATIONAL HIGHLIGHTS//

Active Clients
grew by 18% to

142.5K

New Dealing Clients
grew by 11% to

60.7K

Transaction Numbers
grew by 21% to

702.8K

Transaction Turnover
grew by 22% to

\$16.6B

OUR PEOPLE//

This year staff numbers increased by 38 to 246. We moved to a new office in San Francisco and have expanded the space in our Toronto office. We have also introduced a new cash-based incentive scheme for all staff below the Executive Team level to further drive engagement and align to company performance and to assist in attracting and retaining high calibre people. We continue to invest in training and development programs and our Human Resources team has increased its capability and capacity. The maintenance and enhancement of our culture remains a critical focus point for the Executive Team. We gather regular feedback from our staff through our staff engagement surveys. In our most recent engagement survey, we were pleased to see good results across a number of areas including in engagement and the Company's approach to diversity and work/life balance.

ANOTHER STRONG YEAR//

We would like to take the opportunity to thank the following groups:

- our clients for trusting us with their international payments and for referring our services to friends and business networks
- the staff at OzForex for their passion and hard work over the year
- the Board for their guidance and contribution to the direction and oversight of the Group
- our more than 7,500 shareholders for their continued support
- our business partners for their ongoing support and feedback on the services and solutions we offer
- our global banking partners for their ongoing willingness to support our business model.

OzForex is excited by the future and is committed to making global easy for our customers.


We look forward to updating you, and meeting as many shareholders as possible at the Company's Annual General Meeting on 5 August 2015.



PETER WARNE//
CHAIRMAN



NEIL HELM//
CEO



Richard Kimber will be inheriting a business with huge global growth opportunities and an outstanding management team.

NEIL HELM//CEO

CHAIRMAN'S NOTE//

As communicated in February, our Chief Executive Officer and Managing Director, Neil Helm, has decided to step down. Neil has been instrumental in the growth of OzForex and the company's successful listing on the ASX in October 2013. He led the decision by Macquarie Group in June 2007 to make its initial investment in OzForex as well as the subsequent investments by the Carlyle Group and Accel Partners in November 2010.

By any standard these are outstanding achievements and we would like to thank Neil for his vision, hard work, commitment and loyalty to the business. His ongoing commitment to the company since February is reflective of his passion for the business and its original philosophy of providing clients a "better deal". While we are disappointed Neil is stepping down, we also respect his decision and wish him all the best for the future.

We were delighted to announce on 19 May 2015 the appointment of Richard Kimber to the role of Chief Executive Officer and Managing Director from 1 June 2015.

CEO'S NOTE//

As communicated in February, I have been fortunate and privileged to be the CEO for the last eight years. I want to thank Peter and the Board for respecting my decision to leave OzForex because it has been an extremely difficult decision to make. I continue to be passionate about the business and the opportunities ahead for the Company. However, following the successful IPO in 2013 and the Company's first year of operation as an independent, listed entity and with the Company in such great shape, I feel the time is right for me to make a lifestyle change and spend more time with my family. Richard Kimber will be inheriting a business with huge global growth opportunities and an outstanding management team.

2015 DIRECTORS' REPORT AND FINANCIAL REPORT



We have had another successful year with strong growth across many of our key indicators and financial metrics.

PETER WARNE// CHAIRMAN

TABLE OF CONTENTS

Directors' Report	10
Remuneration Report	20
Auditor's Independence Declaration	34
Financial Report	35
Statement of Comprehensive Income	35
Statement of Financial Position	36
Statement of Changes in Equity	37
Statement of Cash Flows	38
Notes to the Financial Statements	39
Note 1. Summary of significant accounting policies	39
Note 2. Segment information	47
Note 3. Profit for the financial year	49
Note 4. Income tax expense	50
Note 5. Cash and cash equivalents (current assets)	51
Note 6. Receivables due from financial institutions	51
Note 7. Derivative financial instruments at fair value through profit and loss	51
Note 8. Other assets (current assets)	51
Note 9. Property, plant and equipment	52
Note 10. Deferred income tax assets/(liabilities)	53
Note 11. Client liabilities	53
Note 12. Other liabilities (current liabilities)	53
Note 13. Provisions	54
Note 14. Contributed equity	54
Note 15. Retained earnings	55
Note 16. Dividends paid and distributions paid or provided for	55
Note 17. Capital	55
Note 18. Commitments	56
Note 19. Notes to the Statement of Cash Flows	56
Note 20. Related party information	56
Note 21. Key management personnel	58
Note 22. Employee equity participation	59
Note 23. Contingent liabilities and assets	61
Note 24. Financial risk management	61
Note 24.1 Credit risk	62
Note 24.2 Liquidity risk	65
Note 24.3 Market risk	66
Note 25. Fair values of financial assets and liabilities	68
Note 26. Remuneration of auditors	69
Note 27. Events occurring after balance sheet date	69
Note 28. Earnings per share	70
Note 29. Parent entity financial information	70
Directors' Declaration	71
Independent auditor's report to the members of OzForex Group Limited	72
Shareholder Information	74
Corporate Information	76

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

The Directors of OzForex Group Limited (OzForex, the Company), submit their report (including the Remuneration Report), Statement of Comprehensive Income and Statement of Cash Flows for the year ended 31 March 2015 and the Statement of Financial Position as at 31 March 2015 of the Company and its subsidiaries (the Consolidated Entity, the Group), the auditor's report, and report as follows:

1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

PETER WARNE//
CHAIRMAN – BA, FAICD



Member of the Audit, Risk and Compliance Committee and Remuneration and Nomination Committee

Age// 59 years

Appointed// 19 September 2013

Independent director

Residence// Sydney, Australia

Experience//

Peter joined the OzForex Group in September 2013 and has over 30 years' experience in accounting and finance. Peter's prior professional experience includes Head of Bankers Trust Australia Limited's Financial Markets Group.

Current Directorships//

Chairman// Australian Leisure and Entertainment Property Group

Director// ASX Limited; Macquarie Group Limited; Macquarie Bank Limited

Member// NSW Treasury Corporation; Advisory Board for the Australian Office of Financial Management; Patron of Macquarie University Foundation.

Peter holds a BA and is a Fellow of the Australian Institute of Company Directors.

Interest in shares// 150,000 ordinary shares

NEIL HELM//
CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR
– BSC (HONS)



Age// 50 years

Appointed// 2 September 2013

Not independent

Residence// Sydney, Australia

Experience//

Neil commenced working with the OzForex Group in June 2007.

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.

Interest in shares// 155,143 performance rights in the OzForex Group Limited Performance Rights Plan and 275,000 ordinary shares.

MELINDA CONRAD//
NON-EXECUTIVE DIRECTOR
– MBA (HARVARD), FAICD



Chair of the Remuneration and Nomination Committee and Member of the Audit, Risk and Compliance Committee

Age// 46 years

Appointed// 19 September 2013

Independent director

Resident// Sydney, Australia

Experience//

Melinda joined the OzForex Group in September 2013 and has over 20 years experience in business strategy and marketing. Melinda's prior professional experience includes executive roles at Harvard Business School, Colgate-Palmolive, and several retail businesses. Melinda was previously a director of APN News & Media Limited and David Jones Limited.

Current Directorships//

Director// The Reject Shop Limited; Australian Brandenburg Orchestra

Member// Garvan Medical Research Institute Foundation; Minter Ellison Advisory Council; Australian Institute of Company Directors Corporate Governance Committee

Interest in shares// 50,000 ordinary shares.

GRANT MURDOCH//
NON-EXECUTIVE DIRECTOR –
MCOM (HONS), FAICD, FICAA



Chair of the Audit, Risk and Compliance Committee

Appointed// 19 September 2013

Age// 63 years

Independent director

Resident// Brisbane, Australia

Experience//

Grant joined the OzForex Group in September 2013 and has over 35 years' experience in accounting and corporate finance. Grant's prior professional experience includes Head of Corporate Finance for Ernst & Young Queensland and is a graduate of the Kellogg Advanced Executive Program at the North Western University, Chicago, United States.

Current directorships//

Chairman// Endeavour Foundation

Director// ALS Limited; QIC Limited; Cardno Limited, UQ Holdings Limited.

Other// Senator of the University of Queensland, Adjunct Professor School of Business, Economics and Law at the University of Queensland, member of Queensland State Council of AICD.

Interest in shares// 95,000 ordinary shares

WILLIAM ALLEN//
NON-EXECUTIVE
DIRECTOR – BA



Member of the Remuneration and Nomination Committee

Age// 36 years

Appointed// 19 September 2013

Resigned// 31 March 2015

Independent director

Resident// New York, USA

Experience//

William joined the OzForex Group in February 2012 as a Director of the previous parent company, OzForex Pty Limited, on behalf of a major shareholder at that time, and became a director of the now parent company, OzForex Group Limited in September 2013. He has 12 years' experience in finance. William's prior professional experience includes Director in the Financial Institutions Group at UBS Investment Bank.

Current directorships//

Director// UniRush LLC

Principal// Carlyle Global Financial Services Buyout Group

Interest in shares// nil

DOUGLAS SNEDDEN//
NON-EXECUTIVE DIRECTOR –
BEC, MAICD



Member of the Remuneration and Nomination Committee and Member of the Audit, Risk and Compliance Committee

Age// 57 years

Appointed// 16 March 2015

Independent director

Resident// Sydney, Australia

Experience//

Doug joined the OzForex Group in March 2015 and has over 30 years' experience in finance, consulting, strategic management and outsourcing. Doug has previously worked as Country Managing Director of Accenture Australia.

Current directorships//

Chairman// Odyssey House McGrath Foundation; Chris O'Brien Lifehouse

Director// Transfield Services, UXC Limited, Hillgrove Resources Limited, Sirca Technology Limited

Interest in shares// nil

DIRECTORS' REPORT CONTINUED

2. STATE OF AFFAIRS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the Directors' opinion there have been no significant changes in the state of affairs of the Group during the year. A further review of matters affecting the Group's state of affairs is contained on pages 14 and 15 in the Operating and Financial Review.

3. STATUTORY AND PRO FORMA INFORMATION

As required for statutory reporting purposes, the consolidated financial statements of the Consolidated Entity have been presented for the financial year ended 31 March 2015.

The Group's comparative statutory financial information was prepared as a continuation of OzForex Limited (formerly OzForex Pty Limited) and its subsidiaries. The period 1 April 2013 to 15 October 2013 are based on the results of OzForex Limited and its subsidiaries.

The Group's statutory financial information for the year ended 31 March 2015 and for the comparative year ended 31 March 2014 present the Group's performance in compliance with statutory reporting obligations. The Group's statutory financial results only reflect changes in operating and corporate costs associated with the Group becoming a publicly listed entity from 11 October 2013.

To assist shareholders and other stakeholders in their understanding of the Group's financial information as a publicly listed entity, additional pro forma financial information for the years ended 31 March 2015 and 31 March 2014 are provided in the Operating and Financial Review section of this Report.

In the preparation of the pro forma financial information, adjustments have been made to the Group's statutory results to present a view of performance as if the Group had been listed on the ASX from 1 April 2012.

A reconciliation of the Company's statutory and pro forma financial information is included on page 14.

The reconciliation and the pro forma information have not been audited.

4. DIRECTORS

The following persons were Directors of the Group at 31 March 2015:

Peter Warne	Chairman
Neil Helm	Managing Director and Chief Executive Officer (CEO)
Melinda Conrad	Non-Executive Director
Grant Murdoch	Non-Executive Director
William Allen	Non-Executive Director
Douglas Snedden	Non-Executive Director

The background, qualifications and experience of each of the Directors as at the date of this Report is included on pages 10 and 11.

5. COMPANY SECRETARY

Ms Linda Cox was appointed Company Secretary and Head of Investor Relations of the Company on 31 January 2014. Ms Cox has over 15 years of experience working in company secretarial roles in ASX and NZX listed companies including Telecom Corporation of New Zealand Limited, Xero Limited and Trade Me Group Limited. Ms Cox holds a Bachelor of Laws from Victoria University of Wellington. She is a Fellow of the Governance Institute of Australia.

6. DIRECTORS' MEETINGS

The following table shows meetings held between 1 April 2014 and 31 March 2015 and the number attended by each Director or Committee member.

Director	Board		Audit, Risk & Compliance Committee		Remuneration and Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
P Warne	13	13	6	4	10	9
W Allen ¹	13	9	–	–	10	7
M Conrad	13	13	6	6	10	10
N Helm ²	13	13	6	6	10	10
G Murdoch	13	12	6	6	–	–
D Snedden ³	13	2	6	–	10	–

1. Mr Allen resigned as a Director on 31 March 2015.
2. Mr Helm attended the Audit, Risk and Compliance Committee and the Remuneration and Nomination Committee meetings at the invitation of the Committees.
3. Mr Snedden was appointed as a Director on 16 March 2015

7. DIRECTORS' INTERESTS

The relevant interest of each Director in the equity of the Company as at the date of this Report is outlined in the table below. All interests are ordinary shares unless otherwise stated.

	Type	Opening balance	Acquisition	Disposals/ Forfeit	Closing balance
P Warne	ordinary	125,000	25,000	–	150,000
W Allen		–	–	–	–
M Conrad	ordinary	50,000	–	–	50,000
N Helm ⁴	ordinary	250,000	25,000	–	275,000
	performance rights	176,250	500,000	(521,107)	155,143
G Murdoch	ordinary	50,000	45,000	–	95,000
D Snedden	ordinary	–	–	–	–

4. On 6 February 2015, the Company announced that Mr Helm would be stepping down over the coming months. As a result the Board determined that 521,107 performance rights would be forfeited. More details about these can be found on page 26.

There were no disposals of shares by the Directors during the year or share transactions post year end.

8. PRINCIPAL ACTIVITIES

The Group's principal activity during the year was the provision of international payments and foreign exchange services.

9. DIVIDEND AND DISTRIBUTIONS

Dividends paid or determined by the Company during and since the end of the year are set out in Notes 16 and Notes 27 to the Financial Statements respectively.

	Final 2015	Interim 2015	Final 2014
Per share (\$)	0.03584	0.03500	0.02375
Total amount (\$000)	8,602	8,400	5,700
Franked ⁵	100%	100%	100%
Payment date	26 June 2015	19 December 2014	27 June 2014

5. All dividends are fully franked based on tax paid at 30%

DIRECTORS' REPORT CONTINUED

10. OPERATING AND FINANCIAL REVIEW

A summary of financial results for the years ended 31 March are outlined below:

	2015 \$'000	2014 \$'000	Growth %
Net operating income ¹	90,144	72,565	24.2%
EBITDA ²	32,758	20,895	56.8%
EBITDA margin ³	36.3%	28.8%	
Net profit (after tax)	24,266	15,967	52.0%
Pro forma net profit (after tax) ⁴	24,266	20,074	20.9%
Earnings per share (EPS)	10.11	6.84	
Pro forma earnings per share ⁵	10.11	8.60	
Cash balance at 31 March ⁶	174,004	148,758	

1. Net operating income is the combination of interest income and net fee and commission income;
2. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is a non IFRS measure that is unaudited. Refer to EBITDA reconciliation on page 15;
3. EBITDA margin is calculated with reference to net operating income;
4. Pro forma net profit (after tax) (NPAT) is net profit after tax adjusted for one time income and expenses and also the annualisation of ongoing expenses. Refer to the NPAT reconciliation on page 14;
5. Pro forma earnings per share was calculated with reference to pro forma net profit after tax;
6. Cash includes cash held for subsequent settlement of client liabilities and term deposits of all maturities. The net cash position after client liabilities is \$49.4 million at 31 March 2015 (2014: \$41.0 million).

Record new dealing client additions and strong client retention in 2015 helped to drive revenue growth, increasing net operating income by 24.2% to \$90.1 million. Despite incurring a number of non-recurring consulting costs and implementing a long-term incentive scheme for the Executives and select employees in October 2014, net profit after tax (NPAT) increased by 52.0% to \$24.3 million. The comparative period was impacted by a number of one-time expenses associated with the Group listing on the ASX. These one-time expenses combined with an approach to acquire a UK based competitor, HiFX Limited ('the HiFX process'), resulted in a significantly lower NPAT in 2014.

Underlying NPAT adjusted for the one off impacts of listing and the HiFX process was up by 16.6% to \$24.3 million. In order to better understand the underlying NPAT of the Group, and the pro forma NPAT, the reconciliation is outlined as follows:

	2015 \$'000	2014 \$'000	Growth %
NPAT	24,266	15,967	52.0%
IPO process bonuses and related on costs ⁷	–	6,890	
HiFX process costs	–	878	
Income for role as IPO arranger ⁸	–	(844)	
Tax impact	–	(427)	
Tax timing difference of IPO bonuses	–	(1,650)	
Underlying NPAT	24,266	20,814	16.6%
Annualisation of ongoing public company costs ⁹	–	(1,057)	
Tax effect	–	317	
Pro forma NPAT	24,266	20,074	20.9%

7. Relates to the bonuses allocated to key employees pre the IPO listing. These are outlined in the Remuneration Report.
8. OzForex Limited acted as arranger in the IPO process for Cloudbreak Settlement Pty Limited, and received a fee for the service.
9. In the process of becoming a listed entity the operational costs of the Group increased by approximately \$2 million per annum. The actual costs incurred were only for a 6 month period from listing date. The above adjustment annualises the expenses to allow a comparison of the NPAT run rate.

The pro forma reconciliation reflects the Group's strong growth in pro forma NPAT up 20.9% to \$24.3 million. This growth was particularly pleasing given the \$1.1 million after tax investment the Group undertook in IT infrastructure, further enhancing its customer centric approach, compliance and recruitment of key senior personnel. As foreshadowed at the 2014 AGM, the Group also implemented a long-term incentive (LTI) plan for Executives and other employees. The cost of which was \$1.1 million after tax. As the LTI plan was only implemented from 1 October 2014, the cost is expected to double in the financial year ended 31 March 2016. As a result of this investment in core operations and people, the pro forma NPAT margins as a percentage of net operating income were suppressed and decreased from 27.7% to 26.9%. Excluding the LTI scheme the margin would have increased to 28.1%.

The Group's own branded international payment services are progressing well through locally tailored marketing campaigns, recruitment of local sales and service staff, and expansion of partnerships and referral networks. All the Group's segments experienced growth for the year ended 31 March 2015.

Australia and New Zealand (ANZ) and Europe were the two largest contributors to the Group's fee and commission income. These regions experienced growth of 21.5% and 21.7% respectively. They continue to provide the majority of the Group's fee and commission income, delivering 73.1% of the Group total, decreasing from 74.9% in the prior period. This decrease is been driven by the strong growth being achieved in the Group's core strategic growth market, North America.

In North America there are operations in Canada and the US. The Group can now operate in 47 of the states in the US and has been continuing to develop its presence in North America, utilising search engine marketing, social media and customer advocacy in order to gain brand awareness. The US customers of the North American segment have, in the main, been with the Group less than three years, however the existing customer base is becoming more significant. This growth has enabled the Group to grow fee and commission income by 53.4% to \$12.9 million. North America's contribution to the Group's fee and commission income increased from 11.0% in the year ended 31 March 2014 to 13.5% in the year ended 31 March 2015.

Hong Kong experienced 8.5% growth in fee and commission income to \$1.8 million. Hong Kong is typified by a banking infrastructure that offers significantly lower retail margins than other providers. During the period the Group declined a licence in Singapore due to unusually high regulatory burdens that were not compatible with an online business model.

The International Payment Solutions (IPS) division (Wholesale division) continued to develop the Group's existing branded partnership solutions for Macquarie, ING and MoneyGram in ANZ as well as the Group's global partner Travelex (Australia, New Zealand, Canada, UK and the US). The IPS division increased fee and commission income by 20.5% to \$11.0 million whilst expanding EBITDA margins from 31.2% to 36.2%. The Group also introduced its embedded payments functionality into the Cloud based accounting software provider SAASU.

The Group's EBITDA increased by 56.8% to \$32.8 million, with EBITDA margin increasing from 28.8% to 36.3%. The Group's operating expenses (excluding IPO related expenses) increased by 9.1%. In the year ended 31 March 2014 the Group listed on the Australian Securities Exchange which resulted in an exceptional net expenditure of \$6.0 million. The Group was also involved in the HiFX sale process in January 2014 with costs of \$0.9 million. When adjusted for these one off expenses and the annualised ongoing public company costs (page 14) the Group's pro forma EBITDA increased by 22.4% to \$32.8 million.

EBITDA is a non-IFRS unaudited measure that is calculated by adding back tax and is reconciled as outlined below:

	2015 \$'000	2014 \$'000	Growth %
Profit for the year	24,266	15,967	52.0%
Add back income tax expense	9,667	5,915	
Add back depreciation	579	540	
Add back amortisation	–	–	
Earnings before Tax, Depreciation and Amortisation (EBTDA)¹	34,512	22,422	53.9%
Less interest income	(1,754)	(1,527)	
EBITDA	32,758	20,895	56.8%

1. The Group actively uses its cash balances as part of its hedging strategy making the interest income integral to its earnings. For this reason, the Group regularly uses EBTDA as a measure of performance.

The Group's financial position remains strong. The balance sheet consists predominantly of cash and client liabilities. The cash position net of client liabilities increased to \$49.4 million from \$41.0 million. The Group currently has no external debt.

	2015 \$'000	2014 \$'000	Growth %
Cash ^{2,3}	174,004	148,758	17.0%
Client liabilities ²	(124,591)	(107,763)	15.6%
Net Cash position	49,413	40,995	20.5%

2. Cash and Client liabilities can vary greatly depending on the timing of deal flows.

3. Cash includes cash held for subsequent settlement of client liabilities and term deposits of all maturities.

The financial position provides a good platform to pursue future growth opportunities.

DIRECTORS' REPORT CONTINUED

11. STRATEGY

The Group's key strategic focuses continue to be to grow and improve the Group's own branded and wholesale market share. This will be achieved by continuing to develop the customer centric experience, and ensuring the group invests wisely in improving the core assets of the business, whilst maintaining good control over costs. Critical to our success will be maintaining and sustaining a high performing diverse workforce across all office locations.

Operational Highlights

- Undertook a business review which validated the size of the market opportunity, and the strategic direction of the Group;
- Completed review of the Group's brand strategy including customer and employee value propositions. The final brand name and roll out strategy is yet to be determined;
- Delivered a new registration journey for consumers focussed on mobile helping to improve the efficacy of mobile advertising;
- Converted the website to 'be mobile responsive' helping to make the customer's experience as seamless as possible;
- Continued the IT Change program with a focus on improving our Software Development Procedures (SDLC) and our Application Architecture;
- Introduced new marketing tools to aid more efficient and smarter implementation of search engine marketing campaigns;
- Added new banking partners to support the global growth plans. The network of banking relationships are a key strategic asset and competitive advantage of the business;
- Rolled out infrastructure to enable customer satisfaction measurement using the net promoter score methodology;
- Integrated with SAASU generating a new channel for acquiring business customers and important insights into this Cloud based vertical;
- Obtained additional US money transmitter licenses in Kentucky, Louisiana, Pennsylvania, Rhode Island, Vermont and West Virginia increasing the number of US States that the Group can do business in to 47;
- Established a dealing team in Auckland NZ with a specific focus on business customers;
- Reviewed the Treasury function improving risk management practices, increasing interest income and improved pricing from banking partners;
- We received favourable outcomes from all the external regulatory examinations conducted in a number of jurisdictions over the year;
- Continued to investigate organic growth opportunities in order to enhance the capabilities of the Group;
- Increased the activated OzForex Travel cards from 11,700 to 20,100 (72% growth).
- Continued improvement in operational efficiencies with payments per operational headcount improving by 13%;
- Relocated the San Francisco team to new offices to accommodate future growth expectations.

12. RISK

The potential risks associated with the Group's business are outlined below. It does not list every risk that may be associated with the Group, and the occurrence or consequences of some of the risks described are partially or completely outside the control of the Group, its Directors and senior management. There is also no guarantee or assurance that the risks will not change or that other risks will not emerge:

- Competition – A substantial increase in competition 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. The Group continues to invest in product innovation and monitor competition to ensure it is able to respond to such challenges;

- Relationships with banking counterparties – 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. 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, collapse, or exit one or more of the markets for which the Group uses its services. This has occurred in the past and may occur again in the future. The Group manages this risk by having a suite of banking service providers to create redundancy in its banking relationships to operate effectively;
- Regulatory compliance – The international payments market is a highly regulated area of economic activity. The Group devotes significant resources to comply with applicable regulations. However, there is a risk that the Group may be unable to obtain new licenses or renew existing licenses that it needs to do business. Any significant non-compliance with regulatory requirements may result in a loss of a licence. There is also 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.

In addition, there is a risk that evidence of a serious failure to comply with laws may result in severe penalties including fines or being forced to cease doing business;

- Information technology (IT) – The Group's business operations rely on IT infrastructure and systems. Any interruptions to these operations could impair the Group's ability to operate its customer facing websites which could have a negative impact on performance. The Group has a number of operational processes and disaster risk recovery plans in place to mitigate this risk;
- Data security – Through the ordinary course of business the Group collects a wide range of personal and financial data from clients. The Group takes measures to protect this data however, there is a risk that a cyber-attack may result in data being compromised resulting 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.
- Fraud – 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.
- Foreign exchange rate fluctuations – The 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. The Group continues to increase its geographic footprint and therefore the diversity of its currency flows in order to mitigate the impact of any one currency's fluctuation;
- Online marketing channels – 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. This may result in the Group being unable to continue to grow at the same rate or with the same profit margins. The Group is developing additional marketing channels to continue growth and minimise acquisition costs.

13. OUTLOOK

OzForex is a high growth business with a strong balance sheet, no external interest bearing debt and strong cash flow conversion. The Group's focus is on growth in net operating income but still with the emphasis on cost containment and efficiency. There will be continued investment in people, new opportunities, and development of the Group's IT and physical infrastructure.

The Group's wholesale business, which includes international payment services, is a large and growing market driven by increases in global population and migration, leading to a larger level of cross border transactions and investment. OzForex is participating, and in many respects leading a successful industry disruption of traditional international payment methods and processes, driven by technology. OzForex will look to continue developing its strong position in the market through its:

- scalable proprietary technology platform;
- clearly defined organic and inorganic growth strategies;
- attractive customer value proposition;
- large portfolio of Tier 1 banking relationships; and
- effective operational risk and compliance management.

DIRECTORS' REPORT CONTINUED

14. EVENTS SUBSEQUENT TO BALANCE DATE

On 16 May 2015 the Board announced the appointment of a new CEO and Managing Director, Richard Kimber, effective 1 June 2015. As at the date of this Report, the Directors are not aware of any other circumstance that has arisen since 31 March 2015 that has significantly affected, or may significantly affect the Group's operations in future financial years, the results of those operations in future financial years, or the Group's state of affairs in future financial years.

15. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

While the impacts of foreign exchange market conditions make accurate forecasting challenging, it is currently expected that the combined net profit for the financial year ending 31 March 2016 will be up on the financial year ended 31 March 2015.

The key growth driver for the business is active clients (the number of clients who have transacted at least once in the prior 12 months). The growth in active clients for the financial year ended 31 March 2015 was up 18.2% to 142,500. There was strong growth in the Group's core markets, especially North America, ANZ and Europe.

The existing client base of the North American segment is expected to continue to become a more significant portion of the segments active clients. This will help to drive further profitability in the North American market, increasing the segments contribution to the Groups' profit for the financial year ending 31 March 2016.

Europe is a more competitive market and growth in active clients in this region will be more challenging. It is expected to be broadly in line with the financial period ending 31 March 2015. Subject to consistent currency exchange rates contribution in the UK is expected to be up in the financial year ended 31 March 2016.

The Australia and New Zealand segment is expected to continue to be the largest single contributor to the net profit of the Group. The growth in contribution, assuming a constant Australian Dollar exchange rate, is expected to be in line with the growth in active clients, albeit offset by the full year impact of public company costs including the full year of the Groups LTI scheme outlined on page 14.

Given the Group chose to decline the license in Singapore due to the regulatory burdens, and Hong Kong remains one of the most competitive banking markets globally, the Asia market will face significant challenges to grow. Asia is expected to be inline with 31 March 2015.

The Group continues to see significant opportunity in the IPS or Wholesale business. FY16 will see the Group expand its sales and support in this area and broaden its product offering in order to take advantage of this opportunity. It is expected that the contribution from Wholesale will be up in the financial year ended 31 March 2016.

The tax rate for the financial year ending 31 March 2016 is expected to be in line with the financial year ended 31 March 2015.

Accordingly, the Group's result for the financial year ending 31 March 2016 is expected to be up on the result in the financial year ended 31 March 2015, with the potential for a better result if market conditions continue to improve.

The Group's short-term outlook remains subject to the range of challenges outlined in the risks on page 17, including market conditions, the impact of volatility in the foreign exchange markets, the cost of its customer acquisition through online channels, potential regulatory changes and tax uncertainties.

OzForex remains well positioned to deliver continued growth in the short to medium term.

16. INSURANCE AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Directors of the Company and such other officers as the Directors determine are entitled to receive the benefit of an indemnity contained in the Constitution of the Company, to the extent allowed by the Corporations Act 2001.

The Company has entered into a standard form deed of indemnity, insurance and access with the Non-Executive Directors against liabilities they may incur in the performance of their duties as Directors of the Company, to the extent permitted by the Corporations Act 2001. The indemnity operates only to the extent that the loss or liability is not covered by insurance.

During the year the Company has paid premiums in respect of contracts insuring the Directors and Officers of the Company against liability incurred in that capacity to the extent allowed by the Corporations Act 2001. The terms of the policies prohibit disclosure of the details of the liability and premium paid.

17. NO OFFICERS ARE FORMER AUDITORS

No officer of the Consolidated Entity has been a partner of an audit firm or a Director of an audit company that is the auditor of the Company and the Consolidated Entity for the financial year.

18. NON-AUDIT SERVICES

The Company may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditors expertise and experience with the Company and/or the Group are important.

The Audit, Risk and Compliance Committee is required to pre-approve all audit and non-audit services provided by the external auditors. The Committee is not permitted to approve the engagement of the auditors for any non-audit services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Risk and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Companies Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Risk and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management of decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risk or rewards.

During the year the following fees were paid or payable for non-audit services provided by the external auditor (PwC) of the Company to its related practices and non-related audit firms:

	2015 \$'000	2014 \$'000
Initial public offering services	–	250,000
Taxation services	86,324	72,263
	86,324	322,263

19. CORPORATE SOCIAL RESPONSIBILITY

This year \$25,000 was donated to SurfAid (Global).

20. AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the year ended 31 March 2015 is on page 34 of this Report.

21. CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER DECLARATION

The Chief Executive Officer and the Chief Financial Officer have given the declarations to the Board concerning the Group's Financial Statements and other matters as required under section 295A(2) of the Corporations Act 2001.

22. ROUNDING AMOUNTS

The Group is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

REMUNERATION REPORT

INTRODUCTION

The Directors are pleased to present the Group's Remuneration Report in which the remuneration practices for the Group's key management personnel (KMP) are outlined.

The information provided in this Remuneration Report has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (the Corporations Act) and has been audited as required by section 308(3C) of the Corporations Act.

1. KEY MANAGEMENT PERSONNEL (KMP)

This Remuneration Report outlines the remuneration arrangements in place for the KMP of OzForex Group Limited and its subsidiaries, which comprises all Directors (Executive and Non-Executive) and those Executives who have authority and responsibility for planning, directing and controlling the activities of the Group.

For the financial year, the Executives that form part of the KMP have been determined to be those members of the Global Executive Team that report directly to the CEO.

The following Executives and Non-Executive Directors of the Group were classified as KMP during the 2015 financial year and unless otherwise indicated were classified as KMP for the entire year.

Executives	Title
Neil Helm	Managing Director and Chief Executive Officer (CEO)
Mark Ledsham	Chief Financial Officer (CFO)
Simon Griffin	Chief Commercial Officer (CCO)
David Higgins	Chief Technology Officer (CTO)
Jeff Parker	Chief Operating Officer (COO)
Jason Rohloff	Head of Compliance
Jacqueie Davidson	Head of Human Resources
Linda Cox	Company Secretary and Investor Relations

Non-Executive Directors	Title
Peter Warne	Chairman
William Allen ¹	Independent Director
Melinda Conrad	Independent Director
Grant Murdoch	Independent Director
Douglas Snedden ²	Independent Director

1. Resigned from the Board on 31 March 2015

2. Appointed to the Board on 16 March 2015

2. REMUNERATION SNAPSHOT

Executives of the Group will receive Total Reward Remuneration (TRR) that comprises fixed and variable (at risk) annual pay. The three components of the remuneration framework are outlined as follows:

Total fixed remuneration (TFR)	Short-term incentive (STI)	Long-term incentive (LTI)
<ul style="list-style-type: none"> TFR is set by reference to benchmark market information for comparable roles and individual performance Includes cash, non-financial benefits, and superannuation. 	<ul style="list-style-type: none"> 15 – 30% of TRR 50% of target STI is based on non-financial KPIs and 50% of target STI is based on financial KPIs Paid in cash 	<ul style="list-style-type: none"> 15 – 30% of TRR Grant of performance rights under the Long-term Incentive Plan Designed to link long-term Executive reward with creation of shareholder wealth 3 year performance period Performance hurdles linked to EBTD and EPS

3. ROLE OF THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee ('Remuneration Committee') is responsible for reviewing and making recommendations to the Board on the remuneration arrangements for the CEO and his direct reports ('Global Executive Team'). The Charter of the Remuneration and Nomination Committee is available on the Group's website at www.ozforex.com.au.

To assist in performing its duties and making recommendations to the Board, the Remuneration Committee seeks independent advice from external consultants on various remuneration related matters. The Remuneration Committee follows protocols around the engagement and use of external remuneration consultants to ensure compliance with the relevant Executive remuneration legislation.

During the 2015 year Egan Associates was engaged to provide advice on benchmarking remuneration for each of the KMP Executive roles. The Board is satisfied the recommendations received were free from undue influence from KMP's to whom the advice was related. The following arrangements were made to meet this requirement:

- Egan Associates was engaged by and reported to the Remuneration and Nomination Committee on behalf of the Board. The agreement for the provision of remuneration consulting services was executed by the Chair of the Remuneration and Nomination Committee;
- The report containing the remuneration recommendations was provided by Egan Associates directly to the Chair of the Remuneration and Nomination Committee; and
- Egan Associates was permitted to speak to management throughout the engagement to understand Company processes, practices and other business issues and obtain management perspectives and in particular, to clarify executive accountabilities.

The recommendations made by Egan Associates to the Committee and Board were as an input to decision making only. The fees paid to Egan Associates for the remuneration recommendations were \$26,950.

4. EXECUTIVE REMUNERATION PRINCIPLES AND STRUCTURE

Principles used to determine the nature and amount of remuneration

The objective of the Group's Executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns Executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market practice for delivery of reward.

The Board, in consultation with external remuneration consultants, ensures that Executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Incorporates shareholders feedback;
- Performance linkage/alignment of Executive compensation; and
- Transparency.

Other criteria which are considered in the Company's remuneration principles are:

- Alignment to shareholder interests:
 - has economic profit as a core component of plan design;
 - focuses on sustained growth in shareholder wealth, growth in share price and delivering constant return on assets as well as focusing the Executive on key non-financial drivers of value;
 - attracts and retains high quality Executives.
- Alignment to participant interests:
 - rewards capability and experience;
 - reflects competitive reward for contribution to growth in shareholder wealth;
 - provides a clear structure for earning rewards;
 - provides recognition for contribution to operational performance.

REMUNERATION REPORT CONTINUED

4. EXECUTIVE REMUNERATION PRINCIPLES AND STRUCTURE (CONTINUED)

Overview of Executive remuneration components

The Total Reward Remuneration (TRR) framework provides a blend of fixed short-term and long-term incentives and has three components:

- Fixed – TFR;
- At Risk – STI;
- At Risk – LTI.

The relative proportion of 'fixed' and 'target at risk' components of Executive remuneration varies by Executive. Executives with a closer link to the growth drivers of the business have a higher proportion of 'at risk', whilst Executives more aligned to risk and compliance functions have a lower 'at risk' component. The table below outlines the percentage allocations for the CEO and the Executives. Participation in special retention plans is not taken into account in determining the Executives percentage allocations.

Total reward remuneration	Fixed	At risk	
	TFR	Target STI	Target LTI
CEO	40%	30%	30%
Executives	60%-70%	15%-20%	15%-20%

Remuneration is reviewed annually to ensure it remains competitive within the market. Remuneration increases are subject to merit and are in respect of Executives, subject to the approval of the Remuneration Committee. The Remuneration Committee has the discretion to change performance-based elements of remuneration, including short-term and long-term incentives, at any time, where it considers it appropriate.

Total fixed remuneration (TFR)

TFR may be delivered as a combination of cash and prescribed non-financial benefits at the Executives discretion.

Executives are offered a competitive base pay that comprises the fixed cash component of pay and rewards inclusive of superannuation. External remuneration consultants from time to time provide analysis and advice to ensure TFR is set to reflect the market for a comparable role. This was done prior to the IPO and during the 2015 financial year.

(i) Benefits

Executives may structure their remuneration to include non-cash benefits.

(ii) Superannuation

Retirement benefits are provided via defined contributions to approved superannuation funds.

Short-term incentives (STI)

The key details of the STI Plan for the FY15 financial year are as outlined below:

STI component	Details
Eligibility	All the Executives participated in the STI Plan during the year.
Opportunity	The size of the STI opportunity available to each Executive is based on their accountabilities and impact of their role on the Company. This is typically in the range of 15-30% of TRR. Executives that commence or leave during the financial year are generally paid a pro-rata share of their STI entitlements.
KPIs	The STI is subject to the achievement of annual KPIs. See page 23 for further detail.
Payment	Payments of the STI are made after the financial results are released in May.
Delivery	Cash.

(i) Key performance indicators

The Remuneration Committee will annually approve the KPIs to link the STI Plan and the level of payout if the KPI targets are met. This includes setting any maximum payout under the STI Plan, and minimum levels of performance. The Remuneration Committee is responsible, after the preparation of the financial statements each year (in respect of financial measures) and after a review of performance against non-financial measures by the CEO (and in the case of the CEO, by the Board following recommendation by the Committee), for recommending to the Board the final STI payout for the previous financial year. The Board retains the discretion to vary the final STI payout if performance is considered to be deserving of either a greater or lesser amount.

The KPIs linked to the STI Plan comprise two equal tranches (50% each) and within each tranche are a series of objectives. Tranche A are non-financial performance indicators for the particular Executive and Tranche B are financial performance indicators.

(ii) Tranche A (50%)

The non-financial performance indicators are designed to drive leadership performance and behaviours consistent with the role and expectations for that individual Executive. These include objectives around leadership and culture, risk and compliance and project management. A maximum of 50% of the total target STI is available in Tranche A. If an Executive does not meet a minimum performance threshold in Tranche A, they are not eligible to participate in Tranche B.

(iii) Tranche B (50%)

The financial performance indicators are an appropriate way to align the delivery of the Group's objective of delivering growth to the shareholders and ultimately improving shareholder returns. In the event of outperformance against the target financial performance indicators, there is a potential additional 20% outperformance bonus available on the total STI (Tranche A and Tranche B). If financial performance is more than 25% negative to target then no STI will be payable. For the 2015 financial year, the financial objectives were as follows:

Financial performance indicator	2015 Actual	2015 Objectives
Net operating income ¹	\$90.1 million	\$88.4 million
EBTDA	\$34.5 million	\$36.5 million
New dealing clients ²	60,700	69,000
Net active clients ³	81,800	82,000

1. Net operating income is a non-IFRS measure and is the combination of "interest income" and "net fee and commission income".
2. New dealing clients are clients of the Group who transacted for the first time during the period. It is a lead indicator of the group's growth prospects.
3. Net active clients are clients who have transacted within the past 12 months less new dealing clients. This is an indicator of the company's ability to retain the prior period's active clients.

STI for the 2015 year

Specific information relating to the STI payable for the 2015 financial year based on achievements of the STI objectives for the Executives is set out below:

Executives	Actual STI payment	% of Target STI payable	% of Target STI forfeited
N Helm	329,253	93.4%	6.6%
M Ledsham	67,000	60.9%	39.1%
S Griffin	107,416	93.4%	6.6%
D Higgins	40,000	38.1%	61.9%
J Rohloff	50,000	53.2%	46.8%
J Parker	98,075	93.4%	6.6%
J Davidson	36,163	93.4%	6.6%
L Cox ⁴	32,895	111.1%	0.0%

4. L Cox is a part-time employee

REMUNERATION REPORT CONTINUED

4. EXECUTIVE REMUNERATION PRINCIPLES AND STRUCTURE (CONTINUED)

Overview of Executive remuneration components (continued)

Long-term incentives (LTI)

Long-term incentives are provided to Executives pursuant the OzForex Group Long-Term Incentive Plan ('the LTI Plan'). The key details of the plan are as outlined below:

LTI components	Details
Objective	The LTI Plan is designed to link long-term Executive reward with the ongoing creation of shareholder value, with the allocation of equity awards which are subject to satisfaction of performance hurdles.
Eligibility	All the Executives participated in the LTI Plan in the 2015 financial year.
Instrument	Performance rights enable the Executives to acquire an ordinary share in the Company in the future subject to time-based and performance-based vesting conditions being achieved. They are granted for nil cash consideration. They carry no right to vote or receive a dividend.
Award value	An Executive's LTI award is typically in the range of 15-30% of their TRR.
Allocation methodology	The number of performance rights issued to each Executive is calculated by dividing their LTI target value by the value per right, being the volume weighted share price in the five days prior to issuance.
Allocation timing	Generally performance rights will be issued annually in June. An additional issuance of performance rights outside of the annual issuance may occur as a retention mechanism at different times.
Performance period	3 years.
Vesting conditions	Performance rights are subject to a performance hurdle and ongoing employment. The performance hurdle to apply to each issuance of performance rights will be determined by the Board at the time of issue.
Forfeiture conditions	Performance rights will automatically be converted to one ordinary share upon the vesting date provided the Executive complies with the rules of the LTI Plan. Performance rights that are not converted will lapse where: <ul style="list-style-type: none"> • The expiry date applicable to the performance right is reached; and • If, upon the employee ceasing to be employed or their employment is terminated, the Board notifies the Executive of the lapse or; • Performance conditions are not met. Any performance rights which do not vest following testing of the performance hurdles at the end of the performance period will automatically lapse.
Shareholder approval	Any performance rights to be issued to the CEO are subject to shareholder approval.
Change of control provisions	The Board has the discretion to waive any vesting conditions attached to the performance rights in the event of a change of control in the Company.
Changes in share capital	If there are any changes in the share capital of the Company (such as a rights issue, subdivision, consolidation or reduction in capital) then the Directors may make adjustments as they consider appropriate subject to the ASX Listing Rules.

Performance rights issued during 2015

At the 2014 Annual General Meeting (AGM) approval was sought to grant the CEO, Mr Helm, performance rights under the OzForex Group Long-Term Incentive Plan (LTI Plan).

In addition to the standard annual allocation of performance rights, the Board had resolved that it wished to make a special 'one-off' allocation of performance rights to Executives and other key employees as an additional retention tool in the 2015 financial year. Shareholder feedback suggested that to help retain senior management talent, a further equity grant should be considered so that the total equity participation remained at a competitive level. The Board had reached this view following shareholder feedback and in light of the impending expiration of pre-existing retention tools in October 2014.

The total number of performance rights proposed to be allocated to the KMP (and other key employees) was to comprise a maximum of 4,000,000, of which 3,794,898 would comprise this special allocation. Of this, 625,000 (in 3 allocations) were planned to be issued to the CEO, Mr Helm. The total number of performance rights proposed for allocation in October was equivalent to approximately 1.67% of the issued capital and would have taken the number of unvested performance rights to 1.89% of the issued capital.

The resolution relating to the issuance of 625,000 performance rights to Mr Helm was passed at the AGM.

The table below shows the performance conditions that were set out in the 2014 Notice of Meeting. The performance condition refers to the compound annual growth rate (CAGR) of Earnings before Taxes, Depreciation and Amortisation (EBTDA), calculated on a constant currency basis:

Performance Measurement Period (PMP)	Vesting schedule (EBTDA CAGR)			% of allocation eligible to vest (Vesting Date)
	100% vesting	Pro-rata vesting: 25% – 100%	0% vesting	
PMP1: 1 Oct 2014 – 31 Mar 2016 (18 months)	≥25%	20%-25%	<20%	33% (7 June 2016)
PMP2: 1 Oct 2014 – 31 Mar 2017 (30 months)	≥23%	18%-23%	<18%	33% (7 June 2017)
PMP3: 1 Oct 2014 – 31 Mar 2018 (42 months)	≥21%	16%-21%	<16%	34% (7 June 2018)

Feedback about Original Allocation

Following feedback from some shareholders and their advisors prior to and post the AGM, the Board decided to refine the terms of the Original Approved Allocation and made changes to the quantum of performance rights to be issued, the vesting periods and added an EPS CAGR vesting gateway.

Performance Measurement Period (PMP)	Vesting gateway (EPS CAGR)	Vesting schedule (EBTDA CAGR)			% of revised allocation eligible to vest (Vesting Date)	Revised number to be issued to CEO
		100% vesting	Pro-rata vesting: 25% – 100%	0% vesting		
PMP1: 1 Oct 2014 – 31 Mar 2017 (30 months)	≥18%	≥23%	18%-23%	<18%	33% (7 June 2017)	165,000
PMP2: 1 Oct 2014 – 31 Mar 2018 (42 months)	≥16%	≥21%	16%-21%	<16%	33% (7 June 2018)	165,000
PMP3: 1 Oct 2014 – 31 Mar 2019 (54 months)	≥14%	≥19%	14%-19%	<14%	34% (7 June 2019)	170,000

The EPS Gateway sets a minimum standard for EPS CAGR performance that must be achieved in order for any Performance Rights to vest. For example, in PMP1, if OzForex achieves EBTDA CAGR at the “100% vesting” level (≥23%) but fails to satisfy the corresponding EPS Gateway (≥18%), no Performance Rights will vest. If the EPS Gateway is achieved, the vesting calculation is based on EBTDA CAGR performance.

Process for issuance to the CEO

The mechanical steps to effect the revised proposal for the CEO were intended to be as follows:

- Step 1 – Issue part of Original Approved Allocation: On 22 December 2014, the CEO was issued a proportion of the Original Approved Allocations (being 330,000 performance rights, rather than 625,000 as approved at the AGM) which are eligible to vest on 7 June 2017 and 7 June 2018 subject to EBTDA metrics.
- Step 2 – Seek approval to add EPS gateways: At the 2015 AGM, seek shareholder approval under the Listing Rules to amend the terms of the Original Approved Allocation to add EPS vesting gateways.
- Step 3 – Seek approval for New Allocation: At the 2015 AGM, seek shareholder approval under LR 10.14 to make a new allocation of performance rights (New Allocation) (being 170,000 performance rights) which are eligible to vest on 7 June 2019 subject to both an EPS gateway and EBTDA metric.

An Appendix 3Y Disclosure Notice in respect of the issuance of performance rights to Mr Helm was lodged with ASX on 22 December 2014. This discloses the issuance of 330,000 performance rights as per step 1 above.

REMUNERATION REPORT CONTINUED

4. EXECUTIVE REMUNERATION PRINCIPLES AND STRUCTURE (CONTINUED)

Overview of Executive remuneration components (continued)

Implications of the CEO stepping down

On 6 February 2015, the Company announced that the CEO would be stepping down over the forthcoming months. As a result the Board resolved as follows with regards to the performance rights on issue at that time:

	Performance measurement period (PMP)	Held at 1 April 2014	Number of performance rights granted during the year	Forfeited	Held at 31 March 2015 ¹	Vesting date ²
IPO rights (Plan 1)	1 October 2013 – 31 March 2016	176,250	–	46,454	129,796	June 2016
Retention Plan (Plan 2)						
Tranche 1 ³	1 October 2014 – 31 March 2017	–	165,000	139,653	25,347	June 2017
Tranche 2	1 October 2014 – 31 March 2018	–	165,000	165,000	–	NA
Tranche 3 ⁴	1 October 2014 – 31 March 2019	–	170,000	170,000	–	NA
Total		176,250	500,000	521,107	155,143	

1. Pro rata from start of performance period to 6 August 2015.

2. Subject to performance conditions, refer page 25 and 27 of the Remuneration Report.

3. 74,557 of these performance rights relate to the standard FY14 issue pro rata from 11 October 2013 to 31 March 2014.

4. Were proposed to be subject to shareholder approval at the 2015 AGM.

It was originally proposed that 3,794,898 (including to the CEO) performance rights would be issued to Executives in October 2014. Following shareholder feedback the overall number of performance rights that were actually issued to Executives (excluding the CEO) on 20 October 2014 was reduced to 2,825,000 performance rights. The same revised terms and conditions set out on page 24 apply to the allocation to all Executives. The number of performance rights issued to each Executive is shown on page 31.

Future issuances of performance rights

A further issuance of performance rights to Executives will take place in June 2015. This will be a standard issuance of performance rights in accordance with the terms and conditions described for the Long-Term Incentive Plan on page 24.

As the CEO is stepping down there will be no issue of performance rights to the CEO.

5. LEGACY REMUNERATION PRACTICES

Post-IPO completion and retention bonus

As disclosed in the prospectus prior to the IPO (section 6.3.4 of the Prospectus), certain Executives who were employed by the Company at the listing date (and others who were members of the Leadership Team at the time of the IPO) were entitled to a portion of a \$5.3m bonus pool:

- The CEO was entitled to 39.1% of the pool (\$2,072,300); and
- Executives and other select key employees were entitled to 60.9% of the pool (\$3,227,700).

To be eligible for receipt of the bonus an Executive had to remain in the employment of the Group as at the 12 month anniversary of the IPO. To the extent that an Executive left their allocation was re-distributed in accordance with the original allocation of the bonus pool. There were no performance conditions. The bonus was paid in November 2014.

IPO performance rights issuance

As foreshadowed in the prospectus prior to the IPO (section 6.3.1 – 6.3.3 of the Prospectus), all Executives who were employed by the Company at the listing date (and others who were members of the Leadership Team at the time of the IPO) were issued performance rights on the listing date, which subject to satisfaction of relevant performance conditions will vest on 7 June 2016 (reflecting a 32 month vesting period to align the vesting date with annual issuances of performance rights). A key performance condition for full vesting of the performance rights will be that the Group meets or exceeds earnings growth targets for the performance period and the employment of the relevant Executive at the vesting date. The performance conditions will be measured for the period 1 October 2013 to 31 March 2016 (Performance Period), or 30 months.

The Board has determined that in order for the performance rights to vest, the three year EBTDA compound annual growth rate (CAGR) must exceed 18% and there will be vesting of some or all of the performance rights on the basis as outlined below:

Performance level	EBTDA over a 30 month Performance Period	Vesting level
At or above Target	Greater than or equal to 18% CAGR	100%
Between Threshold and Target	Between 13% and 18% CAGR	Pro-rata from 25% to 100%
Below Threshold	Below 13%	0%

The Board considered this to be an appropriate hurdle as one that best aligned the interest of shareholders with those of the Executives.

176,250 performance rights were issued to the CEO and 360,325 (KMP's 253,000) performance rights were issued to senior Executives and several other select employees on 26 February 2014. These performance rights were valued using a trinomial model and discounted for the probability of achieving performance levels and the present value of expected dividends that will not be received by employees during the vesting period. They were issued at a nil exercise price with a 32 month vesting period. The vesting date is 7 June 2016. See pages 24 and 25 for further detail. The details of these performance rights were also outlined in the prospectus.

6. GROUP PERFORMANCE

As the Company only listed on 11 October 2013, it is not possible to present five years of financial company performance data. The Group's 2014 and 2015 annual financial performances measures are listed below. The financial measures for the Group for the period 1 April 2013 to 11 October 2013 are based on the results of OzForex Limited (formerly OzForex Pty Limited), as the Group's financial results have been prepared as a continuation of the OzForex Limited consolidated group.

Performance metrics	2015	2014
Net operating income ¹	\$90.1 million	\$72.6 million
EBTDA	\$34.5 million	\$22.4 million
Underlying EBTDA ²	\$34.5 million	\$29.4 million
New Dealing Clients	60,700	54,800
Active Clients	142,500	120,500
Basic earnings per share ³	10.11cps	6.84cps
Underlying basic earnings per share ⁴	10.11cps	8.92cps
Dividend per share ⁵	\$0.05875	N/A
Closing share price/change in share price	2.41	3.30 (1.30 above 'retail' price)

1. Net operating income, a non-IFRS measure, is the combination of 'interest income' and 'net fee and commission income'.
2. Non measures which are unaudited differ from statutory presentation. The underlying EBTDA has been adjusted to be EBTDA before one off impacts and the annualisation of ongoing expenses. In 2014 these adjustments are specifically related to the IPO and the HiFX process referred to on page 14 of the Directors Report.
3. For the calculation of EPS refer to Note 28 of the financial statements.
4. Underlying basic earnings per share is the basic earnings per share calculation utilising the underlying NPAT of the Group.
5. Calculated based on dividends paid during the financial year.

7. EXECUTIVE CONTRACTS

The key terms of the Executive KMP contracts are summarised below:

Contract components	Details
Duration	All Executive KMP have ongoing contracts
Termination by Executive	6 months' notice for all Executive KMP except J Davidson and L Cox, who have 4 months' notice periods
Termination by the Company	6 months' notice for all Executive KMP except J Davidson and L Cox, who have 4 months' notice periods
Post-employment restraints	For the CEO, 6 months restraint of trade post notice period None of the other KMP have post-employment restraints

REMUNERATION REPORT CONTINUED

8. APPOINTMENT OF NEW CEO

On 19 May 2015 the Board announced the appointment of Richard Kimber as CEO and Managing Director, effective 1 June 2015. His remuneration arrangements comprise a combination of TFR, STI and LTI. Mr Kimber's TFR is \$500,000 and he is also eligible for STI at a target amount of \$750,000. Performance rights to the value of \$250,000 and 400,000 options will be issued to him subject to shareholder approval at the 2015 AGM. Full details of Mr Kimber's remuneration will be provided in the 2016 annual report.

9. EXECUTIVE REMUNERATION DISCLOSURES

Year	Entity	Short-term employee benefits				Post-employment benefits	Long-term employee benefits		Share-based payments		Total \$	
		Cash salary and fees \$	Cash bonus ¹ \$	Non-monetary benefits ² \$	Other ³ \$	Super-annuation \$	Long service leave \$	Retention ⁴ \$	Performance rights \$	Options ⁵ \$		
Current Executives												
N Helm	2015	452,108	329,253	–	–	17,892	8,252	–	97,485	–	904,990	
		OFX	226,113	352,500	–	–	8,887	34,266	–	45,985	–	667,751
		Pre-IPO	175,000	375,000	–	2,072,300	13,344	13,450	866,000	–	4,960	3,520,054
	2014	Total	401,113	727,500	–	2,072,300	22,231	47,716	866,000	45,985	4,960	4,187,805
M Ledsham	2015	311,469	67,000	–	–	18,531	6,079	–	157,368	–	560,447	
		OFX	156,113	110,000	–	–	8,888	5,012	–	14,350	–	294,363
		Pre-IPO	100,000	240,000	–	604,200	9,125	3,177	–	–	779	957,281
	2014	Total	256,113	350,000	–	604,200	18,013	8,189	–	14,350	779	1,251,644
S Griffin	2015	326,469	107,416	–	–	18,531	4,719	–	172,068	–	629,203	
		OFX	163,613	115,000	–	–	8,887	4,208	–	15,002	–	306,710
		Pre-IPO	112,500	145,000	–	625,400	10,266	820	–	–	992	894,978
	2014	Total	276,113	260,000	–	625,400	19,153	5,028	–	15,002	992	1,201,688
D Higgins	2015	296,469	40,000	–	–	18,531	5,508	–	129,897	–	490,405	
		OFX	148,613	105,000	–	–	8,888	18,741	–	13,698	–	294,940
		Pre-IPO	110,000	25,000	–	742,000	10,037	13,939	–	–	1,204	902,180
	2014	Total	258,613	130,000	–	742,000	18,925	32,680	–	13,698	1,204	1,197,120
J Rohloff	2015	263,469	50,000	–	–	18,531	(9,272)	–	125,654	–	448,382	
		OFX	132,113	94,000	–	–	8,888	15,831	–	12,263	–	263,095
		Pre-IPO	92,500	25,000	–	503,500	8,402	3,859	–	–	779	634,040
	2014	Total	224,613	119,000	–	503,500	17,290	19,690	–	12,263	779	897,135
J Parker ⁶	2015	296,469	98,075	–	–	18,531	335	–	146,568	–	559,978	
		OFX	118,497	82,000	–	36,613	7,406	–	–	10,697	–	255,213
		Pre-IPO	–	–	–	–	–	–	–	–	–	–
	2014	Total	118,497	82,000	–	36,613	7,406	–	–	10,697	–	255,213
J Davidson ⁶	2015	164,996	36,163	–	–	15,572	135	–	38,313	–	255,179	
		OFX	16,289	–	–	–	1,507	–	–	–	–	17,796
		Pre-IPO	–	–	–	–	–	–	–	–	–	–
	2014	Total	16,289	–	–	–	1,507	–	–	–	–	17,796
L Cox ^{6,7}	2015	106,471	32,895	–	–	10,056	108	–	38,313	–	187,843	
		OFX	14,123	–	–	–	1,306	–	–	–	–	15,429
		Pre-IPO	–	–	–	–	–	–	–	–	–	–
	2014	Total	14,123	–	–	–	1,306	–	–	–	–	15,429

Year	Entity	Short-term employee benefits				Post-employment benefits	Long-term employee benefits		Share-based payments		Total \$	
		Cash salary and fees \$	Cash bonus ¹ \$	Non-monetary benefits ² \$	Other ³ \$	Super-annuation \$	Long service leave \$	Retention ⁴ \$	Performance rights \$	Options ⁵ \$		
Former Executives												
C Minehan ⁸	2015	-	-	-	-	-	-	-	-	-	-	
	OFX	108,261	-	-	-	8,888	(3,589)	-	-	-	113,560	
	Pre-IPO	87,500	25,000	-	-	13,920	1,654	-	-	779	128,853	
	2014	Total	195,761	25,000	-	-	22,808	(1,935)	-	-	779	242,413
L Docker ⁹	2015	-	-	-	-	-	-	-	-	-	-	
	OFX	94,508	44,250	-	-	8,742	813	-	5,773	-	154,086	
	Pre-IPO	93,750	-	-	74,200	13,211	3,062	-	-	779	185,002	
	2014	Total	188,258	44,250	-	74,200	21,953	3,875	-	5,773	779	339,088
M Ward ^{9,10}	2015	-	-	-	-	-	-	-	-	-	-	
	OFX	145,254	95,499	6,622	-	-	-	-	12,813	-	260,188	
	Pre-IPO	92,166	145,000	28,561	339,200	-	-	-	-	3,801	608,728	
	2014	Total	237,420	240,499	35,183	339,200	-	-	-	12,813	3,801	868,916
Total KMP remuneration (Group)	2015	2,217,920	760,802	-	-	136,175	15,864	-	905,666	-	4,036,427	
	OFX	1,323,497	998,249	6,622	36,613	72,287	75,282	-	130,581	-	2,643,131	
	Pre-IPO	863,416	980,000	28,561	4,960,800	78,305	39,961	866,000	-	14,073	7,831,116	
	2014	Total	2,186,913	1,978,249	35,183	4,997,413	150,592	115,243	866,000	130,581	14,073	10,474,247

- The 2015 STI bonus was accrued in the period ended 31 March 2015 and will be paid in the period ended 31 March 2016. 2014 Cash bonus consists of the pre-IPO listing bonuses paid in August 2013 and the post IPO STI plan accrued in the period but paid during the period ended 31 March 2015.
- 2014 Non-monetary benefits relate to the payment of a portion of Mike Ward's TFR in the form of accommodation, and the provision of health insurance benefits.
- 2014 Other bonus amounts relate to the IPO retention and completions bonus. The bonus amounts had been accrued in the prior period and were paid during the period ended 31 March 2015.
- Retention payments relate to a change of control retention bonus for the CEO following a change of control event in November 2010.
- The options were the previous OzForex Limited employee share option plan. In order to facilitate the capital restructure and listing of the Company on the ASX, the options were cancelled for cash consideration.
- Commenced employment during the 2014 year.
- L Cox is a part-time employee.
- Resigned 21 March 2014. An amount of \$339,200 (6.4% of the \$5.3 million IPO retention bonus outlined in section 6.3.4 of the prospectus) was originally allocated to C. Minehan. As C. Minehan resigned before the vesting date of the cash bonus, the allocation was re-distributed amongst the remaining members of the bonus scheme in accordance with the proportions of the original allocation.
- Ceased being KMPs during the 2014 year.
- M Ward was remunerated in USD. His fixed remuneration has been converted into AUD utilising an average annual FX rate of 1.0756.

Fixed and at-risk remuneration

The percentage of remuneration received as fixed pay and at-risk pay during the year ending 31 March 2015 by the Executive KMP is outlined below:

Name	Fixed remuneration	At risk – STI	At risk – LTI
N Helm	52.8%	36.4%	10.8%
M Ledsham	60.0%	12.0%	28.0%
S Griffin	55.6%	17.1%	27.3%
D Higgins	65.4%	8.2%	26.4%
J Rohloff	60.8%	11.2%	28.0%
J Parker	56.3%	17.5%	26.2%
J Davidson	70.8%	14.2%	15.0%
L Cox	62.1%	17.5%	20.4%

REMUNERATION REPORT CONTINUED

10. FURTHER INFORMATION ON EQUITY AWARDS

Performance rights

Details of the performance rights provided as remuneration to each of the Executive KMP during the financial year are set out below.

On vesting each performance right is convertible into one ordinary share of the Company. No exercise price is payable and no performance rights vested during the period.

Further information on the performance rights is set out on pages 24 and 25 of the Remuneration Report and note 22 of the financial statements.

Plan	Grant date	Date performance rights can be converted into shares	Value per performance right at grant date \$	Performance achieved	% vested
IPO Plan (Plan 1)	11 October 2013	7 June 2019	1.83	To be determined	–
Retention Plan (Plan 2)					
Tranche 1	20 October 2014	7 June 2017	2.21	To be determined	–
Tranche 2	20 October 2014	7 June 2018	2.21	To be determined	–
Tranche 3	20 October 2014	7 June 2019	2.21	To be determined	–

The movement in the performance rights over the year is outlined below:

	Held at 1 April 2014	Number of performance rights granted during the year	Number vested during the year	Value of rights at grant date \$	Number of performance rights forfeited during the year	Held at 31 March 2015
N Helm						
IPO Plan (Plan 1)	176,250	–	–	322,538	46,454	129,796
Retention Plan (Plan 2)	–	500,000	–	1,105,000	474,653	25,347
Total	176,250	500,000	–	1,427,538	521,107	155,143
M Ledsham						
IPO Plan (Plan 1)	55,000	–	–	100,650	–	55,000
Retention Plan (Plan 2)	–	450,000	–	994,500	–	450,000
Total	55,000	450,000	–	1,095,150	–	505,000
S Griffin						
IPO Plan (Plan 1)	57,500	–	–	105,225	–	57,500
Retention Plan (Plan 2)	–	500,000	–	1,105,000	–	500,000
Total	57,500	500,000	–	1,210,225	–	557,500
D Higgins						
IPO Plan (Plan 1)	52,500	–	–	96,075	–	52,500
Retention Plan (Plan 2)	–	350,000	–	773,500	–	350,000
Total	52,500	350,000	–	869,575	–	402,500
J Rohloff						
IPO Plan (Plan 1)	47,000	–	–	86,010	–	47,000
Retention Plan (Plan 2)	–	350,000	–	773,500	–	350,000
Total	47,000	350,000	–	859,510	–	397,000
J Parker						
IPO Plan (Plan 1)	41,000	–	–	75,030	–	41,000
Retention Plan (Plan 2)	–	450,000	–	994,500	–	450,000
Total	41,000	450,000	–	1,069,530	–	491,000
L Cox						
Retention Plan (Plan 2)	–	150,000	–	331,500	–	150,000
Total	–	150,000	–	331,500	–	150,000
J Davidson						
Retention Plan (Plan 2)	–	150,000	–	331,500	–	150,000
Total	–	150,000	–	331,500	–	150,000

REMUNERATION REPORT CONTINUED

11. NON-EXECUTIVE DIRECTOR FEES

The Board seeks to set fees for the Non-Executive Directors that reflect the demands which are made on and the responsibilities of the Directors, and at a level which will attract and retain directors of the highest quality.

The Non-Executive Director fees are based on the findings of a benchmarking exercise undertaken by KPMG prior to the listing which reviewed Board remuneration relative to peer and comparable sized companies.

Going forward, Non-Executive Directors fees will be reviewed from time to time and they may seek the advice of external remuneration advisors for this purpose.

Current fees

The maximum payable to be shared by all Non-Executive Directors was set at \$1,000,000 per annum, prior to listing. To preserve independence, Non-Executive Directors do not receive any performance related compensation.

(i) Fees applicable for 2015:

Role	\$
Chairperson fee	200,000
Base Director fee	100,000
Committee Chair fee	25,000
Committee Member fee	15,000

(ii) Statutory Non-Executive Director fee disclosure

Details of the fees paid to the Non-Executive Directors are outlined below. The Directors did not receive any fees prior to listing. As the Non-Executive Directors do not receive any performance-based remuneration, 100% of any fee relates to fixed remuneration.

Non-Executive Directors	Year	Short-term	Post-	Total
		employee	employment	
		benefits	benefits	
		Cash salary	Super-	
		and fees	annuation	
P Warne	2015	211,314	18,686	230,000
	2014	106,113	8,887	115,000
W Allen ¹	2015	115,000	–	115,000
	2014	57,500	–	57,500
M Conrad	2015	127,927	12,073	140,000
	2014	64,073	5,927	70,000
G Murdoch	2015	114,221	10,779	125,000
	2014	57,208	5,292	62,500
D Snedden ²	2015	–	–	–
	2014	–	–	–
Total Non-Executive Director remuneration (Group)	2015	568,462	41,538	610,000
	2014	284,894	20,106	305,000

1. Resigned from the Board on 31 March 2015

2. Appointed to the Board on 16 March 2015

12. SECURITIES TRADING POLICY

All Directors and employees are required to comply with the Group's Securities Trading Policy in undertaking any trading in the Company's shares and may not trade if they are in possession of any inside information. Directors and employees can only trade during the specified trading windows immediately following the release of the half year and full year results and the annual meeting. In addition, Directors and certain restricted employees may only trade during the trading windows with prior written clearance as set out in the Policy. The Policy prohibits employees who participate in any equity-based plan from entering into any transaction in relation to unvested securities which would have the effect of limiting the economic risk of an unvested security.

13. OUTLOOK

The Group will continue to review and adjust its reward mechanisms annually, as required to ensure that its long-term growth aspirations are met. In particular, shareholders can expect that further adjustments may be required to the LTI Plan for future performance periods and in some cases, special Executive retention mechanisms introduced. Such changes will recognise the continuing role the LTI Plan plays in motivating and retaining Executives and driving Group performance. Consultation with shareholders and the use of external consultants will occur as appropriate to ensure that a fair remuneration framework continues to exist going forward.

In addition for the 2016 year an STI plan has been introduced for all non-KMP employees.

This Report is made in accordance with a resolution of the directors.

On behalf of the Board



PETER WARNE//
CHAIRMAN

26 May 2015



NEIL HELM//
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

26 May 2015

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of OzForex Group Limited for the year ended 31 March 2015, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of OzForex Group Limited and the entities it controlled during the period.

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

CJ Heath
Partner
PricewaterhouseCoopers

Sydney
26 May 2015

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Liability limited by a scheme approved under Professional Standards Legislation.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Notes	2015 \$'000	2014 \$'000
Interest and similar income	3	1,754	1,527
Interest income		1,754	1,527
Fee and commission income	3	95,646	76,725
Fee and commission expense	3	(7,256)	(5,687)
Net fee and commission income		88,390	71,038
Other income	3	101	12,748
Total other income		101	12,748
Employment expenses	3	(30,430)	(32,091)
Occupancy expenses	3	(2,122)	(1,623)
Promotional expenses	3	(13,909)	(10,657)
IPO related expenses	3	(96)	(11,904)
Other operating expenses	3	(9,755)	(7,156)
Total operating expenses		(56,312)	(63,431)
Net profit before income tax		33,933	21,882
Income tax expense	4	(9,667)	(5,915)
Net profit after income tax		24,266	15,967
Net profit attributable to ordinary equity holders of OzForex Group Limited¹		24,266	15,967
Other comprehensive income			
Exchange differences on translation of foreign operations ²		314	256
Total comprehensive income		24,580	16,223
Total comprehensive income attributable to:			
Ordinary equity holders of OzForex Group Limited		24,580	16,223

1. Represents profit from continuing operations

2. Represents other comprehensive income that will be reclassified to profit and loss

Earnings per share based on profit from continuing operations, attributable to the ordinary equity holders of the parent entity:

		Cents	Cents
Basic	28	10.11	6.84
Fully diluted	28	10.03	6.83

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
Cash and cash equivalents ¹	5	168,804	148,558
Receivables due from financial institutions ¹	6	5,200	200
Derivative financial instruments – positive values	7	10,294	8,593
Other assets	8	3,083	3,633
Property, plant and equipment	9	1,212	1,047
Deferred income tax assets ²	10	3,919	5,517
Total assets		192,512	167,548
Liabilities			
Client liabilities	11	124,591	107,763
Derivative financial instruments – negative values	7	10,327	5,615
Other liabilities	12	4,263	3,913
Current tax liabilities ²		2,686	5,041
Provisions	13	2,999	9,177
Deferred income tax liabilities	10	15	36
Total liabilities		144,881	131,545
Net assets		47,631	36,003
Equity			
Ordinary share capital	14	24,360	24,360
Foreign currency translation reserve		311	(3)
Share-based payments reserve		1,239	91
Retained earnings	15	21,721	11,555
Total capital and reserves attributable to equity holders of OzForex Group Limited		47,631	36,003
Total equity		47,631	36,003

1. Comparative information has been restated to conform to presentation in the current year.

2. Comparative information has been restated to reflect a prior period reclassification. Refer to Note 1 (vi) for further details.

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Notes	Contributed equity \$'000	Retained earnings \$'000	Foreign currency translation reserve ¹ \$'000	Share-based payments reserve ¹ \$'000	Total equity \$'000
Balance at 1 April 2013		360	30,588	(259)	74	30,763
Net profit, after income tax		–	15,967	–	–	15,967
Other comprehensive income, net of tax		–	–	256	–	256
Total comprehensive income		–	15,967	256	–	16,223
Transactions with equity holders in their capacity as equity holders:						
Share issue		24,000	–	–	–	24,000
Dividends and distributions paid	16	–	(35,000)	–	–	(35,000)
Employee share options – value of employee services	22	–	–	–	17	17
Share-based payment expense	22	–	–	–	–	–
		24,000	(35,000)	–	17	(10,983)
Balance at 31 March 2014		24,360	11,555	(3)	91	36,003
Net profit, after income tax		–	24,266	–	–	24,266
Other comprehensive income, net of tax		–	–	314	–	314
Total comprehensive income		–	24,266	314	–	24,580
Transactions with equity holders in their capacity as equity holders:						
Share issue		–	–	–	–	–
Dividends and distributions paid	16	–	(14,100)	–	–	(14,100)
Employee share options – value of employee services	22	–	–	–	(91)	(91)
Share-based payment expense	22	–	–	–	1,239	1,239
		–	(14,100)	–	1,148	(12,952)
Balance at 31 March 2015		24,360	21,721	311	1,239	47,631

1. The foreign currency translation reserve and the share-based payments reserve are non-distributable reserves of the Group.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Interest received		1,754	1,527
Total cash inflows from customers		16,646,504	13,608,329
Total cash outflows to customers, suppliers and employees		(16,598,789)	(13,534,934)
Income tax paid		(10,444)	(6,702)
Net cash flows from operating activities	19	39,025	68,220
Cash flows from investing activities			
Loss on sale of property, plant and equipment		–	(3)
Payments for property, plant and equipment		(740)	(588)
Payments for deposits with financial institutions ¹		(5,000)	(200)
Net cash flows used in investing activities		(5,740)	(791)
Cash flows from financing activities			
Proceeds from share issue		–	24,000
Dividends paid	16	(14,100)	(35,000)
Net cash flows used in financing activities		(14,100)	(11,000)
Net increase in cash		19,185	56,429
Cash and cash equivalents at the beginning of the financial year		148,558	92,112
Exchange gains on cash and cash equivalents		1,061	17
Cash and cash equivalents at the end of the financial year¹	5	168,804	148,558

1. Comparative information has been restated to conform to presentation in the current year.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation

OzForex Group Limited (the Company) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal accounting policies adopted in the preparation of this financial report and that of the previous financial year are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. OzForex Group Limited is a for-profit entity for the purpose of preparing the financial statements. OzForex Group Limited and its subsidiaries together are referred to in this financial report as the Group.

The Directors have the power to amend and reissue the financial report.

Compliance with IFRS as issued by the IASB

Compliance with Australian Accounting Standards ensures that the financial report complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Consequently, this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

Historical cost convention

This financial report 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 report 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 notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group and the consolidated financial report such as:

- Fair value of financial instruments (Notes 1(viii) and 25).
- Accounting for remuneration arrangements (Notes 1(xiv), 21 and 22).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing the financial report 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 our assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

New Accounting Standards and amendments to Accounting Standards that became effective in the current financial year

When a new accounting standard is first adopted, any change in accounting policy is accounted for in accordance with the specific transitional provisions (if any), otherwise retrospectively.

The Group's and parent entity's assessment of the impact of the key new Accounting standards, amendments to Accounting Standards and Interpretations is set out below.

The following key Accounting Standards and amendments to Accounting Standards became applicable in the current financial year:

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities – AASB 2012-3 amends AASB 132 Financial Instruments: Presentation to clarify that to set off an asset with a liability: – the right of set-off must be available and legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy – certain gross settlement mechanisms (such as through a clearing house) may be equivalent to net settlement – master netting arrangements where the legal right of offset is only enforceable on the occurrence of a future event (such as default of the counterparty) continue to not meet the requirements for netting.

The adoption of AASB 2012-3 had no material impact on the Group.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements – AASB 2011-4 removes the individual Key Management Personnel disclosure requirements from AASB 124 Related Party Disclosures, and is effective for annual reporting periods beginning on or after 1 July 2013.

The adoption of AASB 2011-4 had no material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Basis of preparation (continued)

New Accounting Standards, amendments to Accounting Standards and Interpretations that are not yet effective

AASB 9 *Financial Instruments and consequential amendments* – AASB 9 will replace AASB 139 *Financial Instruments: Recognition and Measurement*. It will lead to changes in the accounting for financial instruments, primarily relating to:

Financial assets: A financial asset is measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the asset gives rise to cash flows on specified dates that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are measured at fair value. Changes in fair value of financial assets carried at fair value are reported in the income statement.

Financial liabilities: The component of change in fair value of financial liabilities designated at fair value through profit or loss due to an entity's own credit risk are presented in other comprehensive income, unless this creates an accounting mismatch. If a mismatch is created or enlarged, all changes in fair value (including the effects of credit risk) are presented in profit or loss. These requirements may be applied early without applying all other requirements of AASB 9.

Hedge accounting: Hedge accounting is more closely aligned with financial risk management, and may be applied to a greater variety of hedging instruments and risks.

All other key requirements for classification and measurement of financial liabilities have been carried forward unamended from AASB 139. The recognition and derecognition requirements in AASB 139 have also been retained and relocated to AASB 9 unamended.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Group will first apply AASB 9 in the financial year beginning 1 April 2018. The Group is continuing to assess the full impact of the new requirements on the consolidated financial statements.

AASB 15 *Revenue from Contracts with customers* – The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for services. The new standard is based on the principle that revenue is recognised when control transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

AASB 15 is effective for annual periods beginning on or after 1 January 2017. The Group will first apply AASB 15 in the financial year beginning 1 April 2017. The impact of AASB 15 on the Group's financial statements on initial application has not yet been assessed.

ii) Principles of consolidation

Subsidiaries

The consolidated financial report comprises the assets and liabilities of all subsidiaries of OzForex Group Limited ("the Company") as at 31 March 2015 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has the power to direct the relevant activities, exposure to significant variable returns and the ability to utilise power to affect the Group's own returns. The determination of control is based on current facts and circumstances and is continuously assessed.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(xviii)).

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 Group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of OzForex Limited in accordance with AASB *Separate Financial Statements*.

iii) Segment reporting

Operating segments are identified on the basis of internal reports to senior management about components of the Group that are regularly reviewed by senior management and the board of directors who have been identified as the chief operating decision makers, in order to allocate resources to the segment and to assess its performance. Information reported to senior management and the board of directors for the purposes of resource allocation and assessment of performance is specifically focused on core products and services offered, comprising five reportable segments as disclosed in Note 2. Information about products and services and geographical segments is based on the financial information used to produce the Group's financial statements.

iv) Foreign currency translations

Functional and presentation currency

Items included in the financial statements of foreign operations are measured using the currency of the primary economic environment in which the foreign operation operates (the functional currency). The Group's financial statements are presented in Australian dollars, which is the OzForex Group Limited's functional currency and the 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 net investment hedge accounting requirements.

Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of the Statement of Financial Position
- Income and expense for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit and loss, as part of the gain or loss on sale.

v) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major revenue streams as follows:

Interest income

Interest income is recognised using the effective interest rate method. When a receivable is impaired, the group reduces the carrying value amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Fee and commission income

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 Group's hedging policy. The cost or benefit of the Group's hedging policy is the result of changes in exchange rates between the time when a client rate is agreed and the subsequent hedge transaction is entered.

As a result of timing differences inherent to OzForex Group 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 is presented inclusive of realised and unrealised income earned from the sale of foreign currency contracts to customers.

(i) Unrealised gain/loss on foreign exchange contracts

Gains and losses on foreign exchange contract financial assets/liabilities arise from fair valuation of foreign exchange contract financial assets/liabilities recognised in profit and loss.

(ii) Retranslation of foreign exchange assets and liabilities

Gains and losses arise from the retranslation of foreign currency denominated assets/liabilities into functional currency.

Fee and commission expense

Fee and commission expenses are transaction costs which relate to fees paid to partners and transactional banking fees.

Dividends and distributions

Dividends and distributions are recognised as income when the entity becomes entitled to the dividend or distribution.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

vi) Income taxes

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 income tax is provided in full, using the liability method, on temporary differences arising 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously. Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

The Group and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 15 October 2013. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Comparative changes

Prior period comparatives have been restated to correct a misclassification of tax resulting from the treatment of IPO expenses which were finalised during the year ended 31 March 2015. Deferred tax assets have been restated by \$3,266,000 and current tax liabilities have been restated by (\$3,266,000) as at 31 March 2014. There was nil impact to the Statement of Comprehensive Income.

vii) Dividends

Provision for dividends to be paid by the Group are recognised on the Statement of Financial Position as a liability and a reduction in retained earnings when the dividend has been declared.

viii) Derivative instruments

Derivative instruments entered into by the 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 Statement of Financial Position hedging purposes, are recognised on the Statement of Financial Position 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 Statement of Comprehensive Income, unless the derivative meets the requirements for cash flow or net investment hedge accounting.

ix) Hedge accounting

The Group designates certain derivatives or financial instruments as hedging instruments in qualifying hedge relationships. On initial designation of the hedge, the Group documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging relationships have been and will continue to be highly effective. Derivatives or financial instruments of the Group are designated as net investment hedge relationships.

Net investment hedges

For a derivative or borrowing designated as hedging a net investment in a foreign operation, the gain or loss on revaluing the derivative or borrowing associated with the effective portion of the hedge is recognised in the foreign currency translation reserve and subsequently released to the income statement when the foreign operation is disposed of. The ineffective portion is recognised in the Statement of Comprehensive Income immediately. The fair values of various financial instruments used for hedging purposes are disclosed in Note 25.

x) Investments and other financial assets

Classification

With the exception of derivatives which are classified separately in the Statement of Financial Position, the remaining investments in financial assets are classified in the following categories: other financial assets at fair value through profit or loss, loans and receivable. The classification depends on the purpose for which the investments were acquired, which is determined at initial recognition and, except for other financial assets at fair value through profit or loss, is re-evaluated 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 Statement of Comprehensive Income in interest income using the effective interest method as disclosed in Note 1 (v).

(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.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the 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.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the 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.

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 based on whether there is objective evidence that a financial asset or group of financial assets is impaired.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

xi) 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 improvements¹ 20 per cent
- Computer equipment and software 33 per cent
- Plant and equipment 20 per cent to 33 per cent

1. 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 Statement of Comprehensive Income.

Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised in the Statement of Comprehensive Income.

xii) Provisions

Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick and annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and employee bonus provisions that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted at the end of the reporting period using market yields of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Provisions for unpaid employee benefits are derecognised when the benefit is settled, or is transferred to another entity and the Group is legally released from the obligation and do not retain a constructive obligation.

xiii) Earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is calculated by dividing the Group's profit attributable to ordinary equity holders by the weighted average number of ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares. Refer to Note 14 for information concerning the classification of securities.

xiv) Performance based remuneration

Share-based payments

OzForex Group long-term incentive plan

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). The fair value of each performance right is estimated at grant date using a trinomial model and discounted for the probability of employee retention and the probability of achieving performance levels.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). At each subsequent reporting date until vesting, the cumulative charge to the income statement is in accordance with the vesting conditions as set out under the Group's Long-Term Incentive Plan (Note 22).

Equity settled awards granted by the Company to employees of subsidiaries are recognised in the subsidiaries' separate financial statements as an expense with a corresponding credit to equity. As a result, the expense recognised by the Group is the total expense associated with all such awards. Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated.

The Group currently does not provide benefits in the form of cash settled share-based payments.

Share option plan

During the year ended 31 March 2014, OzForex Limited operated share options plans which were granted to employees and employees of its subsidiaries. OzForex Limited 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 were measured at their grant dates based on their fair value and using the number expected to vest. This amount was recognised as an expense evenly over the respective vesting periods.

The fair value of each option was 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 were adopted for grants made in prior financial years:

	Grant 2013	Grant 2010
Risk free Rate	3 per cent	5.5 per cent
Expected life	7 years	7 years
Volatility of share price	20 per cent	35 per cent
Dividend yield	Nil	Nil

When options were issued by OzForex Limited to employees of subsidiaries, OzForex Limited recognised the equity provided as an investment in the subsidiary.

OzForex Limited annually revises its estimates of the number of options that are expected to become exercisable. Where appropriate, the impact of revised estimates is reflected in the income statement over the remaining vesting period, with a corresponding adjustment to the share option reserve.

The two option grants above were cancelled and cash settled by the pre-restructure shareholders as a result of listing on the ASX. No share option plans were operational during the year ended 31 March 2015.

Short-term incentives

Staff profit share scheme

The Group recognises a liability and an expense for profit share based on a formula that takes into consideration the growth rate of the Group's earnings before tax and the employee's performance over the financial year.

Short-term incentive plan

The Group recognises a liability and an expense for 15-30% of the Total Reward Remuneration (TRR) of Executives and select employees. The short-term incentive awards are based on the achievement of annual Key Performance Indicators (KPIs).

xv) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at short call with financial institutions with original maturity of 3 months or less.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

xvi) Receivables due from financial institutions

Receivables due from financial institutions are primarily short-term deposits with an original maturity of greater than 3 months that are brought to account at the gross value of the outstanding balance. Interest is brought to account in the Statement of Comprehensive Income as interest income (see Note 1(v)).

xvii) Leases

Leases entered into by the 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.

xviii) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred,
- equity interests issued by the group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit and loss as a bargain purchase.

xix) Client liabilities

Client liabilities represent an obligation of the Group for amounts unpaid to customers that transacted with the Group prior to the end of the financial year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

xx) GST

Revenues, expenses 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 expense.

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.

xxi) 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.

xxii) Rounding of amounts

The Company is of a kind referred to in Australian Securities and Investments Commission Class Order 98/100 (as amended), relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars unless otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 2. SEGMENT INFORMATION (CONTINUED)

Year ending 31 March 2014	Australia & New Zealand \$'000	Europe \$'000	North America \$'000	Asia \$'000	International Payment Solutions \$'000	Consolidated \$'000
Segment Revenue						
Fee and commission income	41,752	15,746	8,430	1,674	9,123	76,725
Total segment revenue	41,752	15,746	8,430	1,674	9,123	76,725
Segment result						
EBITDA	10,511	6,840	86	608	2,850	20,895
Depreciation and amortisation						(540)
Interest income						1,527
Profit before income tax						21,882
Income tax expense						(5,915)
Profit for the year						15,967
Segment assets						
At 31 March 2014						
Segment assets	133,036	24,357	16,107	5,438	–	178,938
Intergroup eliminations	–	(11,953)	(4,431)	(523)	–	(16,907)
Deferred tax assets ¹						5,517
Total Assets						167,548
Segment liabilities						
At 31 March 2014						
Segment liabilities¹	(113,849)	(21,221)	(12,519)	(827)	–	(148,416)
Intergroup eliminations	16,907	–	–	–	–	16,907
Deferred tax liabilities						(36)
Total Liabilities						(131,545)
Segment net assets	19,187	3,136	3,588	4,611	–	30,522
Intergroup eliminations	16,907	(11,953)	(4,431)	(523)	–	–
Net deferred tax						5,481
Total Net Assets						36,003

1. Comparative information has been restated to reflect a prior period reclassification. Refer to Note 1 (vi) for further detail.

NOTE 3. PROFIT FOR THE FINANCIAL YEAR

Net profit before income tax has been determined as follows:

	2015 \$'000	2014 \$'000
Interest income		
Interest and similar income received/receivable	1,754	1,527
Interest income	1,754	1,527
Net fee and commission income		
Realised margin and fees on foreign exchange contracts	97,906	76,303
Unrealised gains/(losses) on foreign exchange contracts	(2,272)	1,096
Retranslation of foreign exchange assets and liabilities	12	(674)
Fee and commission expense	(7,256)	(5,687)
Net fee and commission income	88,390	71,038
Other income		
Reimbursement of IPO expenses ¹	96	12,740
Other	5	8
Total other income	101	12,748
1. Relates to income to the Group from arranger fees in relation to the IPO.		
Employment expenses		
Salary related costs including commissions	(25,932)	(20,120)
Employee benefits	(1,023)	(8,713)
Defined contribution plan	(1,339)	(1,130)
Retention payments	–	(866)
Provision for annual leave	(21)	(277)
Provision for long service leave	(59)	(195)
Recoveries ²	–	866
Total compensation expense	(28,374)	(30,435)
Other employment expenses including on-costs, staff procurement and staff training	(2,056)	(1,656)
Total employment expenses	(30,430)	(32,091)
2. Recoveries received during the prior year were from Macquarie Equities Limited.		
Occupancy expenses		
Operating lease rentals	(1,509)	(1,153)
Depreciation: Furniture, fittings and leasehold	(150)	(71)
Other occupancy expenses	(463)	(399)
Total occupancy expenses	(2,122)	(1,623)
Promotional expenses		
Advertising	(13,007)	(10,133)
Other promotional expenses	(902)	(524)
Total promotional expenses	(13,909)	(10,657)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 3. PROFIT FOR THE FINANCIAL YEAR (CONTINUED)

	2015 \$'000	2014 \$'000
IPO related expenses		
Professional fees ¹	(96)	(11,721)
Travel expenses	–	(183)
Total IPO related expenses	(96)	(11,904)

1. Relates to costs incurred by the Group while acting as an arranger throughout the IPO transaction

Other operating expenses

Professional fees	(3,222)	(1,837)
Information technology	(1,196)	(845)
Depreciation: computer equipment and software	(429)	(469)
Communication expenses	(601)	(538)
Compliance expenses	(1,510)	(860)
Insurance expenses	(581)	(586)
Travel expenses	(728)	(654)
Bad and doubtful debts recovery/(expense)	(845)	(511)
Non recoverable GST	(131)	(64)
Other expenses	(512)	(792)
Total other operating expenses	(9,755)	(7,156)

NOTE 4. INCOME TAX EXPENSE

	2015 \$'000	2014 \$'000
a) Income tax expense		
Current tax expense	8,785	8,000
Adjustments for current tax of prior periods	(695)	3,266
Total tax on profits for the year ²	8,090	11,266
Deferred income tax:		
Decrease/(Increase) in deferred tax assets	1,598	(5,364)
(Decrease)/Increase in deferred tax liabilities	(21)	13
Total deferred income tax expense/(benefit) ²	1,577	(5,351)
Total income tax expense	9,667	5,915
b) Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	33,933	21,882
Prima facie income tax expense on operating profit ³	10,180	6,565
Tax effect of amounts adjusted in calculating taxable income:		
Other items	(513)	(650)
Total income tax expense	9,667	5,915

2. Comparative information has been restated to reflect a prior period reclassification. Refer to Note 1 (vi) for further details.

3. Prima facie income tax on operating profit is calculated at the rate of 30 percent (2014: 30 percent). The Group has a tax year ending on 30 September.

No tax losses were transferred to the parent or utilised during the period.

NOTE 5. CASH AND CASH EQUIVALENTS (CURRENT ASSETS)

	2015 \$'000	2014 \$'000
Cash held ^{1,2}	44,213	40,795
Cash held for subsequent settlement of client liabilities	124,591	107,763
Total cash and cash equivalents	168,804	148,558

1. Included in cash held are balances of \$13,760,000 (2014: \$8,110,000) which are held as collateral by counter parties for over the counter derivative transactions and other services.
2. Comparative information has been restated to conform to presentation in the current year.

NOTE 6. RECEIVABLES DUE FROM FINANCIAL INSTITUTIONS

	2015 \$'000	2014 \$'000
Receivables due from financial institutions	5,200	200
Total receivables due from financial institutions	5,200	200

Receivables due from financial institutions relate to term deposits with an original maturity of more than three months, but less than twelve months.

NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2015 \$'000	2014 \$'000
Value of forward contracts – positive values	10,294	8,593
Value of forward contracts – negative values	(10,327)	(5,615)
Total derivative financial instruments at fair value through profit and loss³	(33)	2,978

3. All derivative financial instruments are expected to mature within 12 months after the reporting date.

NOTE 8. OTHER ASSETS (CURRENT ASSETS)

	2015 \$'000	2014 \$'000
Prepayments	1,469	981
Goods and services tax receivable ⁴	379	297
Other debtors	1,235	2,355
Total other assets	3,083	3,633

4. Comparative information has been restated to conform to presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

	2015 \$'000	2014 \$'000
Furniture, fittings and leasehold improvements		
Cost	1,648	1,455
Less accumulated depreciation	(1,119)	(926)
Exchange adjustment	–	2
Total furniture, fittings and leasehold improvements	529	531
Software		
Cost	702	512
Less accumulated depreciation	(507)	(415)
Exchange adjustment	3	(2)
Total software	198	95
Computer equipment		
Cost	1,938	1,578
Less accumulated depreciation	(1,454)	(1,160)
Exchange adjustment	1	3
Total computer equipment	485	421
Total property, plant and equipment	1,212	1,047

Reconciliation of the movement in the Group's property, plant and equipment at their written-down value:

	Furniture, fittings and leasehold improvements \$'000	Software \$'000	Computer equipment \$'000	Total \$'000
Balance at 31 March 2014	531	95	421	1,047
Acquisitions	191	192	357	740
Disposals	–	–	–	–
Depreciation expense	(193)	(92)	(294)	(579)
Exchange adjustment	–	3	1	4
Balance at 31 March 2015	529	198	485	1,212

	Furniture, fittings and leasehold improvements \$'000	Software \$'000	Computer equipment \$'000	Total \$'000
Balance at 31 March 2013	435	130	434	999
Acquisitions	227	76	285	588
Disposals	–	(3)	–	(3)
Depreciation expense	(133)	(106)	(301)	(540)
Exchange adjustment	2	(2)	3	3
Balance at 31 March 2014	531	95	421	1,047

NOTE 10. DEFERRED INCOME TAX ASSETS/(LIABILITIES)

	2015 \$'000	2014 \$'000
Deferred income tax assets		
The balance comprises temporary differences attributable to:		
Provisions and accrued expenses	1,338	3,145
IPO expenditure deemed capital for taxation ¹	2,571	3,266
Financial instruments	10	(894)
Total deferred income tax assets	3,919	5,517
Deferred income tax liabilities		
The balance comprises temporary differences attributable to:		
Other timing differences	(15)	(36)
Total deferred income tax liabilities	(15)	(36)
Net deferred income tax assets²	3,904	5,481

1. Comparative information has been restated to reflect a prior period reclassification. Refer to Note 1 (vi) for further detail.

2. Unless otherwise stated the material portion of the balance represents amounts expected to be settled within twelve months after the reporting date.

The principles of the balance sheet method of tax effect accounting have been adopted whereby the income tax expense for the financial year is the tax payable on the current period's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax assets relating to deductible temporary differences are not carried forward as an asset unless the benefit is probable of realisation.

The deferred tax assets have been applied against deferred tax liabilities to the extent that they are expected to be realised in the same period, within the same tax paying entity.

NOTE 11. CLIENT LIABILITIES

Client liabilities of \$124,591,000 (2014: \$107,763,000) relate to amounts owed to clients in order to settle outstanding deals. Client liabilities are unsecured and are short-term in nature. The carrying amounts of client liabilities are assumed to be the same as their fair values, due to their short-term nature (expected to be settled within twelve months after the balance sheet date).

NOTE 12. OTHER LIABILITIES (CURRENT LIABILITIES)

	2015 \$'000	2014 \$'000
Accrued charges and sundry liabilities	2,437	2,398
Trade creditors ³	743	701
Other	1,083	814
Total other liabilities⁴	4,263	3,913

3. Comparative information has been restated to conform to presentation in the current year.

4. Unless otherwise stated the material portion of the balance represents amounts expected to be settled within twelve months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 13. PROVISIONS

	2015 \$'000	2014 \$'000
Current – provision for employee entitlements		
Annual Leave	977	917
Employee Benefits	1,492	7,598
Long service leave	241	272
	2,710	8,787
Non-current – provision for employee entitlements		
Employee Benefits	–	190
Long Service Leave	289	200
	289	390
Total provisions	2,999	9,177

Movements in provision balances	Carrying amount at beginning of the period	Release of provisions	Additional provisions made	Carrying amount at the end of the period
Annual Leave	917	(1,281)	1,341	977
Employee Benefits	7,788	(7,788)	1,492	1,492
Long Service Leave	472	(19)	77	530
Total	9,177	(9,088)	2,910	2,999

NOTE 14. CONTRIBUTED EQUITY

	2015 Number of shares	2014 Number of shares	2015 \$'000	2014 \$'000
Ordinary share capital				
Opening balance of fully paid ordinary shares	240,000,000	204,840	24,360	360
Class A shares converted to ordinary shares	–	155,160	–	–
Fully paid ordinary shares	–	239,640,000	–	24,000
Closing balance of fully paid ordinary shares	240,000,000	240,000,000	24,360	24,360
Class A share capital				
Opening balance of fully paid ordinary shares	–	155,160	–	155
Class A shares converted to ordinary shares	–	(155,160)	–	(155)
Closing balance of fully paid class A shares	–	–	–	–
Total equity contribution	240,000,000	240,000,000	24,360	24,360

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds of the company in a liquidity event in proportion to the number of and amounts paid on the shares held. This is subject to the prior entitlements of the class A shares.

Each ordinary shareholder is entitled to one vote per share held.

Class A shares

Class A shares entitle the holder to participate in dividends and the proceeds of the company in a liquidity event in proportion to the number of and amounts paid on the shares held. This is subject to the liquidity preference that enables the holder of the class A share to recover the amount of their initial investment prior to any distribution to ordinary shareholders.

Each class A shareholder is entitled to one vote per share held.

There were no class A shares issued at 31 March 2015.

NOTE 15. RETAINED EARNINGS

	2015 \$'000	2014 \$'000
Balance at the beginning of the financial year	11,555	30,588
Profit attributable to ordinary equity holders of OzForex Group Limited	24,266	15,967
Dividends paid	(14,100)	(35,000)
Balance at the end of the financial year	21,721	11,555

NOTE 16. DIVIDENDS PAID AND DISTRIBUTIONS PAID OR PROVIDED FOR

	2015 \$'000	2014 ¹ \$'000
First Interim dividend paid (\$0.03500 (2014: \$27.78) per share) ²	(8,400)	(10,000)
Second Interim dividend paid (2014: \$0.10417) per share ²	–	(25,000)
Final dividend paid (\$0.02375 (2014: \$0) per share) ^{2,3}	(5,700)	–
Total dividends paid	(14,100)	(35,000)

1. During the year ended 31 March 2014 all dividends were paid to the pre-IPO shareholders.

2. These dividends were 100 percent franked at the 30 percent corporate tax rate.

3. The final dividend relates to the year ended 31 March 2014 which was declared on 27 May 2014.

Dividend per share is calculated based on the ordinary shares outstanding on the dividend declaration date. Details of the movement in the number of shares outstanding are disclosed in Note 14 and details of the share transactions are disclosed in the directors' report.

	2015 \$'000	2014 \$'000
Franked dividends		
Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	4,699	1,778

The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax.

NOTE 17. CAPITAL

The Group's capital management strategy is to maximise shareholder value through optimising the level and use of capital resources.

The Group's capital management objectives are to:

- Ensure sufficient capital resource to support the Group's business and operational requirements
- Maintain sufficient capital to exceed externally imposed capital requirements
- Safeguard the Group's ability to continue as a going concern.

Periodic reviews of the entity's capital requirements are performed to ensure the Group is meeting its objectives.

Capital is defined as share capital plus reserves.

During the financial year ended 31 March 2015, the Group has continued to meet its capital requirements under the licence and no breaches have occurred. The Group has satisfied its externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 18. COMMITMENTS

Operating leases

The Group leases offices under non-cancellable operating leases expiring within one to five years. The leases have escalating clauses and renewable rights. On renewal, the terms of the leases are renegotiated.

	2015 \$'000	2014 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Not later than one year	1,714	1,073
Later than one year and not later than five years	4,106	2,519
Total capital and other expenditure commitments	5,820	3,592

NOTE 19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash and cash equivalents

Reconciliation of profit from ordinary activities after income tax to net cash flows from operating activities	2015 \$'000	2014 \$'000
Profit from ordinary activities after income tax	24,266	15,967
Adjustments to profit from ordinary activities		
Depreciation on property, plant and equipment	579	540
Share-based payments expense	1,148	17
Foreign exchange revaluation	2,272	(1,096)
Loss on disposal of property, plant and equipment	–	3
Fair value changes on financial assets and liabilities at fair value through profit or loss	(12)	674
Changes in assets and liabilities		
Decrease/(increase) in debtors and prepayments	550	(2,673)
Decrease/(increase) in deferred tax assets ¹	1,598	(5,364)
Increase in accrued charges and creditors	17,178	48,511
(Decrease)/increase in deferred tax liabilities	(21)	13
(Decrease)/increase in provisions for employee entitlements	(6,178)	7,001
(Decrease)/increase in tax provision	(2,355)	4,627
Net cash flows from operating activities	39,025	68,220

1. Comparative information has been restated to reflect a prior period reclassification. Refer to Note 1 (vi) for further detail.

NOTE 20. RELATED PARTY INFORMATION

(a) Ultimate Parent entity

The ultimate parent entity is OzForex Group Limited.

(b) Subsidiaries

All entities have a 31 March financial year end.

The following entities are wholly owned subsidiaries of the Company

Entity	Country of Incorporation	Equity Holding
CanadianForex Limited	Canada	100%
OzForex (HK) Limited	Hong Kong	100%
OzForex Limited	Australia	100%
OzForex Operations Pty Limited	Australia	100%
OzForex (SNG) PTE. Limited	Singapore	100%
NZForex Limited	New Zealand	100%
UKForex Limited	United Kingdom	100%
USForex Incorporated	United States	100%

(c) Other related parties

Cloudbreak Settlement Pty Limited

(d) Key management personnel

Disclosures relating to directors and other key management personnel are set out in Note 21.

(e) Transactions with other related parties

Directors and parent entities of OzForex Group Limited may from time to time have investments in entities which transact with OzForex Group Limited. These transactions are based on normal commercial terms and conditions.

Transactions with Cloudbreak Settlement Pty Limited relate to arranger fees and costs incurred relating to the initial public offering and are as follows:

Transaction type	2015 \$'000	2014 \$'000
Receivable due from related party	–	1,274
Income received	96	12,740
Expense incurred	96	11,904

As a result of the initial public offering share options due to Executives in the OzForex Group were cancelled and cash settled by the existing shareholders as follows:

Settlement of share options:

Macquarie Equities Limited	–	7,459
Matthew Gilmour	–	3,475
G & A Lord Pty Limited	–	3,475
Carboni Pty Limited	–	366
Accel Growth Fund L.P.	–	117
Accel London III L.P.	–	49
Accel IX L.P.	–	11
Accel Growth Fund Investors 2010 L.L.C.	–	8
Accel Growth Fund Strategic Partners L.P.	–	2
Accel IX Strategic Partners L.P.	–	1
Accel London Investors 2009 L.P.	–	1
Accel Investors 2010 (B) L.L.C.	–	1
Carlyle Financial Services AIV IV, L.P.	–	159
CGFSP Coinvestment AIV, L.P.	–	11

All other transactions with related entities were made on normal commercial terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 21. KEY MANAGEMENT PERSONNEL

(a) Directors

(i) Chairman – Non-Executive

Peter Warne

(ii) Executive Director

Neil Helm

(iii) Non-Executive Director

Grant Murdoch

Melinda Conrad

William Allen (resigned on 31 March 2015)

Douglas Snedden (appointed on 16 March 2015)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

Name	Position	Employer
Mark Ledsham	Chief Financial Officer	OzForex Group Limited
Simon Griffin	Chief Commercial Officer	OzForex Group Limited
Jason Rohloff	Head of Compliance	OzForex Group Limited
Jeff Parker	Chief Operating Officer	OzForex Group Limited
David Higgins	Chief Technology Officer	OzForex Group Limited
Jacqueie Davidson	Head of Human resources	OzForex Limited
Linda Cox	Company Secretary	OzForex Limited

(c) Key management personnel remuneration

Remuneration	2015 \$	2014 \$
Short-term employee benefits	3,547,185	9,482,652
Post-employment benefits	177,713	170,698
Long-term employee benefits	15,864	981,243
Share-based payments	905,666	144,654
Total remuneration paid to key management personnel	4,646,428	10,779,247

Detailed remuneration disclosures are provided in the remuneration report.

Comparative information has been restated to conform to presentation in the current year.

(d) Share holdings and share options

The number of shares and share options in the Company held during the financial year by each Director of OzForex Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

	Ordinary shares		
	Shares held at 31 March 2014	Shareholding movement during the year	Shares held at 31 March 2015
Directors of OzForex Group Limited			
P Warne	125,000	25,000	150,000
N Helm	250,000	25,000	275,000
M Conrad	50,000	–	50,000
G Murdoch	50,000	45,000	95,000
W Allen	–	–	–
D Snedden	–	–	–
Other key management personnel of the group			
M Ledsham	25,000	2,500	27,500
S Griffin	25,000	4,385	29,385
J Rohloff	15,000	–	15,000
J Parker	20,000	–	20,000
D Higgins	28,000	–	28,000
J Davidson	–	–	–
L Cox	–	5,000	5,000

NOTE 22. EMPLOYEE EQUITY PARTICIPATION

Share-based payments

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity settled transactions is recognised as an expense in the Statement of Comprehensive Income, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income is in accordance with the vesting conditions.

Equity settled awards granted by the company to employees of subsidiaries are recognised in the subsidiaries' separate financial statements as an expense with a corresponding credit to equity. As a result, the expense recognised by the Group is the total expense associated with such awards. Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated.

(a) OzForex Group Long-Term Incentive Plan

The Group has a Long-Term Incentive Plan for employees (including Executives) identified by the Board. The plan is based on the grant of performance rights that vest into shares on a one-to-one basis at no cost to the employee. Settlement of the performance rights is made in ordinary shares.

If the employee leaves during or before the performance period due to illness, redundancy or death, any granted rights which the Board has the discretion to allow them to vest, otherwise will lapse. If the employee leaves due to other reasons, the granted rights may be forfeited at the Board's discretion.

There were no cancellations or modifications to the plan during 2015.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 22. EMPLOYEE EQUITY PARTICIPATION (CONTINUED)

(a) OzForex Group Long-Term Incentive Plan (continued)

(i) IPO Rights

The Group established the IPO Plan 2016 during the 2014 financial year for Executives and other select employees identified by the Board. Performance rights granted in this plan will vest subject to performance hurdles approved by the board which are based on Group EBTDA as summarised in the table below:

Plan	Vesting Level (EBTDA CAGR)			Performance Period
	100%	25%-100%	0%	
IPO Rights	≥ 18%	13%-18%	< 13%	30 Months

A summary of the performance rights granted during the year are set out in (c) fair value of equity instruments granted during the period.

(ii) Retention plans

The Group established the Retention Plans during the 2015 financial year for Executives and other select employees identified by the Board. Performance rights granted in this plan will vest subject to performance hurdles approved by the Board which are based on earnings per share (EPS) and the Group EBTDA. There is a minimum standard for earnings per share compound annual growth rate (EPS CAGR) performance that must be achieved in order for any Performance Right to vest as summarised in the table below:

Plan	EPS CAGR	Vesting Level (EBTDA CAGR)			Performance Period
		100%	25%-100%	0%	
Retention Plan Tranche 1	≥ 18%	≥ 23%	18%-23%	< 18%	30 Months
Retention Plan Tranche 2	≥ 16%	≥ 21%	16%-21%	< 16%	42 Months
Retention Plan Tranche 3	≥ 14%	≥ 19%	14%-19%	< 14%	54 Months

A summary of the performance rights granted during the year are set out in (c) fair value of equity instruments granted during the period.

(iii) Employee LTI plan

The Group established the Employee LTI Plan during the 2015 financial year for select employees identified by the Board. These 225,555 performance rights will vest subject to the employees who have been granted performance rights, remaining in employment until the vesting date. This plan is not subject to any performance hurdles.

A summary of the performance rights granted during the year are set out in (c) fair value of equity instruments granted during the period.

(b) Share options

The Group had no share option agreements in place during the year ended 31 March 2015. During the previous financial year, ending 31 March 2014, the Group had two equity settled share-based payment arrangements which were all cancelled and cash settled by the pre-restructure shareholders as a result of listing on the ASX.

(c) Fair value of equity instruments granted during the period

Set out below are summaries of performance rights granted under the OzForex Group Long-Term Incentive Plan.

Plan	Performance period end date	Balance as at 31 March 2014	Granted during the year	Exercised during the year	Forfeited/ cancelled during the year	Balance as at 31 March 2015
IPO Rights	31 March 2016	536,575	–	–	(109,528)	427,047
Retention Plan Tranche 1	31 March 2017	–	1,097,250	–	(213,903)	883,347
Retention Plan Tranche 2	31 March 2018	–	1,097,250	–	(239,250)	858,000
Retention Plan Tranche 3	31 March 2019	–	1,130,500	–	(246,500)	884,000
Employee LTI Plan	7 June 2016	–	225,555	–	(4,741)	220,814

Rights are vested after the performance period. The performance period ends at the end of the relevant financial year and will vest upon approval by the Board in June of that year.

As all performance periods lie in the future, no performance rights are exercisable (or have been exercised) at balance date. The table below shows the number and fair value of performance rights granted at grant date.

Plan	Grant date	Performance period	Vesting date	Number of rights granted	Value of rights as at grant date	Price per right at grant date
IPO Rights	11 October 2013	2016	1 June 2016	536,575	981,932	1.83
Retention Plan Tranche 1	1 October 2014	2017	7 June 2017	1,097,250	2,424,923	2.21
Retention Plan Tranche 2	1 October 2014	2018	7 June 2018	1,097,250	2,424,923	2.21
Retention Plan Tranche 3	1 October 2014	2019	7 June 2019	1,130,500	2,498,405	2.21
Employee LTI Plan	1 October 2014	2016	7 June 2016	225,555	498,477	2.21

The fair value of each performance right at grant date was estimated by taking the market price of the company's shares on that date discounted for the probability of achieving performance levels and the present value of expected dividends that will not be received by the employees during the vesting period.

(d) Expenses arising from share-based payment transactions

Expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses was \$1,081,098 (2014: \$157,507).

NOTE 23. CONTINGENT LIABILITIES AND ASSETS

The Group has no contingent assets or liabilities.

NOTE 24. FINANCIAL RISK MANAGEMENT**Risk Management**

Risk is an integral part of the Group's businesses. The main risks faced by the Group are market risk, credit risk, liquidity risk, operational risk and legal compliance risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Executive Team and the Risk Committee to ensure appropriate assessment and management of these risks.

The risks which the Group is exposed to are managed on a globally consolidated basis for OzForex Group Limited as a whole, including all subsidiaries, in all locations. The Group's approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions at the parent entity level (i.e. not differentiating where the risk is taken within the OzForex Group).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Note 24.1 Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Credit risk within the Group is managed on a group basis by the Executive Team. At an entity level the Group actively monitors the forward positions of its counterparties to ensure adequate collateral is held against a client position.

The balances disclosed in the credit risk tables below exclude financial assets that are subject to risks other than credit risk, such as equity investments or bank notes and coin.

Maximum exposure to credit risk

The table below details the concentration of credit exposure of the Group's assets to significant geographical locations and counterparty types. The amounts shown represent the maximum credit risk of the Group's assets. In all cases this is equal to the carrying value of the assets with the exception of derivatives which are recorded at the maximum credit exposure.

	2015			
	Cash and cash equivalents \$'000	Derivative financial instrument- positive values \$'000	Other assets \$'000	Total \$'000
Consolidated				
Australia				
Financial institutions	80,559	111	5,200	85,870
Other	–	1,911	1,067	2,978
Total Australia	80,559	2,022	6,267	88,848
New Zealand				
Financial institutions	10,828	267	–	11,095
Other	–	355	169	524
Total New Zealand	10,828	622	169	11,619
Asia				
Financial institutions	8,972	–	–	8,972
Other	–	327	59	386
Total Asia	8,972	327	59	9,358
Europe				
Financial institutions	24,223	3,996	–	28,219
Other	–	1,464	304	1,768
Total Europe	24,223	5,460	304	29,987
North America				
Financial institutions	41,501	253	–	41,754
Other	–	414	15	429
Total North America	41,501	667	15	42,183
Other				
Financial institutions	2,721	–	–	2,721
Other	–	1,196	–	1,196
Total Other	2,721	1,196	–	3,917
Total gross credit risk	168,804	10,294	6,814	185,912

Maximum exposure to credit risk

	2014			
	Cash and cash equivalents \$'000	Derivative financial instrument-positive values \$'000	Other assets \$'000	Total \$'000
Consolidated				
Australia				
Financial institutions	85,802	102	200	86,104
Other	–	4,429	1,739	6,168
Total Australia	85,802	4,531	1,939	92,272
New Zealand				
Financial institutions	8,333	44	–	8,377
Other	–	1,029	84	1,113
Total New Zealand	8,333	1,073	84	9,490
Asia				
Financial institutions	7,062	–	–	7,062
Other	–	124	49	173
Total Asia	7,062	124	49	7,235
Europe				
Financial institutions	23,340	1,210	–	24,550
Other	–	951	766	1,717
Total Europe	23,340	2,161	766	26,267
North America				
Financial institutions	24,017	22	–	24,039
Other	–	94	14	108
Total North America	24,017	116	14	24,147
Other				
Financial institutions	4	–	–	4
Other	–	588	–	588
Total Other	4	588	–	592
Total gross credit risk	148,558	8,593	2,852	160,003

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Note 24.1 Credit risk (continued)

Credit quality of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings.

The table below shows the credit quality by class of financial asset for Statement of Financial Position lines.

	Neither past due nor impaired			Total \$'000
	Investment Grade \$'000	Below Investment Grade \$'000	Unrated ¹ \$'000	
Credit Quality – 2015				
Cash and cash equivalents				
– Financial institutions	168,804	–	–	168,804
Derivative financial instruments – positive values				
– Financial institutions	4,573	–	–	4,573
– Other	–	–	5,721	5,721
Other assets				
– Other	5,200	–	1,614	6,814
Total	178,577	–	7,335	185,912

	Neither past due nor impaired			Total \$'000
	Investment Grade \$'000	Below Investment Grade \$'000	Unrated ¹ \$'000	
Credit Quality – 2014				
Cash and cash equivalents				
– Financial institutions	148,558	–	–	148,558
Derivative financial instruments – positive values				
– Financial institutions	1,376	–	–	1,376
– Other	–	–	7,217	7,217
Other assets²				
– Other	200	–	2,652	2,852
Total	150,134	–	9,869	160,003

1. Unrated balances relate to amounts due from entities that are not graded by the company or by a public ratings agency.

2. Comparative information has been restated to conform to presentation in the current year.

There are no balances that are past due or impaired as at 31 March 2015 (2014: Nil).

Note 24.2 Liquidity risk

Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities when they are due. Liquidity risk within the Group is managed on a group basis by Group Treasury.

If counterparty banks do not provide the volume of counterparty hedging required by the OzForex Group, 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 facilitate counterparty hedging.

Contractual undiscounted cash flows

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2015 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

Derivatives and trading portfolio liabilities are included in the less than 3 months column at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, since they are not held for settlement according to such maturity and will frequently be settled in the short-term at fair value. Derivatives designated in a hedging relationship are included according to their contractual maturity.

	On demand \$'000	3 months or less \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2015						
Other liabilities¹	(1,218)	(127,909)	(2,686)	(304)	–	(132,117)
Derivative financial instruments						
Inflows	–	716,965	156,215	–	–	873,180
(Outflows)	–	(717,249)	(155,964)	–	–	(873,213)
Total	(1,218)	(128,193)	(2,435)	(304)	–	(132,150)
	On demand \$'000	3 months or less \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2014						
Other liabilities¹	(1,389)	(109,279)	(9,563)	(952)	–	(121,183)
Derivative financial instruments						
Inflows	–	794,370	114,384	–	–	908,754
(Outflows)	–	(792,965)	(112,811)	–	–	(905,776)
Total	(1,389)	(107,874)	(7,990)	(952)	–	(118,205)

1. Excludes items that are not financial instruments and non-contractual accruals and provisions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Note 24.3 Market risk

Market risk is the exposure to adverse changes in the value of Group's trading portfolios as a result of changes in market prices or volatility. The Group is exposed to the following risks in each of the major markets in which it trades:

- interest rates: changes in the level, shape and volatility of yield curves, the basis between different interest rate securities and derivatives and credit margins;
- foreign exchange: changes in spot and forward exchange rates and the volatility of exchange rates.
- market risk of the Group is managed on a globally consolidated basis for the Group as a whole, including all subsidiaries, in all locations. The Group's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions at the parent entity level.

Interest Rate Risk

The Group has exposure to non-traded interest rate risk generated by cash and cash equivalents. 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 under foreign currency risk further in this Note), 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 their aggregate exposure when applicable.

The table below indicates the Group's sensitivity to movements in interest rates as at 31 March 2015 and 31 March 2014.

Movement in basis points (%)	31 March 2015			
	+50	-50	+50	-50
	Sensitivity of profit before tax \$'000	Sensitivity of profit before tax \$'000	Sensitivity of equity after tax \$'000	Sensitivity of equity after tax \$'000
AUD	457	(457)	322	(322)
CAD	11	(11)	9	(9)
EUR	47	(47)	33	(33)
GBP	45	(45)	32	(32)
NZD	16	(16)	12	(12)
SGD	189	(189)	126	(126)
USD	20	(20)	16	(16)
Other	85	(85)	63	(63)
Total	870	(870)	613	(613)

Movement in basis points (%)	31 March 2014			
	+50	-50	+50	-50
	Sensitivity of profit before tax \$'000	Sensitivity of profit before tax \$'000	Sensitivity of equity after tax \$'000	Sensitivity of equity after tax \$'000
AUD	458	(458)	324	(324)
CAD	27	(27)	20	(20)
EUR	49	(49)	34	(34)
GBP	38	(38)	27	(27)
NZD	10	(10)	7	(7)
SGD	84	(84)	58	(58)
USD	11	(11)	9	(9)
Other	67	(67)	49	(49)
Total	744	(744)	528	(528)

Foreign Currency Risk

When a foreign exchange 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 the 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 clear exposures by entering into hedging contracts with counterparty banks pursuant to internal guidelines which provide for hedging to occur once exposure to a single currency reaches or exceeds a defined threshold. 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 hedging occurs.

The table below indicates the Group's sensitivity to movements in foreign currency exchange rates as at 31 March 2015 and 31 March 2014.

Movement in exchange rate (%)	31 March 2015			
	+10%	-10%	+10%	-10%
	Sensitivity of profit before tax \$'000	Sensitivity of profit before tax \$'000	Sensitivity of equity after tax \$'000	Sensitivity of equity after tax \$'000
CAD	(32)	32	(22)	22
EUR	1	(1)	1	(1)
GBP	53	(53)	37	(37)
NZD	(115)	115	(80)	80
SGD	14	(14)	10	(10)
USD	(21)	21	(15)	15
Other	80	(80)	56	(56)
Total	(20)	20	(13)	13

Movement in exchange rate (%)	31 March 2014			
	+10%	-10%	+10%	-10%
	Sensitivity of profit before tax \$'000	Sensitivity of profit before tax \$'000	Sensitivity of equity after tax \$'000	Sensitivity of equity after tax \$'000
CAD	14	(14)	10	(10)
EUR	(47)	47	(33)	33
GBP	(38)	38	(26)	26
NZD	(39)	39	(26)	26
SGD	16	(16)	11	(11)
USD	(27)	27	(19)	19
Other	40	(40)	27	(27)
Total	(81)	81	(56)	56

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 25. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

Financial instruments measured at fair value are categorised in their entirety, in accordance with the levels of the fair value hierarchy prescribed under the accounting standards as outlined below:

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

Level 2 – inputs other than quoted prices in active market (for example, over-the-counter derivatives) are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

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.

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.

	2015 Carrying amount \$'000	2015 Fair value \$'000	2014 Carrying amount \$'000	2014 Fair value \$'000
Assets				
Cash	168,804	168,804	148,558	148,558
Receivables due from financial institutions	5,200	5,200	200	200
Derivative financial instruments – positive values	10,294	10,294	8,593	8,593
Total financial assets	184,298	184,298	157,351	157,351
Liabilities				
Derivative financial instruments – negative values	10,327	10,327	5,615	5,615
Total financial liabilities	10,327	10,327	5,615	5,615

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

	2015 Level 2 \$'000	2015 Total \$'000	2014 Level 2 \$'000	2014 Total \$'000
Assets				
Derivative financial instruments – positive values	10,294	10,294	8,593	8,593
Total assets	10,294	10,294	8,593	8,593
Liabilities				
Derivative financial instruments – negative values	10,327	10,327	5,615	5,615
Total liabilities	10,327	10,327	5,615	5,615

NOTE 26. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2015 \$	2014 \$
(a) PricewaterhouseCoopers Australia		
Audit and review of financial statements	373,866	251,866
Initial public offering services	–	250,000
Total remuneration for audit and other assurance services	373,866	501,866
Taxation services	86,324	72,263
Total remuneration of PricewaterhouseCoopers Australia	460,190	574,129
(b) Non-PricewaterhouseCoopers audit firms		
Audit and review of financial reports	11,422	12,328
Total remuneration of non-PricewaterhouseCoopers audit firms	11,422	12,328
Total auditors' remuneration	471,612	586,457

It is the Company's policy to employ PricewaterhouseCoopers (PwC) on assignments additional to their statutory audit duties where PwC's expertise and experience with the Company are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PwC is awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major consulting projects.

NOTE 27. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Dividend

On 26 May 2015 a dividend of \$0.03584 per share (\$8,602,000) was determined.

Ex-Dividend date	10 June 2015
Record date	12 June 2015
Payment date	26 June 2015

As the parent entity OzForex Group Limited is a holding company which has no trading profits, dividends declared but not paid will be funded through the profits of subsidiary entities.

New CEO Announcement

On 16 May 2015 the Board announced the appointment of a new CEO and Managing Director, Richard Kimber, effective 1 June 2015.

There were no other material post balance sheet events occurring after the reporting date requiring disclosure in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

NOTE 28. EARNINGS PER SHARE

	2015 Cents	2014 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	10.11	6.84
Total basic earnings per share attributable to the ordinary equity holders of the Company	10.11	6.84
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	10.03	6.83
Total diluted earnings per share attributable to the ordinary equity holders of the Company	10.03	6.83
	\$'000	\$'000
(c) Earnings used in calculating earnings per share		
Basic earnings per share		
Profit from continuing operations	24,266	15,967
Diluted earnings per share		
Profit from continuing operations	24,266	15,967
(d) Weighted average number of shares used as denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	240,000,000	233,490,411
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	241,839,264	233,741,793

NOTE 29. PARENT ENTITY FINANCIAL INFORMATION

	Parent Entity	
	2015 \$'000	2014 \$'000
Statement of Financial Position		
Balance sheet		
Investment in subsidiary	24,360	24,360
Total Assets	24,360	24,360
Ordinary share capital	24,360	24,360
Total Equity	24,360	24,360
Profit or loss for the year ¹	14,100	–
Total comprehensive income	14,100	–

1. Profit for the year relates to intercompany dividends received.

Earnings per share based on profit from continuing operations, attributable to the ordinary equity holders of the parent entity:	Cents	Cents
Basic earnings per share	5.88	–
Diluted earnings per share	5.83	–

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes for the year ended 31 March 2015 are in accordance with the Corporations Act 2001, including;
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirement, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 March 2015 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that OzForex Group Limited will be able to pay its debts as and when they become due and payable, and
- (c) Note 1(i) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

On behalf of the Board:



PETER WARNE//
CHAIRMAN



NEIL HELM//
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

26 May 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OZFOREX GROUP LIMITED



Independent auditor's report to the members of OzForex Group Limited

Report on the financial report

We have audited the accompanying financial report of OzForex Group Limited (the company), which comprises the statement of financial position as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for OzForex Group Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

PricewaterhouseCoopers, ABN 52 780 433 757
 Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
 T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



- (a) the financial report of OzForex Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 20 to 33 of the directors' report for the year ended 31 March 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of OzForex Group Limited for the year ended 31 March 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

CJ Heath

CJ Heath
Partner

Sydney
26 May 2015

SHAREHOLDER INFORMATION

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

The shareholder information set out below is current as at 30 April 2015.

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3, the Company's 2015 Corporate Governance Statement can be found on its website at www.OzForex.com.au/investors/corporate-governance.

Distribution of shareholders as at 30 April 2015

Number of shares	Total holders of ordinary shares	Number of ordinary shares	% of Issued Capital
1 – 1,000	1,272	773,290	0.32
1,001 – 5,000	3,272	9,610,595	4.00
5,001 – 10,000	1,579	12,767,335	5.32
10,001 – 100,000	1,511	35,755,308	14.90
100,001 – 999,999,999	59	181,093,472	75.46
Total	7,693	240,000,000	100.00

There were 169 holders of less than a marketable parcel of ordinary shares, based on a market price of \$2.26 at the close of trading on 30 April 2015.

Twenty largest security holders of ordinary shares as at 30 April 2015

	Number held	Percentage of issued shares
1. J P Morgan Nominees Australia Limited	50,458,227	21.02
2. HSBC Custody Nominees (Australia) Limited	27,791,503	11.58
3. National Nominees Limited	27,048,659	11.27
4. Citicorp Nominees Pty Limited	15,227,204	6.34
5. BNP Paribas Noms Pty Ltd <DRP>	10,506,405	4.38
6. G And A Lord Pty Ltd <The Lord Family A/C>	9,600,000	4.00
7. Mr Matthew Gilmour	9,245,200	3.85
8. AMP Life Limited	5,095,512	2.12
9. UBS Nominees Pty Ltd	4,326,020	1.80
10. RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	4,172,319	1.74
11. Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C>	3,310,784	1.38
12. HSBC Custody Nominees (Australia) Limited <NT-COMNWLTH SUPER CORP A/C>	1,823,194	0.76
13. Carboni Pty Limited <THE CRAWLEY FAMILY A/C>	1,110,000	0.46
14. Equitas Nominees Pty Limited <2874398 A/C>	981,380	0.41
15. Bond Street Custodians Ltd <MACQUARIE SMALLER CO'S A/C>	754,803	0.31
16. BNP Paribas Nominees Pty Ltd <AGENCY LENDING DRP A/C>	570,655	0.24
17. HSBC Custody Nominees (Australia) Limited – A/C 3	563,149	0.23
18. UBS Wealth Management Australia Nominees Pty Ltd	527,203	0.22
19. Navigator Australia Ltd <MLC INVESTMENT SETT A/C>	505,294	0.21
20. MAP Capital Pty Ltd <RICHMOND TCE CAP ARF A/C>	500,000	0.21
Totals: Top 20 Holders of Fully Paid Ordinary Shares (Total)	174,117,511	72.55
Total Remaining Holders Balance	65,882,489	27.45

Unquoted equity securities as at 31 March 2015

Performance rights issued under the OzForex Group Long-Term Incentive Plan which, subject to vesting conditions, entitle the holder to ordinary shares:

	Number held	Number of holders
Performance Rights	3,273,208	29

Substantial shareholders

Substantial shareholders (holding not less than 5%) as shown in substantial shareholder notices received by the Company pursuant to 671B of the Corporations Act 2001 as at 30 April 2015 are shown below.

	Number held	% of issued capital
AMP Limited	12,077,909	5.03%
Australian Super Fund Pty Limited	13,321,981	5.55%
Commonwealth Bank of Australia Limited	14,272,790	5.94%
FIL Limited	24,000,000	10.00%
UBS Group AG	13,230,005	5.51%

Voting rights

The voting rights are governed by clause 37 of the Company's Constitution which provide that every member present personally present or by proxy, attorney or representative shall on a show of hands have one vote and on a polls shall have one vote from every share held.

Ordinary shares

On a show of hands every member of present at a meeting in person or by proxy shall have one vote and upon poll each share shall have one vote.

Performance rights

There are no voting rights attached to performance rights issued under the OzForex Group Long-Term Incentive Plan.

Buyback

There is no current on-market buy back.

Consistency with business objectives – ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the Group states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way that is consistent with business objectives. The business objective is international payment services. The Group believes it has used its cash in a manner consistent to that which was disclosed in its Prospectus dated 23 September 2013.

CORPORATE INFORMATION

ABOUT THIS REPORT

This report is intended to provide OzForex shareholders with information about matters that may affect the Company, alongside financial performance for the year, in one easy-to-read document.

Our 2015 Annual Report is available online at www.OzForex.com.au

Copies of the report can be downloaded or shareholders can request OzForex's share registry for a copy.

OzForex's Corporate Governance Statement is available online at www.OzForex.com.au/investors/corporategovernance

Directors	Mr Peter Warne (Chairman) Mr Neil Helm (Managing Director & CEO) Ms Melinda Conrad Mr Grant Murdoch Mr Douglas Snedden
Company Secretary	Ms Linda Cox
Notice of Annual General Meeting	Wednesday 5 August 2015 at 4.00pm Establishment Hotel, Room II 252 George Street Sydney, NSW 2000 Australia
Principal registered office in Australia	Level 9 10 Bridge Street Sydney, NSW 2000 Australia Ph +61 2 8667 8000 Fax +61 2 8667 8080 Email investors@ozforex.com.au
Share register	Computershare Registry Services Pty Limited 60 Carrington Street Sydney, NSW 2000 Australia Ph +61 3 9415 4000 Ph 1300 850 505 (Australian shareholders)
Auditor	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney, NSW 2000 Australia
Stock Exchange Listing	OzForex Group shares are listed on the Australian Securities Exchange: OFX
Website address	www.OzForex.com.au

OZFOREX FINANCIAL CALENDER

26 May 2015

2015 full year result

12 June 2015

Record date for 2015 dividend

26 June 2015

Payment date for 2015 dividend

5 August 2015

Annual General Meeting

November 2015

2016 Interim result

May 2016

2016 full year result

