OUR FUTURE IS CLEAR

ANNUAL REPORT 2016

OzForex Group Limited
ACN 165 602 273

CONTENTS

WHATEVER THE REASON FOR AN INTERNATIONAL MONEY TRANSFER, WE UNDERSTAND HOW IMPORTANT IT IS TO EACH CUSTOMER. WE TREAT EVERY TRANSFER LIKE IT'S THE ONLY THING THAT MATTERS TO US.

ANNUAL GENERAL MEETING

4PM ON WEDNESDAY 3 AUGUST 2016

OZFOREX GROUP LIMITED
ACN 165 602 273
LEVEL 19, 60 MARGARET STREET
SYDNEY NSW 2000

WE ARE OFX...

ESTABLISHED SINCE 1998, OFFERING BANK TO BANK INTERNATIONAL MONEY TRANSFER SERVICES

FINTECH GROWTH COMPANY WITH PREDOMINATELY ONLINE TRANSACTIONS AND 24/7 PHONE SUPPORT

SPECIALISING IN TRANSACTION SIZES OVER $10K FOR SMALL-MEDIUM BUSINESSES AND HIGH NET WORTH CUSTOMERS

14M

OPPORTUNITY TO REACH 14M HOUSEHOLDS IN THE US ALONE

X2

DOUBLING REVENUE OVER THE NEXT THREE YEARS THROUGH ACCELERATE STRATEGY

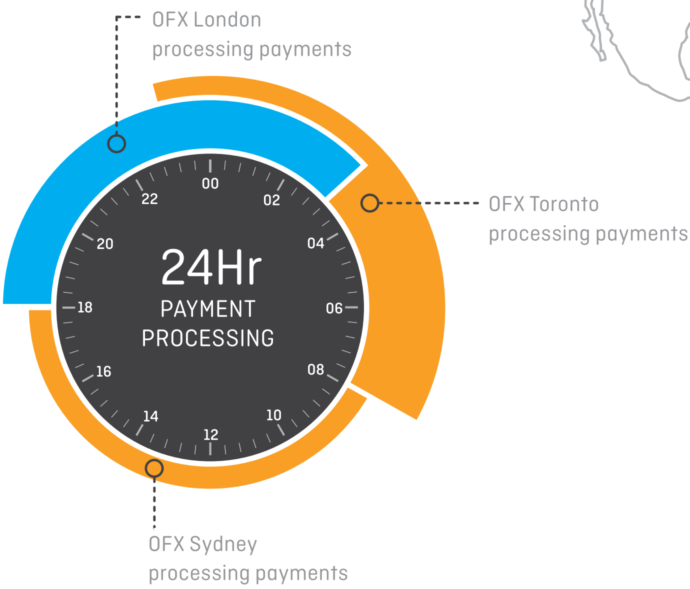
Our customer, her story...
MAINTAINING A HARD-EARNED HOME FROM HOME

After spending many winters skiing in Chamonix, France, Martha and her husband decided to buy property there.

"Initially, I was frustrated with the cost of wiring money to France. It took a long time, the exchange rate was poor, and the transfer fees were large. There had to be something better available online – that's how I found OFX.

OFX has excellent rates and you know exactly how much of your hard-earned money will arrive at your bank account. Plus, the wire fees are more than fair – it's a bargain."

OFX
PROVIDES GLOBAL PAYMENT SOLUTIONS



How OFX works as a business:

The client is called by OFX, identified and their reason for transfer evaluated.

An electronic verification (EV) check is performed; if further ID is required, it is requested and vetted.

Transfer is booked and currency is purchased by OFX through a panel of wholesale foreign exchange providers.

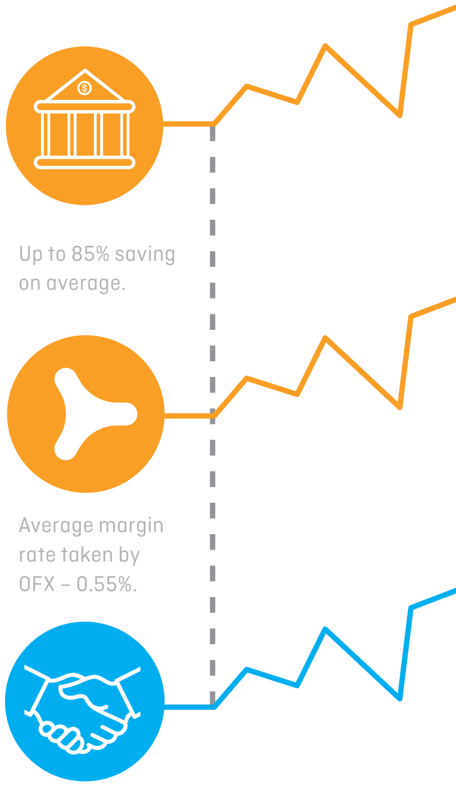
OFX covers foreign exchange market exposure via peer to peer netting and clears residual balances.

How OFX disrupts:

Standard rate – the rate banks and other providers ordinarily give to customers.

OFX rate – the rate OFX provides customers, with a small margin taken.

Interbank rate – the rate banks give each other to swap currency.



Global payments made locally:

A client registers and makes a transfer through our online platform.

They transfer funds from their bank account into a local OFX bank account in that country.

OFX then transfers the funds from our local bank account within the country they are sending money to.

OUR STRATEGY

In August 2015, we announced that we would double revenue within the next three years.

In order to deliver our vision and achieve this goal, we have implemented the Accelerate Strategy, which has three core enablers at its heart: Brand and Marketing, Technology and People.

BRAND AND MARKETING

We're moving from seven independent brands to a single global brand, OFX. We have already launched OFX in Australia and are rolling the brand out globally.

- Brand differentiation – stand out versus our competitors
- Efficiency – team productivity, and ability to diversify media
- More identifiable to customers moving markets

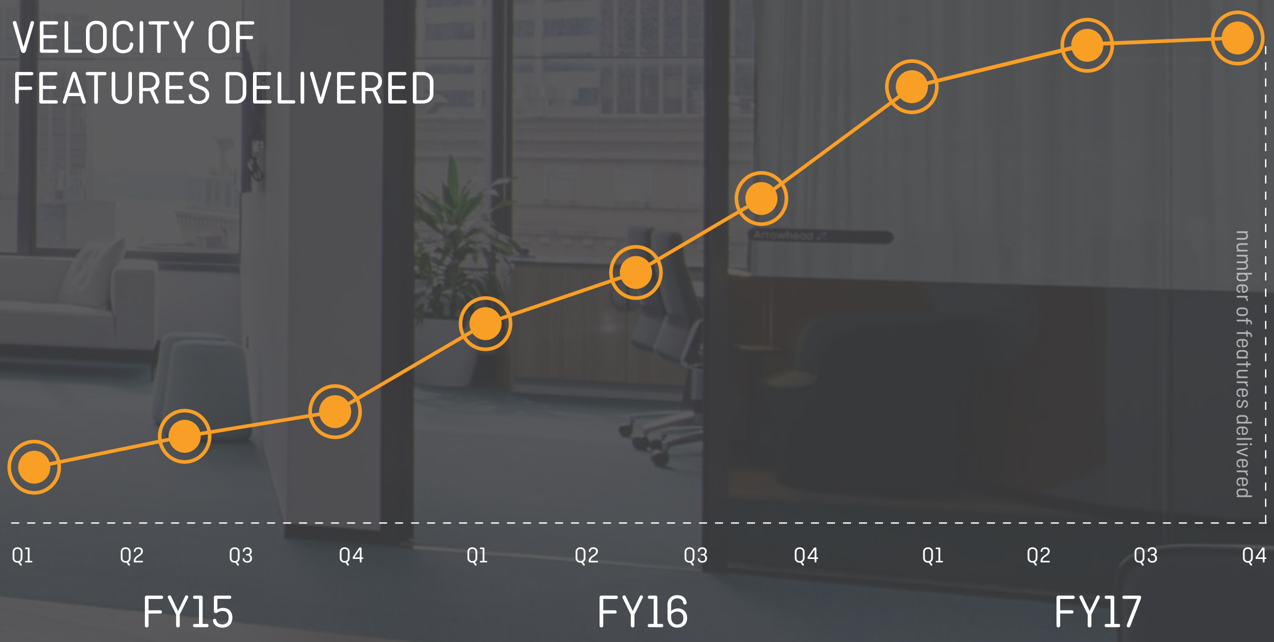
OFX

USFOREX Foreign Exchange Services · UKFOREX Foreign Exchange Services · NZFOREX Foreign Exchange Services · CLEARFX Foreign Exchange Services · CANADIANFOREX Foreign Exchange Services

TECH STORY

We're a disruptor in the Financial Services industry – the original Australian Fintech. We continue to successfully merge the finance and technology world to drive innovation, which is fundamental to deliver on customer expectations, and continue to disrupt.

VELOCITY OF FEATURES DELIVERED



Technology and people are the key enablers for our business. Over the last six months, we have brought product and technology together with dedicated product teams, and implemented a technology restructure to ensure that we remain agile and deliver successfully on our vision.

Our key technology investments involve moving production and product development to Amazon Web Services, enabling better business decisions through big data, exploiting global cloud-based phone and call centre solutions and investments in our new websites.

OUR VALUES

OUR PEOPLE

The People and Culture team helps to ensure that our more than 270 employees achieve their best self. New office space in Sydney, Toronto and Auckland has seen a dramatic increase in enjoyment and productivity, together with being a very attractive element of our overall employee value proposition. People and Culture initiatives such as Elevate, which focuses on wellness and overall OFX experience; the Good Vibes Committee, which delivers fun social occasions; and training, reward and recognition programs linked closely to our values ensure that OFX continues to attract and retain the highest calibre of employees. A large element of the OFX culture continues to be driven by diversity of gender (over 40% of our business is supported by women) and nationality (47 different nationalities ensure innovative thinking and customer empathy) alongside the values shared by everyone at OFX.

PUSH BOUNDARIES

THERE'S ALWAYS A SMARTER WAY. FIND IT. USE IT. WIN.

GSD

WE ARE SELF STARTERS AND TEAM FINISHERS.

ALWAYS KEEP LEARNING

GROW YOUR EXPERTISE. SHARE IT FREELY.

WE'RE BETTER TOGETHER

UNDERSTAND INTUITIVELY, DEFINE ARTICULATELY AND SOLVE JOINTLY.

INSPIRE CUSTOMER CONFIDENCE

YOUR COMMITMENT TO THEM WILL EARN THEIR COMMITMENT TO US.

OUR KEY ACHIEVEMENTS

April 2015

TECHNOLOGY:
Mobile app launch.

PEOPLE:
Richard Kimber,
Chief Executive Officer.

PEOPLE:
Karin Visnick,
Acting Head of North America.

Launch of the Accelerate Strategy

TECHNOLOGY:
Xero integration.

PEOPLE:
Kirsten Pollard,
Head of People and Culture.
Maria Loyez,
Chief Marketing Officer.
Adam Smith,
Chief Operating Officer.

TECHNOLOGY:
Toronto network upgrade.

MARKETING:
Web analytics integration with Google stack.
OFX brand positioning and tone of voice.
Programmatic display activity launched.
Set up content and social team.

October 2015

MARKETING:
Lower minimum transaction spend.
OFX brand identity finalised.

PEOPLE:
Neville Lacey, Head of UK and Europe.
New offices, Toronto.

PEOPLE:
Craige Pendleton-Browne, Chief Technology Officer.
New offices, Sydney.

TECHNOLOGY:
Sydney network upgrade.
OFX.com website launch.
Partner currency widgets.
Corporate onboarding customer due diligence (CDD).
OFX.com running on Amazon Web Services.

MARKETING:
Proprietary quantitative study in field to determine market sizing and consumer need.
Refreshed consumer focused public relations.
Internal roll-out of brand.
Rebrand to OFX in Australia.

MARKETING:
Weekend trading.

PEOPLE:
Ken Wills, Head of Canada.

TECHNOLOGY:
Lifesize video conferencing.

TECHNOLOGY:
Big data warehouse.

March 2016

FINANCIAL HIGHLIGHTS

UNDERLYING EBITDA ($M)

2014	28.3
2015	34.5
2016	36.1

5% ↑

UNDERLYING NPAT ($M)

2014	20.1
2015	24.3
2016	23.9

2% ↓

NET OPERATING INCOME ($M)

2014	72.6
2015	90.1
2016	103.9

15% ↑

ACTIVE CLIENTS

2014	120,500
2015	142,500
2016	150,900

6% ↑

TRANSACTIONS

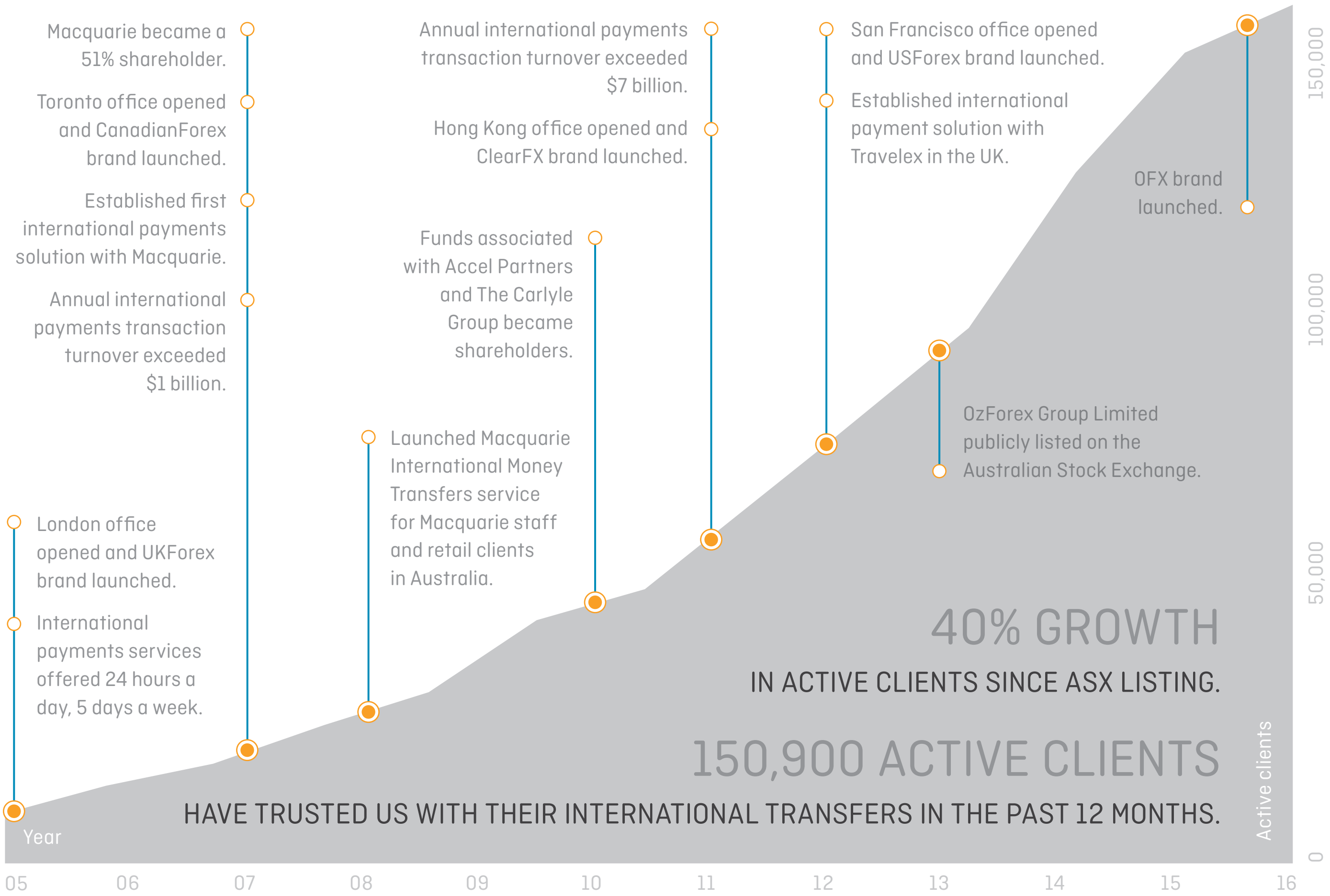
2014	581,100
2015	702,800
2016	784,200

12% ↑

TURNOVER ($B)

2014	13.6
2015	16.6
2016	19.6

18% ↑



CHAIRMAN'S LETTER

PETER WARNE
CHAIRMAN

Dear shareholder

The past year has been one of transition for the Company and, whilst we have once again delivered strong results, we have also weathered our challenges well.

2016 RESULTS

OFX is the leading international payments business in Australia and New Zealand, and this position was further cemented during the year. We have demonstrated our ability to scale in this market, and the opportunity to penetrate this market further remains significant. Our newest geography, the United States, is also experiencing growth, and we continue to expect that this market will be our largest future market opportunity.

OFX passed a significant milestone in delivering net operating income of $103.9million, up 15% on the previous year. We also grew active clients by 6% to 150,900. OFX sent money to almost 200 countries on behalf of its customers. Last year, our turnover grew to $19.6billion.

Notwithstanding our final outcome we did miss the EBTDA guidance we gave at the Annual General Meeting, and we updated that guidance in February with a slightly reduced guidance for the full year, which was ultimately delivered. This was due to factors both within and outside of our control, principally during the third quarter. Subsequently, the factors within our control have been addressed, and we saw a more positive fourth quarter to the year which enabled us to deliver full year results within the reforecast we provided. As a consequence, Executives gave up their short-term incentive bonus, as the outcome did not meet the hurdle rate.

During the third quarter, the Company was faced with an unsolicited takeover bid in the form of a preliminary, non-binding, indicative conditional proposal from Western Union. After careful consideration, the Board agreed to grant Western Union access to exclusive due diligence. In the end, this process took a great deal longer than expected and did not result in a successful transaction. The investment of time and the significant distraction created by this process cannot be underestimated. It was undoubtedly a factor that led to a softer third quarter performance. The Board acknowledges the enormous commitment shown by the Executive Team during the process.

THE BOARD AND THE EXECUTIVE TEAM

The Board welcomed Richard Kimber as its new CEO to OFX at the beginning of June last year. Richard has 25 years of diverse global leadership experience that has included several chief executive and board roles in the financial services and technology sectors and has extensive experience in consumer financial services, marketing, search and social media, as well as capital markets.

Richard very quickly went on to strengthen the OFX Executive Team with a number of key appointments. The team was boosted with the appointment of Maria Loyez, Chief Marketing Officer, Adam Smith joined as Chief Operating Officer to lead the global operations and Kirsten Pollard was appointed as Head of People and Culture.

Craige Pendleton-Browne was appointed as Chief Technology Officer and brings a wealth of experience in the technology sector, in particular in software development. He has rapidly transformed the technology team, and it is pleasing to see the velocity of delivery already ramping up under Craige's leadership.

Most recently, Karin Visnick has moved from an acting role to being appointed Executive Vice President – General Manager North America. Karin has a strong background in Silicon Valley and was most recently a senior product leader at eBay. She is based in our San Francisco office.

The Board is very pleased with the composition of the entire Executive Team and the background, skills and experience that each member brings to OFX.

The Board is confident that with our investments in people, technology and facilities, the solid foundations are now in place to deliver on our Accelerate strategy over the next three years.

CAPITAL MANAGEMENT

OFX continues to have 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 Accelerate Strategy.

SHAREHOLDER RETURNS

The Board was pleased to announce a dividend of 3.1 cents per share fully franked. The dividend payment will have a record date of 10 June 2016 and a payment date of 24 June 2016. This brings the total to $16.1million for the year. The Group's dividend policy is to pay out approximately 70%-80% of NPAT per annum and this remains unchanged from last year.

ACKNOWLEDGEMENTS

OFX has the foundations in place from which to realise its growth potential and to continue to scale. The Board is very pleased with the progress to date and has confidence in the entire Company to deliver the strategy it has set out.

On behalf of the Board and Executive Team, we wish to express our thanks to our customers, our business partners and to our very dedicated OFX team around the world and to you, our shareholders, for your continued support.

Our customer, his story...
HOW TO BUILD THE PERFECT PROPERTY PORTFOLIO

At the age of 22, Chris started investing in property. At 27, he relocated to Australia, taking his property portfolio with him.

"I began pulling equity out of my UK properties, transferring the money to Australia. I was moving up to $100,000 at a time and was comparing rates across banks when I looked at using OFX. The difference was considerable, and I haven't looked back."

Chris is now a regular host on Sky News Business, and also travels around Australia and Asia conducting seminars using OFX to pay for venues and sponsorships.

CEO'S LETTER

Dear shareholder

I am delighted to be presenting my first annual report as Managing Director and CEO of the OzForex Group. We have had a turbulent year, with a number of challenges thrown our way.

RICHARD KIMBER
MANAGING DIRECTOR AND CEO

I am very proud of the courage and resilience demonstrated by our leadership team as we actively dealt with a range of external events, whilst at the same time putting in place the foundations of our new strategy. This testing period has placed us in a position to flex the operations of the business and allowed me to deeply understand the levers we have and where we need to strengthen our capability.

Whilst the fundamentals of our business remain incredibly strong, we have to continue to innovate and iterate like all modern companies in an increasingly technologically driven world. We spent a lot of time considering our key strategic questions, and now have real clarity on our future direction, our growth ambitions and the tactics to achieve them. I believe that good strategy is about making clear choices, and that we have made significant strides in detailing our path forward and are now well underway in executing the vision.

We are a global Fintech company competing in an enormous market where we have a distinct and unique position that will scale significantly with marketing and sales investment.

During the year, we saw net operating income pass the significant $100million milestone, with a large portion of that revenue being derived offshore. This milestone is a key point in setting a baseline for our growth objective.

ACCELERATE STRATEGY

At the AGM in August 2015, I presented the Company's Accelerate Strategy and our goal to double FY16 revenue to $200million by FY19. The Accelerate Strategy is based around three pillars of increasing penetration in the Australian market, leveraging our global footprint outside Australia and targeting adjacent products. To deliver on this strategy, 2017 will be focused around strengthening our core customer proposition and building an even more scalable and agile digital platform. As we outlined at the AGM, we will be making additional investment, and 2017 will see selected cost expansion to support the strategy, and flatter overall profit, before we see the benefits of the investment paying off towards the end of the year and then into 2018 and beyond.

A NEW BRAND

Most significantly, during the year, OzForex Group made its first step in its global rebranding away from its geographically specific naming standard to becoming a single global brand and domain – OFX (www.ofx.com). This initial step occurred in December with the launch of the OFX brand and totally new public website in Australia. The benefits of this change will be seen in marketing efficiencies and in stronger brand recognition across our international operations.

We will invest in our brand by broadening our marketing channels beyond search marketing to include marketing in social media, television, print and other channels. Our advertising will be highly targeted using our data platform to ensure that we achieve greater awareness, consideration and conversion. Our customers have always endorsed our services, and we consistently achieve net promoter scores above 65%; this drives great word of mouth referrals. The opportunity to spread the word more widely and increase awareness of our services is one we must harness.

24/7

Since January, we have been delivering 24/7 service to our customers using our 'follow the sun' service model, enabling our customers to transact at a time that suits them and have access to our customer service team for help when they need it. This is a clear example of harnessing latent opportunity within our business. We have identified a number of other areas to leverage our existing scale and operational reach.

PEOPLE AND CULTURE

During the year, we moved our Sydney headquarters to a more modern working environment. We also used this move to re-articulate our beliefs and behavioural norms. Achieving our growth plans will require a strong performance-oriented culture, where diversity and inclusion are harnessed to achieve great results. I am very keen to foster an environment where everyone in our team feels empowered to take initiative and challenge outdated conventions for a better outcome.

The OFX team grew globally to more than 270 by year end, and we expect that the growth will be similar in the 2017, year with particular emphasis in the technology and product teams.

PRODUCT DEVELOPMENT

OFX has a proprietary technology platform that has been built over several years. There is a significant amount of intellectual property in our software, and we will continue to invest in the scalability of our platform and the way we develop and deploy our code to support our growth.

As OFX's platform continues to evolve, we are very focused on accelerating the pace of delivery and, to achieve that, we will move our systems to a cloud-based environment using Amazon Web Services during 2017. Craige Pendleton-Browne, our new Chief Technology Officer has taken over the leadership of our product teams and integrated them with the technology teams. This approach is already seeing an increase in the number of features we are able to launch per release and a tighter linkage between our business and technical teams.

During 2016, we delivered a new transactional mobile app, enabling our customers to make international payments wherever they are and whenever they want. There have been more than 55,000 downloads of the app since it was launched in August, with one in 10 transactions now being undertaken on a mobile device. I expect this proportion will continue to grow.

BANKING PARTNERS AND BREADTH OF CURRENCIES

Our banking partners are an integral part of our business model. We were delighted to add to the strength of our banking relationships during the year with the addition of another two key global banking partners supporting our growth, particularly in important markets in New Zealand, India and some Nordic countries.

During the year, we increased the number of countries that we paid to almost 200, using the 880 currency pairs available to us.

PROFITABLE GROWTH

OFX is well positioned to address the vast opportunity in the international payments market. There remains significant growth in current and new geographies.

Our strategic priorities are to:

- Continue penetration in our primary market of Australia and New Zealand through efficient online engagement and building of brand awareness through diversified marketing channels in social media, online, mobile and television;
- Place clear emphasis on international expansion, with particular focus on North America;
- Continue evolution of the technology platform and move to an AWS cloud-based environment to enable rapid innovation and cadence in delivery of features;
- Continue development of our customer service model through product innovation;
- Further embed ourselves in ecosystems with global brands.

We have made a substantial start on our Accelerate journey and have the financial resources and balance sheet to internally support the investment in our organic growth.

OUTLOOK

We are well on our way to the goal we set ourselves of delivering $200million in revenue by 2019.

We have bolstered our leadership, begun our move to a single global brand under OFX, developed a clear marketing strategy and are increasing the speed of innovation through a cloud-based technical environment and an empowered global team.

We are confident and excited about our future. Thank you for your ongoing support.

EXECUTIVE TEAM

RICHARD KIMBER
MANAGING DIRECTOR AND CEO

Richard Kimber is Managing Director and Chief Executive Officer of the OzForex Group.

Richard Kimber has 25 years of diverse global leadership experience that has included several chief executive and board roles. Richard has lived and worked in Australia, Hong Kong, the USA and the UK.

He worked for the HSBC Group for eight years in several ecommerce roles and was the president of online payments for North America and Global Head of Internet Marketing. He was then promoted to Chief Executive of Firstdirect Bank in the UK – the pioneering service leader using direct channels.

Richard then became the first Regional Managing Director of Google in South East Asia. Whilst at Google, he led all the commercial and country operations in the region and more than doubled its multi-billion dollar revenues.

He has extensive experience in financial services, marketing, social media and capital markets. He is an active investor in technology start-ups, sits on the boards of RTI (internet cable) and Unlockd Media (mobile advertising).

Richard holds a Bachelor of Science in Psychology/Statistics and an MBA from the Macquarie Graduate School of Management (1992).

ADAM SMITH
CHIEF OPERATING OFFICER

Adam Smith commenced his role as Chief Operating Officer at OFX in October 2015. Adam has more than 20 years of experience in top tier financial institutions, most recently as Co-Head of ANZ ETFS. Prior to OFX, Adam has held a number of commercial and operational positions within ANZ Global Markets, Macquarie Group and Deutsche Bank. Adam combines a strong background in financial markets products with an extensive knowledge of business support functions such as product development, technology, operations, risk and finance.

Adam has a Bachelor of Economics from the University of Sydney and a Master of Business (Finance) from the University of Technology (Sydney).

CRAIGE PENDLETON-BROWNE
CHIEF TECHNOLOGY OFFICER

Craige Pendleton-Browne is Chief Technology Officer and commenced his role in November 2015. Craige has more than 20 years of experience in technology roles, with over 15 years of those working in digital. He has worked as Chief Technology Officer in both the UK and Australia. His most recent roles include Chief Technology Officer for News Digital Media, Head of Content and Digital for News Corp Australia and Chief Technology Officer of iCareHealth, Australia's leading provider of residential aged care software. Craige has extensive experience in creating the technology vision and strategy as well as a proven ability to execute and deliver.

He has a Bachelor of Science in Computer Science as well as an MBA from London Business School.

MARIA LOYEZ
CHIEF MARKETING OFFICER

Maria Loyez joined OFX in August 2015 as Chief Marketing Officer. Maria has 18 years' experience in commercial roles encompassing strategy consulting, business development and marketing. She has spent the last nine years in marketing leadership roles, including most recently at AMP, where she was the Director of Channel Marketing, and prior to that as Head of Marketing Communications at Optus for seven years. She is a strategic marketeer who was awarded 2012 AdNews Top 40 under 40.

Maria also has start-up experience, having worked at Virgin Management Limited in London, where she launched Virgin Mobile in France, Canada and South Africa. Maria has a Master of Engineering, Mechanical Engineering with European Studies from the University of Bristol.

MARK LEDSHAM
CHIEF FINANCIAL OFFICER

Mark Ledsham joined OFX as Chief Financial Officer in April 2008. Since joining OFX, Mark has developed a robust financial control framework driving the Company's strategies. Prior to joining OFX, Mark worked in the finance department of Macquarie Group's retail section, BFS, and was responsible for the financial management of the section's strategic investments. Mark brings over 11 years' experience working in public practice and both privately owned and publicly listed international companies.

Mark graduated from the University of Manchester, where he gained a BA Honours degree in Accounting and Finance, and qualified as a Chartered Accountant in 2004.

JASON ROHLOFF

CHIEF RISK OFFICER

Jason Rohloff is the Chief Risk Officer at OFX and has previously held the positions of Head of Compliance and Chief Operating Officer at OFX. Prior to joining OFX in 2007, Jason spent four years at Macquarie Group and, prior to that, was at Westpac Bank and in retail stock broking in New Zealand. Jason has 18 years of broad operational experience working with retail, wholesale and institutional clients across a number of financial products and services including foreign exchange, equities, cash instruments, bonds and unit trusts.

Jason holds a Bachelor of Commerce and Administration from Victoria University in Wellington, New Zealand, a Diploma of Financial Markets from the Securities Institute of Australia and an Advanced Diploma of Financial Services from the Australian Financial Markets Association.

JEFF PARKER

CHIEF ENTERPRISE OFFICER

Jeff Parker commenced working with OFX in September 2013 as Chief Operating Officer responsible for the operations, treasury and banking functions of the business globally. Recently, Jeff moved into his new role as Chief Enterprise Officer, responsible for building and growing the business to business side of the business. Jeff has over 13 years' experience across operations, strategy, consulting and mergers and acquisitions. Prior to joining OFX, Jeff held roles at Macquarie, Accenture and JP Morgan.

Jeff holds a Bachelor of Science in Management Sciences from the University of Manchester in England and qualified as a Chartered Management Accountant (ACMA) in 2006.

KARIN VISNICK

EXECUTIVE VICE PRESIDENT – GENERAL MANAGER NORTH AMERICA

Karin Visnick joined OFX in July 2015. She brings more than 15 years experience in product management, marketing, and business operations, working for both large Fortune 500 companies such as Yahoo!, The Gap, and eBay to small start up organisations. She has spent the majority of her career in the technology space, with extensive experience in the e-commerce and finance industries.

Karin holds a Bachelor of Arts in Mathematics from the University of Virginia, Charlottesville, Virginia.

KIRSTEN POLLARD

HEAD OF PEOPLE AND CULTURE

Kirsten Pollard began working with OFX in November 2014 and commenced her role as Head of People and Culture in September 2015.

Prior to joining OFX, Kirsten had a 10-year career in global equities at Merrill Lynch and four years in a profitable start-up business.

She has a Bachelor of Commerce from the University of Western Australia and has attended an Executive Education program at the Harvard Business School.

LINDA COX

GROUP COMPANY SECRETARY AND HEAD OF INVESTOR RELATIONS

Linda Cox commenced working with OFX in early 2014 as Company Secretary. Prior to joining the Group, Linda had operated her own company secretarial services business where her key clients included dual listed companies, Xero, Trade Me Group and Summerset Group. Prior to that, she was Company Secretary for Telecom New Zealand (now Spark New Zealand).

Linda holds a Bachelor of Laws degree from Victoria University of Wellington and a Diploma in Investor Relations from the Australasian Investor Relations Association. She is admitted to the bar in New Zealand and Australia and is a Fellow of the Governance Institute of Australia.

Our customer, his story...

HELPING A BUSINESS BOOM

James Johnson, Managing Director of energy efficiency company Shine On, has been importing energy efficiency products from China since 2009.

"In 2011, we did an audit and realised that we were spending far too much money on money transfers. Our first priority at the time was to find the best rates; an acquaintance recommended OFX."

James signed up and made his company's first invoice with OFX – making an estimated saving of over $1,000.

In the years since Shine On partnered with OFX, it has saved over $80,000 in international money transfers.

2016 DIRECTORS' REPORT AND FINANCIAL REPORT

CONTENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The Directors of OzForex Group Limited (OzForex, the Company), submit their report (including the Remuneration Report), Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 31 March 2016 and the Statement of Financial Position as at 31 March 2016 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 as at 31 March 2016 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 Member of the Remuneration and Nomination Committee

Age: 60 years

Appointed: 19 September 2013

Independent Director

Residence – Sydney, Australia

Peter joined OzForex in September 2013 and has over 30 years' experience in banking and finance. Peter's prior professional experience includes 12 years as Head of Bankers Trust Australia Limited's Financial Markets Group.

Current directorships

Chairman: Australian Leisure and Entertainment Property Group; Macquarie Group Limited; Macquarie Bank Limited

Director: ASX Limited

Member: NSW Treasury Corporation; Patron of Macquarie University Foundation

Interest in shares: 250,000 ordinary shares

RICHARD KIMBER

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BSC, MBA (MACQUARIE)

Age: 47 years

Appointed: 1 June 2015

Not independent

Residence – Sydney, Australia

Richard was appointed Managing Director and Chief Executive Officer on 1 June 2015. Richard has 25 years of diverse global leadership experience that has included several chief executive and board roles in the banking and technology sectors and has extensive experience in financial services, marketing, social media and capital markets.

Current Directorships

Director: RTI Cable Limited; Unlockd Media Limited; Strone Limited.

Interest in shares: 21,000 ordinary shares, 135,995 performance rights, 400,000 options.

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: 47 years

Appointed: 19 September 2013

Independent Director

Resident – Sydney, Australia

Melinda joined OzForex 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; the George Institute for Global Health; the Australian Brandenburg Orchestra

Member: Minter Ellison Advisory Council; Australian Institute of Company Directors Corporate Governance Committee

Interest in shares: 100,000 ordinary shares

GRANT MURDOCH

NON-EXECUTIVE DIRECTOR – MCOM (HONS), FAICD, FICAA.

Chair of the Audit, Risk and Compliance Committee

Appointed: 19 September 2013

Age: 64 years

Independent Director

Resident – Brisbane, Australia

Grant joined OzForex 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 he is a graduate of the Kellog Advanced Executive Program at the North Western University, Chicago, United States.

Current directorships

Director: ALS Limited; QIC Limited; Redbubble 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: 145,000 ordinary shares

DOUGLAS SNEDDEN

NON-EXECUTIVE DIRECTOR – BEC, MAICD

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

Age: 58 years

Appointed: 16 March 2015

Independent Director

Resident – Sydney, Australia

Doug joined OzForex 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

Director: Broadspectrum Limited; Sirca Technology Limited

Chairman: Odyssey House NSW; McGrath Foundation; Chris O'Brien Lifehouse

Interest in shares: 39,000 ordinary shares

NEIL HELM

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – BSC (HONS)

Age: 51

Appointed: 2 September 2013

Resigned: 1 June 2015

Not independent

Residence – Sydney, Australia

Neil commenced working with OzForex in June 2007 and resigned as an employee of the Group on 6 August 2015.

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 was a responsible manager for the OzForex Group's AFSL.

Interest in shares as at 6 August 2015: 176,250 performance rights in the OzForex Group Limited Performance Rights Plan and 275,000 ordinary shares.

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 26 and 27 in the Operating and Financial Review.

3. STATUTORY AND UNDERLYING 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 2016.

The Group's statutory financial information for the year ended 31 March 2016 and for the comparative year ended 31 March 2015 present the Group's performance in compliance with statutory reporting obligations.

To assist shareholders and other stakeholders in their understanding of the Group's financial information as a publicly listed entity, additional underlying financial information for the years ended 31 March 2016 and 31 March 2015 are provided in the Operating and Financial Review section of this report.

A reconciliation of the Company's statutory and underlying financial information is included on page 27.

The reconciliation and the underlying information have not been audited.

4. DIRECTORS

The following persons were Directors of the Group either during the year or as at 31 March 2016:

Peter Warne	Chairman
Richard Kimber[1]	Managing Director and Chief Executive Officer (CEO)
Neil Helm[2]	Managing Director and Chief Executive Officer
Melinda Conrad	Non-Executive Director
Grant Murdoch	Non-Executive Director
Douglas Snedden	Non-Executive Director

1. Mr Kimber was appointed a Director on 1 June 2015.
2. Mr Helm ceased to be a Director on 1 June 2015.

The background, qualifications and experience of each of the Directors as at the date of this report are included on pages 22 and 23.

5. COMPANY SECRETARY

Ms Linda Cox was appointed Group Company Secretary and Head of Investor Relations of OzForex on 31 January 2014. Ms Cox has over 16 years of experience working in company secretarial roles in ASX and NZX listed companies including Telecom Corporation of New Zealand Limited (now Spark), Xero Limited and Trade Me Group Limited. Ms Cox holds a Bachelor of Laws from Victoria University of Wellington and a Diploma of Investor Relations. She is a Fellow of the Governance Institute of Australia and a member of the NSW Law Society.

6. DIRECTORS' MEETINGS

The following table shows meetings held between 1 April 2015 and 31 March 2016 and the number attended by each Director or Committee member.

	Board		Audit, Risk and Compliance Committee		Remuneration and Nomination Committee	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
P Warne	22	20	6	5	5	5
R Kimber[1,2]	17	17	4	4	3	3
N Helm[1,3]	5	5	2	2	2	2
M Conrad	22	20	6	6	5	5
G Murdoch[4]	22	21	6	6	5	5
D Snedden	22	21	6	6	5	5

1. Mr Kimber and Mr Helm attended the Audit, Risk and Compliance Committee and the Remuneration and Nomination Committee meetings at the invitation of the Committees.
2. Mr Kimber was appointed a Director on 1 June 2015.
3. Mr Helm ceased to be a Director on 1 June 2015.
4. Mr Murdoch attended the Remuneration and Nomination Committee meetings at the invitation of the Committee.

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	150,000	100,000	–	250,000
R Kimber	ordinary	–	21,000	–	21,000
	performance rights	–	135,995	–	135,995
	share options	–	400,000	–	400,000
M Conrad	ordinary	50,000	50,000	–	100,000
G Murdoch	ordinary	95,000	50,000	–	145,000
D Snedden	ordinary	–	39,000	–	39,000

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. DIVIDENDS AND DISTRIBUTIONS

Dividends paid or declared by the Company during and since the end of the year are set out in Notes 17 and Notes 28 to the Financial Statements respectively.

	Final 2016	Interim 2016	Final 2015
Per share (cents)	3.100	3.600	3.584
Total amount ($'000)	7,440	8,640	8,602
Franked[5]	100%	100%	100%
Payment date	24 June 2016	18 December 2015	26 June 2015

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

10. OPERATING AND FINANCIAL REVIEW

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

	2016 $'000	2015 $'000	Growth
Net operating income[1]	103,913	90,144	15.3%
Underlying EBITDA[2]	34,453	32,758	5.2%
Underlying EBITDA margin[3]	33.2%	36.3%	
Underlying net profit (after tax)[4]	23,889	24,266	(1.6%)
Underlying earnings per share (EPS) (cents)[5]	9.95	10.11	
Statutory EBITDA[2]	31,488	32,758	(3.9%)
Statutory EBITDA margin[3]	30.3%	36.3%	
Statutory net profit (after tax)	21,814	24,266	(10.1%)
Earnings per share (cents)	9.09	10.11	
Cash balance as at 31 March[6]	162,890	174,004	(6.3%)

1. Net operating income is the combination of interest income and net fee and commission income. Net operating income is a non-IFRS measure.
2. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure that is unaudited.
3. EBITDA margins are calculated with reference to net operating income.
4. Underlying net profit (after tax) (NPAT) is net profit after tax adjusted for one-time expenses. Underlying net profit (after tax) is a non-IFRS measure that is unaudited. Refer to the NPAT reconciliation on page 27.
5. Underlying earnings per share was calculated with reference to underlying 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 $38.1 million at 31 March 2016 (31 March 2015: $49.4 million).

Higher active client numbers with an increased propensity to deal in 2016 helped to drive revenue growth, increasing net operating income by 15.3% to $103.9 million. As part of the enablement phase of the Accelerate Strategy, significant investment was made in the Group's core business processes and infrastructure and, together with the one-off impacts of corporate actions, rebranding to OFX and an Executive Team restructure, resulted in statutory net profit after tax (NPAT) decreasing by 10.1% to $21.8 million.

Underlying NPAT adjusted for the one-off impacts was down by 1.6% to $23.9 million. In order to better understand the underlying NPAT of the Group, the reconciliation is outlined on the following page.

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 18.4% and 9.0% respectively. They continue to provide the majority of the Group's fee and commission income, delivering 72.8% of the Group total. The proportion attributable to ANZ and Europe has decreased marginally from 73.1 % for the year ended 31 March 2015. This decrease is being 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. As at 31 March 2016 the Group was able to operate in 46 of the states in the United States of America 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 four years; however, the existing customer base is becoming more significant. This growth has enabled the Group to grow fee and commission income by 35.9% to $17.6 million. North America's contribution to the Group's fee and commission income increased from 13.5% in the year ended 31 March 2015 to 15.8% in the year ended 31 March 2016.

Hong Kong remained the Group's key Asian focus during the year. The segment experienced 16.7% growth in fee and commission income to $2.1 million. Hong Kong is typified by a banking market place that offers significantly lower retail margins than in other geographies.

The International Payment Solutions (IPS) division (Wholesale division) continued to develop the Group's existing branded partnership solutions for Macquarie Bank, ING and MoneyGram in Australia and New Zealand, as well as the Group's global partner Travelex (Australia, New Zealand, Canada and the US). The IPS division's fee and commission income decreased by 3.9% to $10.6 million due to the closure of the OzForex 'branded' prepaid Travel Card in November 2015. The Group also introduced its embedded payments functionality into the cloud-based accounting software Xero.

	2016 $'000	2015 $'000	Growth %
Underlying NPAT	23,889	24,266	(1.6)
Corporate action costs after tax	(827)	–	
Rebranding expenditure after tax	(506)	–	
Executive Team restructure costs after tax	(742)	–	
Statutory NPAT	21,814	24,266	(10.1)

EBITDA is a non-IFRS unaudited measure that is calculated by deducting interest and adding back tax, depreciation and amortisation. The reconciliation is outlined below:

	2016 $'000	2015 $'000	Growth %
Underlying EBITDA	34,453	32,758	5.2
Corporate action costs before tax	(1,182)	–	
Rebranding expenditure before tax	(723)	–	
Executive Team restructure costs before tax	(1,060)	–	
Statutory EBITDA	31,488	32,758	(3.9)
Add back interest income	1,662	1,754	(5.2)
Earnings before tax, depreciation and amortisation (EBTDA)[1]	33,150	34,512	(3.9)
Less income tax expense	(9,979)	(9,667)	(3.2)
Less depreciation and amortisation	(1,357)	(579)	(134.4)
Statutory NPAT	21,814	24,266	(10.1)

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 decreased to $38.1 million from $49.4 million as a result of significant investment in capital items due to two office moves in Toronto and Sydney, and investment in core business applications such as the new website and mobile app. The Group currently has no external debt.

	2016 $'000	2015 $'000	Growth %
Cash[1,2]	162,890	174,004	(6.4)
Client liabilities[1]	(124,827)	(124,591)	(0.2)
Net cash position	38,063	49,413	(23.0)

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

11. STRATEGY

The Group is embarking on the execution phase of the three-year Accelerate Strategy with the aim of doubling revenue. The Group's key strategic focus is on expanding penetration within the Australian market to reinforce its presence as the market leader, increase offshore presence with a focus on the US and expanding adjacent opportunities within the wholesale market. Critical to our success will be maintaining and sustaining a high performing diverse workforce across all office locations.

OPERATIONAL HIGHLIGHTS

- Developed brand positioning, rolled out new brand with new website in Australia and started website build for other markets globally.
- Conducted quantitative research study in key markets to size the market that OFX operates in, and better understand consumers and how to realise the opportunity.
- Invested in acquisition capability and started to expand beyond search as a marketing medium.
- Invested in social media capability in the marketing team and significantly increased customer engagement.
- Implemented relational database in order to better understand and respond to customers.
- Updated mobile app to be transactional.
- Integrated into Xero, Australia's largest cloud accounting platform, which significantly reduces manual processing effort and eliminates the chance of human error when processing invoices. Capability has been rolled out in Australia, New Zealand and the UK to date.
- Developed a new suite of representational state transfer (REST)-based application programming interfaces (APIs) that makes it easy for partners to integrate their system into our international payments platform, removing the need for partners to build their own capability.
- Launched an accounts receivable facility for clients selling internationally through online marketplaces who receive foreign currencies with a need to translate back to their home currency.
- Employed three new key executives.
- Developed product impact teams in order to increase development efficiencies within the IT department.
- Successfully moved to a cloud-based server hosting environment.
- Launched a 24 hour, 7 days a week service, providing customers with the convenience of transacting on weekends. The service will enable customers to make international transfers, speak to an OFX customer representative and check current exchange rates 363 days of the year, 24 hours a day.
- Implemented new telephony infrastructure that will deliver superior customer service and operational efficiencies.
- Established an Operational Compliance team within the business to reduce customer on-boarding times.
- Developing the capability of the treasury function to facilitate better customer pricing and enhanced internal risk management practices.
- Added new banking partners to support our global growth plans, as our network banking relationship is a key strategic asset and competitive advantage of our business.
- Initiated the money transmitter licensing process for Ohio, Hawaii and New Hampshire in the US, which would bring our licensed states to 49 out of 50.
- Received favourable outcomes from all the external regulatory examinations conducted in a number of jurisdictions throughout the year.
- Continued to invest in fraud risk management systems and technology integration.
- Accepted as a member of the Fraud Focus Group Committee in Australia for 2016, the first time a business like OFX has been appointed to the Committee.
- Continued to investigate merger and acquisition opportunities in offshore markets to aid geographic expansion.
- Relocated the Sydney and Toronto teams to new offices to accommodate future growth expectations.

12. RISK

The potential risks associated with the Group's business are outlined below. The list does not show 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, marketing efforts and monitoring competition to ensure that it is able to respond to such challenges.
- Relationships with banking counterparties – The Group relies on a range of banking counterparties 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, exit one or more of the markets for which the Group uses its services, or collapse. This has occurred in the past and may occur again in the future. The Group manages this risk by having a suite of banking service providers to ensure that there is 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 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 where 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 being forced to cease doing business as a result of a revocation or cancellation of one or more of the Group's regulatory licences or authorisations.
- 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 the rate of refunds becomes excessive, banks and card associations also may require the Group to pay additional penalties. The Group has a range of fraud prevention controls in place to mitigate this risk.
- 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.

13. OUTLOOK

OzForex is a high growth business with a strong balance sheet, no external interest bearing debt and strong cash flow conversion. The focus is on growth in net operating income and EBTDA but still with the emphasis on cost containment and efficiency. There will be continued investment in people, new opportunities, marketing and sales initiatives 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 in, 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;
- Attractive customer value proposition;
- Large portfolio of Tier 1 banking relationships;
- Effective operational risk and compliance management;
- Clearly defined organic and inorganic growth strategies.

14. EVENTS SUBSEQUENT TO BALANCE DATE

As at the date of this report, the Directors are not aware of any circumstance that has arisen since 31 March 2016 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 2017 will be up on the financial year ended 31 March 2016.

The key growth driver for the business is the number of 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 2016 was up 5.9% to 150,900.

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 segment's contribution to the Group's profit for the financial year ending 31 March 2017.

While Europe is a more competitive market, growth in active clients in this region is expected to be more challenging. It is expected to be broadly in line with the financial period ended 31 March 2016. Subject to consistent currency exchange rates, contribution in the UK is expected to be up in the financial year ending 31 March 2017.

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.

The tax rate for the financial year ending 31 March 2017 is expected to be in line with the financial year ended 31 March 2016.

Accordingly, the Group's result for the financial year ending 31 March 2017 is expected to be up on the result in the financial year ended 31 March 2016, with the potential for a better result if market conditions continue to improve, and the Group's investment in above the line marketing is more successful than anticipated.

The Group's short-term outlook remains subject to the range of challenges outlined in the risks on page 29, 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 its statutory audit duties where the auditor's 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 auditor. The Committee is not permitted to approve the engagement of the auditor 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 that 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 or 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:

	2016 $'000	2015 $'000
Due diligence services	30	–
Taxation services	148	86
Total remuneration for non-audit services	178	86

19. AUDITOR'S 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 2016 is on page 47 of this report.

20. 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*.

21. 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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

INTRODUCTION

The Directors are pleased to present the Group's Remuneration Report describing the remuneration practices for the Group's Non-Executive Directors and Group Executive Team (Executives), including key management personnel (KMP).

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.

Sections 1-5 set out the remuneration arrangements that apply to all Executives.

Section 6 sets out the remuneration disclosures required in respect of KMP Executives.

Sections 7-8 set out the remuneration disclosures required in respect of Non-Executive Directors.

1. REMUNERATION SNAPSHOT

Executives of the Group 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)
• TFR is set by reference to benchmark market information for comparable roles and individual performance • Includes cash, non-financial benefits, and superannuation	• 15-50% of TRR • 50% of target STI is based on non-financial PIs and 50% of target STI is based on financial KPIs • Paid in cash • EBTDA gateway	• 15-30% of TRR • Grant of performance rights or share options under the Long Term Incentive Plan • Designed to link long-term Executive reward with value creation • Three-year performance period • Performance hurdles linked to EBTDA and EPS

2. 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 Executives. The Charter of the Remuneration and Nomination Committee is available on the Group's website at www.ofx.com.

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 year, the Company engaged 3 Degrees Consulting to provide remuneration recommendations as defined under the Corporations Act 2001 in relation to the CEO and Executive remuneration structure to be implemented in FY17, including STI and LTI design features and incentive opportunities, as well as the retention arrangements put in place upon the unsolicited, non-binding indicative proposal from Western Union. 3 Degrees Consulting was paid $96,800 for these services.

The Board is satisfied that this advice received from 3 Degrees Consulting was made free from undue influence from the KMP to whom the recommendations relate as 3 Degrees Consulting was engaged by and reported directly to, the Chair of the Remuneration Committee. In this regard, in addition to adhering to Board approved protocols, 3 Degrees Consulting provided a formal declaration to the Chair of the Remuneration Committee. The recommendations were made free from undue influence from Executives to whom the advice was related.

In addition to providing remuneration recommendations, 3 Degrees Consulting provided market practice data and advice on other aspects of the Company's remuneration framework throughout the year including governance, legal and stakeholder communications. Together, for these additional remuneration related services, 3 Degrees Consulting was paid $62,950.

3. EXECUTIVE REMUNERATION PRINCIPLES AND STRUCTURE

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the 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;
- Transparency.

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

- Alignment to shareholders' 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.

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[1]	40%	30%	30%
CEO[2]	33%	50%	17%
Executives	50%-70%	15%-30%	15%-20%

1. Mr Helm ceased to be CEO on 1 June but remained an employee until 6 August 2015
2. Mr Kimber was appointed CEO on 1 June 2015

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.

3. EXECUTIVE REMUNERATION PRINCIPLES AND STRUCTURE CONTINUED

OVERVIEW OF EXECUTIVE REMUNERATION COMPONENTS CONTINUED

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.

(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 Incentive (STI)

The key details of the STI Plan for the FY16 financial year are as outlined below:

STI component	Details
Eligibility	All 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 15-50% of TRR. Executives who 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 (i) below 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 KPI's linked to the STI Plan comprise two equal tranches (50% each) and within each tranche are a series of objectives. To be eligible for access to STI, a minimum EBTDA performance must be achieved of at least 90% of target EBTDA. Target EBTDA is approved by the Board at the commencement of the performance period. 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 irrespective of whether the minimum performance threshold in Tranche A was met for a particular Executive.

The financial performance indicators for 2016 were:

- Net operating income;
- EBTDA (earnings before tax, depreciation and amortisation);
- New dealing clients; and
- Net active clients.

(iv) 2016 STI outcome

For the 2016 financial year, the minimum gateway performance of 90% of the EBTDA target set at the start of the financial year was not met. Therefore, as explained under (i) above, irrespective of performance under Tranche A or Tranche B, no STI was payable for the year. The amount of target STI forfeited by KMPs is set out below.

KMP	Target STI payment	% of Target STI payable	% of Target STI forfeited
R Kimber[1]	624,525	0%	100%
M Ledsham	116,667	0%	100%
M Loyez[2]	71,673	0%	100%
A Smith[3]	53,537	0%	100%
C Pendleton-Browne[4]	56,464	0%	100%
Former KMP[5]			
L Cox[6]	4,732	0%	100%
J Davidson[7]	19,506	0%	100%
S Griffin[8]	106,084	0%	100%
N Helm[9]	124,648	0%	100%
D Higgins[10]	52,700	0%	100%
J Parker[6]	35,133	0%	100%
J Rohloff[6]	15,726	0%	100%

1. R Kimber commenced employment with the Group 1 June 2015.
2. M Loyez commenced employment with the Group 3 August 2015.
3. A Smith commenced employment with the Group 6 October 2015.
4. C Pendleton-Browne commenced employment with the Group 16 November 2015.
5. The amount shown as the target STI payment is the target payment for the period that employee was a KMP, not the full year payment.
6. L Cox, J Parker and J Rohloff ceased being a KMP on 31 May 2015, but remain Executives. L Cox is a part-time employee.
7. J Davidson ceased to be an employee on 4 September 2015.
8. S Griffin resigned as a KMP and employee on 18 September 2015.
9. N Helm ceased to be an employee on 6 August 2015.
10. D Higgins resigned as KMP on 30 September 2015, and ceased to be an employee on 31 March 2016.

3. EXECUTIVE REMUNERATION PRINCIPLES AND STRUCTURE CONTINUED

OVERVIEW OF EXECUTIVE REMUNERATION COMPONENTS CONTINUED

Long Term Incentive (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. Under the LTI Plan, either performance rights or options can be issued.
Eligibility	All Executives participated in the LTI Plan in the 2016 financial year if they were an employee at the start of the year. In certain circumstances, one-off allocations of performance rights have been made as part of the initial employment arrangements of a particular Executive.
Instrument	Performance rights enable the Executive KMP 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 and have a nil exercise price. They carry no right to vote or receive a dividend.
Award value	An Executive KMP LTI award is typically in the range of 15-30% of their TRR.
Allocation methodology	The number of performance rights issued to each Executive KMP 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 adjusted 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.
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	Three 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 be forfeited where: • 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 employee of the forfeiture; 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 be automatically forfeited.
Shareholder approval	Any performance rights to be issued to the CEO are subject to shareholder approval.
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.

Implications of the CEO stepping down during 2016

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

- That the 46,454 performance rights issued in February 2014 will be forfeited, being a pro-rata amount of the original 176,250 performance rights issued at that time, known as the IPO Performance Rights. The balance of 129,796 performance rights will remain on foot subject to the terms and conditions set out under 'IPO performance rights issuance' (Section 4) below. The Board has determined that 31.2% of these will vest on 7 June 2016.
- That 474,653 performance rights would be forfeited (being 304,653 of the 330,000 performance rights issued in December 2014 and the further 170,000 performance rights for which shareholder approval was intended to be sought in 2015). This leaves 25,347 performance rights which will remain on foot and subject to the terms and conditions that were approved by shareholders at the 2014 AGM. These performance rights are eligible to vest on 7 June 2017, subject to satisfying the performance conditions set out in the 2014 Notice of Meeting. The 25,347 performance rights represent the pro-rata portion of the standard annual allocation of performance rights that were issued and does not include any portion of the special issuance of performance rights that were approved at the 2014 AGM.

In both cases, the pro-rata calculation has been determined by reference to the end of Mr Helm's six month notice period following the date of his resignation, being 6 August 2015.

Performance rights and options issued during 2016

At the 2015 Annual General Meeting approval was sought to grant the CEO, Mr Kimber, an initial issuance of performance rights and options under the LTI Plan.

There was a standard annual issuance of performance rights to Executives in June 2015 (FY15 performance rights). The performance conditions that apply to FY15 performance rights, including to Mr Kimber are as follows:

Performance Measurement Period (PMP)	Vesting Gateway (EPS CAGR)	Vesting schedule (EBTDA CAGR)			% of allocation eligible to vest (vesting date)
		100% vesting	Pro-rata vesting: 25% - 100%	0% vesting	
1 April 2015 – 31 Mar 2018 (36 months)	≥17%	≥22%	17%-22%	<17%	100% (7 June 2018)

The options issued to Mr Kimber will vest 50% on 30 June 2018 and 50% on 30 June 2019 subject to ongoing employment conditions as shown on page 44.

Two new Executives, Mr Smith and Mr Pendleton-Browne, were granted a one-off initial issuance of performance rights at the commencement of their employment to replace forfeited incentives from their previous employment. No performance hurdles apply to the issuances to Mr Smith and Mr Pendleton-Browne, except tenure.

Further information on the number of performance rights and options held by KMPs can be found in Section 6 of this Remuneration Report.

Additional retention arrangements implemented during 2016

In light of the unsolicited, non-binding indicative proposal from Western Union (Indicative Proposal) as announced on 19 November 2015, the Board considered the need to put retention arrangements in place for new Executives who commenced in the six months prior to that Proposal.

Since the commencement of Richard Kimber as CEO of OzForex on 1 June 2015, the Company has recruited five new Executives being the Chief Operating Officer, Chief Technology Officer, Head of People and Culture, Chief Marketing Officer and Acting Head of North America.

A total retention pool of $2.66 million was allocated to the six Executives who commenced in their roles during the six months prior to the receipt of the Indicative Proposal. This included $1.25 million allocated to CEO, Richard Kimber.

The Board believed that these arrangements were fair and reasonable in the circumstances because the new Executives had little or no unvested equity allocated to them under the Company's LTI Plan and as such presented a retention risk if provided with more certain offers of employment. It was in shareholders' best interests that the services of Mr Kimber and newer Executives were retained to lead the Company during the period of uncertainty and beyond.

The retention arrangement remains on foot until 31 December 2016, such that if a change of control event occurs before then, the retention pool will vest in favour of eligible Executives as to 50% upon a change of control, and 50% six months from financial close of any transaction to ensure continuity and retention post the transaction period.

The retention pool will be progressively reduced/replaced by any LTI granted (which for the next LTI grant to the CEO will be subject to shareholder approval at the next AGM) before any change of control transaction completes (or if no change of control transaction eventuates) with normal performance conditions attached to ensure Executives do not receive any windfall gain from the arrangements if there is no change of control.

Longer serving Executives who have multiple grants under the existing LTI Plan still on foot will not be entitled to participate in the retention pool. The Board has indicated, however, that it intends to exercise discretion such that all unvested incentives will vest in full, subject to satisfactory individual performance, should a change of control transaction occur.

In the event there has been no change of control by 31 December 2016, the balance of the retention pool that has not been granted in LTI will lapse.

As per AASB 137 Provisions, Contingent Liabilities and Contingent Assets, there is no requirement to recognise a provision and therefore expense for this arrangement until the likelihood of the arrangement crystallising, on a change of control event, becomes probable. A change of control event has currently been assessed as remote and so there is no requirement to provide for this expense.

4. LEGACY (IPO RELATED) REMUNERATION PRACTICES

IPO PERFORMANCE RIGHTS ISSUANCE

As foreshadowed in the prospectus prior to the IPO (sections 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 the vesting of some or all of the performance rights would be determined on the basis outlined below:

Performance level	EBTDA over a 30-month Performance Period to 31 March 2016	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 EBTDA 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 previous CEO, Neil Helm, and 360,325 (KMPs 253,000) performance rights were issued to 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 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.

The Board has determined that EBTDA over the 30-month performance period from 1 October 2013 to 31 March 2016 was 13.41% and therefore 31.2% of the performance rights will vest on 7 June 2016.

See Section 6 for further detail. The details of these performance rights were also outlined in the prospectus.

5. 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 2014-2016 annual financial performance 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	2016	2015	2014
Net operating income[1]	$103.9m	$90.1m	$72.6m
EBTDA	$33.1m	$34.5m	$22.4m
Underlying EBTDA	$36.1m	$34.5m	$29.4m
Active clients	150,900	142,500	120,500
Basic earnings per share[2]	9.09cps	10.11cps	6.84cps
Underlying basic earnings per share[3]	9.95cps	10.11cps	8.92cps
Dividend per share[4]	$0.07184cps	$0.05875	N/A
Closing share price	2.02	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. For the calculation of EPS refer to Note 29 of the financial statements.
3. Underlying basic earnings per share is the basic earnings per share calculation utilising the Underlying NPAT of the Group.
4. This represents dividends distributed in the period.

6. KEY MANAGEMENT PERSONNEL (KMP)

On appointment as CEO, Richard Kimber made an assessment of the KMP and resolved to reduce the number of Executives involved in planning, directing and controlling the Group's activities. This was formalised by the introduction of the Strategy Execution Committee which is representative of the KMPs. The following Executives and Non-Executive Directors of the Group were classified as KMP during the 2016 financial year and unless otherwise indicated were classified as KMP for the entire year.

Executives	Title	Term as KMP in 2016
Richard Kimber	Managing Director and Chief Executive Officer (CEO)	From 1 June 2015
Adam Smith	Chief Operating Officer (COO)	From 6 October 2015
Craige Pendleton-Browne	Chief Technology Officer (CTO)	From 16 November 2015
Maria Loyez	Chief Marketing Officer (CMO)	From 3 August 2015
Mark Ledsham	Chief Financial Officer (CFO)	Full year
David Higgins	Chief Technology Officer (CTO)	Resigned 30 September 2015
Jacqueie Davidson	Head of Human Resources	Resigned 4 September 2015
Jason Rohloff	Chief Risk Officer	Until 31 May 2015
Jeff Parker	Chief Enterprise Officer	Until 31 May 2015
Linda Cox	Company Secretary and Head of Investor Relations	Until 31 May 2015
Neil Helm	Managing Director and Chief Executive Officer	Resigned 6 August 2015
Simon Griffin	Chief Commercial Officer (CCO)	Resigned 18 September 2015
Non-Executive Directors		
Peter Warne	Chairman	Full year
Melinda Conrad	Non-Executive Director	Full year
Grant Murdoch	Non-Executive Director	Full year
Douglas Snedden	Non-Executive Director	Full year

CONTRACTUAL ARRANGEMENTS

Richard Kimber – Managing Director and CEO

Mr Kimber was appointed Managing Director and CEO effective 1 June 2015. For the 2016 financial year, Mr Kimber's remuneration arrangements comprised a combination of TFR, STI and LTI with greater weighting to STI as shown on page 33. Mr Kimber's TFR is $500,000 and he was also eligible for STI at a target amount of $750,000. Initial equity awards of performance rights to the value of $250,000 and 400,000 options were approved at the Annual General Meeting on 4 August 2015. The performance hurdles applying to this issuance are set out on page 37.

As explained on page 35, no STI was payable for the 2016 financial year as the minimum gateway performance was not met.

The terms of his appointment and termination arrangements are set out below.

Contract components	Details
Duration	Ongoing contracts
Termination by Executive	Six months' notice
Termination by the Company	Six months' notice
Post-employment restraints	Six month post-employment restraints.
Treatment of STI and LTI	Upon termination, if the CEO is considered a good leaver (such as cessation due to redundancy), the CEO will be entitled to a pro-rata STI award. Board discretion applies to the treatment of any unvested LTI.

6. KEY MANAGEMENT PERSONNEL (KMP) CONTINUED

CONTRACTUAL ARRANGEMENTS CONTINUED

KMP Executive (excluding Managing Director and CEO) employment contracts and notice periods

Contract components	Details
Duration	All KMP Executive have ongoing contracts
Termination by Executive	Six months' notice for all KMP Executive
Termination by the Company	Six months' notice for all KMP Executive
Post-employment restraints	M Loyez, C Pendleton-Browne, A Smith have six-month post-employment restraints. No other KMP Executive have post-employment restraints.
Treatment of STI and LTI	Upon termination, if the KMP Executive is considered a good leaver (such as cessation due to redundancy), the KMP Executive will be entitled to a pro-rata STI award. Board discretion applies to the treatment of any unvested LTI.

EXECUTIVE REMUNERATION DISCLOSURES

		Short-term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments[1]		
	Year	Cash salary and fees	Cash bonus	Non-monetary benefits[2]	Other[3]	Super-annuation	Long service leave	Per-formance rights	Options	Total
Current KMP										
R Kimber[4]	2016	419,129	–	–	–	18,190	–	71,170	42,587	551,076
	2015	–	–	–	–	–	–	–	–	–
M Ledsham	2016	330,810	–	–	–	19,177	10,660	282,681	–	643,328
	2015	311,469	67,000	–	–	18,531	6,079	157,368	–	560,447
M Loyez[5]	2016	197,132	–	–	–	12,872	–	–	–	210,004
	2015	–	–	–	–	–	–	–	–	–
A Smith[6]	2016	152,159	–	–	–	9,654	–	61,170	–	222,983
	2015	–	–	–	–	–	–	–	–	–
C Pendleton-Browne[7]	2016	124,221	–	17,236	–	7,765	–	18,199	–	167,421
	2015	–	–	–	–	–	–	–	–	–

	Year	Short-term employee benefits: Cash salary and fees	Short-term employee benefits: Cash bonus	Short-term employee benefits: Non-monetary benefits[2]	Short-term employee benefits: Other[3]	Post-employment benefits: Super-annuation	Long-term benefits: Long service leave	Share-based payments[1]: Per-formance rights	Share-based payments[1]: Options	Total
Former KMP[8]										
L Cox[9]	2016	23,492	–	–	–	2,485	29	16,800	–	42,806
	2015	106,471	32,895	–	–	10,056	108	38,313	–	187,843
J Davidson[10]	2016	82,859	–	–	44,257	9,414	82	(37,181)	–	99,431
	2015	164,996	36,163	–	–	15,572	135	38,313	–	255,179
S Griffin[11]	2016	167,483	–	–	118,564	14,350	2,982	(88,981)	–	214,398
	2015	326,469	107,416	–	–	18,531	4,719	172,068	–	629,203
N Helm[12]	2016	157,348	–	–	–	8,927	2,887	28,663	–	197,825
	2015	452,108	329,253	–	–	17,892	8,252	97,485	–	904,990
D Higgins[13]	2016	147,907	–	–	–	9,588	2,244	(87,547)	–	72,192
	2015	296,469	40,000	–	–	18,531	5,508	129,897	–	490,405
J Parker[9]	2016	54,293	–	–	–	3,147	82	47,221	–	104,743
	2015	296,469	98,075	–	–	18,531	335	146,568	–	559,978
J Rohloff[9]	2016	43,134	–	–	–	3,147	863	36,159	–	83,303
	2015	263,469	50,000	–	–	18,531	(9,272)	125,654	–	448,382
Total KMP remuneration (Group)	2016	1,899,967	–	17,236	162,821	118,716	19,829	8,354	42,587	2,609,510
	2015	2,217,920	760,802	–	–	136,175	15,864	905,666	–	4,036,427

1. The share-based payments reflect the amounts accrued during the period. No performance rights or share options vested during the year ended 31 March 2016.
2. Non-monetary benefits received by C Pendleton-Browne related to relocation costs paid by the Company as part of him becoming an employee of the Group.
3. Other payments relate to amounts paid as part of a termination including pay in lieu of notice.
4. R Kimber commenced employment with the Group 1 June 2015.
5. M Loyez commenced employment with the Group 3 August 2015.
6. A Smith commenced employment with the Group 6 October 2015.
7. C Pendleton-Browne commenced employment with the Group 16 November 2015.
8. The 2016 disclosures shown for former KMP are up until the date they ceased to be a KMP.
9. L Cox, J Parker and J Rohloff ceased being a KMP on 31 May 2015, but remain Executives. L Cox is a part-time employee.
10. J Davidson resigned as a KMP and employee on 4 September 2015.
11. S Griffin resigned as a KMP and employee on 18 September 2015.
12. N Helm resigned as a KMP and employee on 6 August 2015.
13. D Higgins resigned as KMP on 30 September 2015, and ceased to be an employee on 31 March 2016.

6. KEY MANAGEMENT PERSONNEL (KMP) CONTINUED

FIXED AND AT-RISK REMUNERATION

The percentage of remuneration received as fixed pay and at-risk pay during the year ending 31 March 2016 by the Executive KMP is outlined below:

				At risk – LTI	
Name	Fixed remuneration	Other	At risk – STI	Rights	Options
R Kimber	79.36%	–	–	12.91%	7.73%
M Ledsham	55.96%	–	–	44.04%	–
M Loyez	100.00%	–	–	–	–
A Smith	72.57%	–	–	27.43%	–
C Pendleton-Browne	78.83%	10.30%	–	10.87%	–

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 in Note 23 of the Financial Statements.

Issuance	Grant date	Date performance rights can be converted into shares	Value per performance right at grant date $	Performance achieved	% vested
IPO rights	11 October 2013	7 June 2016	1.83	Partly	31.2%[2]
Retention rights					
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	–
FY15 performance rights	26 June 2015	7 June 2018	1.84	To be determined	–
Retention rights Executive A[1]	16 October 2015	7 June 2017	2.51	To be determined	–
Retention rights Executive B[1]	20 November 2015	20 November 2018	2.42	To be determined	–

1. The Group issued the retention rights (Executive A & Executive B) during the 2016 financial year for new Executives employed during the period in lieu of forfeited incentive amounts from previous employment.
2. See further details in Section 4 of this Remuneration Report.

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

	Held at 1 April 2015	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 2016
Current KMP						
R Kimber						
FY15 performance rights	–	135,995	–	250,231	–	135,995
Total	–	135,995	–	250,231	–	135,995
M Ledsham						
IPO rights	55,000	–	–	100,650	37,840	17,160
Retention rights	450,000	–	–	994,500	–	450,000
FY15 performance rights	–	59,838	–	110,102	–	59,838
Total	505,000	59,838	–	1,205,252	37,840	526,998
A Smith						
Retention rights Executive A	–	92,829	–	233,001	–	92,829
Total	–	92,829	–	233,001	–	92,829
C Pendleton-Browne						
Retention rights Executive B	–	82,645	–	200,001	–	82,645
Total	–	82,645	–	200,001	–	82,645
Former KMP						
L Cox						
Retention rights	150,000	–	–	331,500	–	150,000
FY15 performance rights	–	19,326	–	35,560	–	19,326
Total	150,000	19,326	–	367,060	–	169,326
J Davidson						
Retention rights	150,000	–	–	331,500	150,000	–
FY15 performance rights	–	22,337	–	41,100	17,345	4,992
Total	150,000	22,337	–	372,600	167,345	4,992
D Higgins						
IPO rights	52,500	–	–	96,075	36,145	16,355
Retention rights	350,000	–	–	773,500	327,792	22,208
FY15 performance rights	–	57,118	–	105,097	38,079	19,039
Total	402,500	57,118	–	974,672	402,016	57,602
S Griffin						
IPO rights	57,500	–	–	105,225	41,229	16,271
Retention rights	500,000	–	–	1,105,000	475,677	24,323
FY15 performance rights	–	62,558	–	115,107	46,419	16,139
Total	557,500	62,558	–	1,325,332	563,325	56,733

6. KEY MANAGEMENT PERSONNEL (KMP) CONTINUED

PERFORMANCE RIGHTS CONTINUED

N Helm						
IPO rights	129,796	–	–	322,538	89,300	40,496
Retention rights	25,347	–	–	1,105,000	–	25,347
Total	155,143	–	–	1,427,538	89,300	65,843
J Rohloff						
IPO rights	47,000	–	–	86,010	32,336	14,664
Retention rights	350,000	–	–	773,500	–	350,000
FY15 performance rights	–	51,134	–	94,087	–	51,134
Total	397,000	51,134	–	953,597	32,336	415,798
J Parker						
IPO rights	41,000	–	–	75,030	28,208	12,792
Retention rights	450,000	–	–	994,500	–	450,000
FY15 performance rights	–	57,118	–	105,097	–	57,118
Total	491,000	57,118	–	1,174,627	28,208	519,910

OPTIONS

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

On vesting, each option is convertible into one ordinary share of the Company. The exercise price is $2.49. No options vested during the period.

Further information on the options is set out in Note 23 of the Financial Report.

Issuance	Grant date	Date options can be converted into shares	Value of options at grant date
Share options tranche 1	1 June 2015	30 June 2018	$0.52
Share options tranche 2	1 June 2015	30 June 2019	$0.50

The movement in the share options over the year is outlined below.

	Held at 1 April 2015	Number of options granted during the year	Number vested during the year	Value of options at grant date $	Number of options forfeited during the year	Held at 31 March 2016
R Kimber						
Share options tranche 1	–	200,000	–	104,000	–	200,000
Share options tranche 2	–	200,000	–	100,000	–	200,000
Total	–	400,000	–	204,000	–	400,000

7. NON-EXECUTIVE DIRECTOR DISCLOSURES

FEE FRAMEWORK

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 advisers for this purpose. There were no changes in fees during the year.

FEE POOL

The maximum total of all fees payable to 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 equity as part of their remuneration and do not receive any performance-related compensation. Non-Executive Directors receive superannuation contributions where required by Superannuation Guarantee legislation.

Fees applicable for 2016

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

Statutory Non-Executive Director Fees for the year ended 31 March 2016

Details of the fees paid to the Non-Executive Directors are outlined below.

		Short-term employee benefits	Post-employment benefits	
Non-Executive Directors	Year	Cash salary and fees	Super-annuation	Total
P Warne	2016	211,217	19,177	230,394
	2015	211,314	18,686	230,000
M Conrad	2016	127,854	12,146	140,000
	2015	127,927	12,073	140,000
G Murdoch	2016	114,155	10,845	125,000
	2015	114,221	10,779	125,000
D Snedden	2016	119,254	11,329	130,583
	2015	–	–	–
W Allen[1]	2016	–	–	–
	2015	115,000	–	115,000
Total Non-Executive Director remuneration (Group)	2016	572,480	53,497	625,977
	2015	568,462	41,538	610,000

1. W Allen resigned as non-Executive Director on 31 March 2015.

REMUNERATION REPORT CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

8. NON-EXECUTIVE DIRECTOR SHAREHOLDINGS

Details of the Non-Executive Director and their affiliates' shareholdings in OzForex Group Limited are set out below.

Non-Executive Director	Year	Shares held at the beginning of the year	Movements	Shares held at the end of the year
P Warne	2016	150,000	100,000	250,000
	2015	125,000	25,000	150,000
M Conrad	2016	50,000	50,000	100,000
	2015	50,000	–	50,000
G Murdoch	2016	95,000	50,000	145,000
	2015	50,000	45,000	95,000
D Snedden	2016	–	39,000	39,000
	2015	–	–	–

9. 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.

10. 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, a new Executive remuneration structure is being implemented for the 2017 financial year, which has been specifically structured to ensure close alignment of Executives to the delivery of the Accelerate Strategy and the long-term creation of shareholder value.

Further details about the new Executive remuneration structure will be provided in the 2017 annual report.

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

On behalf of the Board

PETER WARNE
CHAIRMAN
16 May 2016

RICHARD KIMBER
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
16 May 2016

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration

As lead auditor for the audit of OzForex Group Limited for the year ended 31 March 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. 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.

CPG Cooper
Partner
PricewaterhouseCoopers

Sydney
16 May 2016

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Notes	2016 $'000	2015 $'000
Interest and similar income	3	1,662	1,754
Interest income		1,662	1,754
Fee and commission income	3	111,246	95,646
Fee and commission expense	3	(8,995)	(7,256)
Net fee and commission income		102,251	88,390
Other income	3	–	101
Total other income		–	101
Employment expenses	3	(38,979)	(30,430)
Occupancy expenses	3	(3,855)	(2,122)
Promotional expenses	3	(15,306)	(13,909)
IPO-related expenses	3	–	(96)
Other operating expenses	3	(13,980)	(9,755)
Total operating expenses		(72,120)	(56,312)
Net profit before income tax		31,793	33,933
Income tax expense	4	(9,979)	(9,667)
Net profit after income tax		21,814	24,266
Net profit attributable to ordinary equity holders of OzForex Group Limited[1]		21,814	24,266
Other comprehensive income			
Exchange differences on translation of foreign operations[2]		(33)	314
Total comprehensive income		21,781	24,580
Total comprehensive income attributable to:			
Ordinary equity holders of OzForex Group Limited		21,781	24,580

1. Represents profit from continuing operations.
2. Represents other comprehensive income that may be reclassified to profit or loss.

		Cents	Cents
Earnings per share based on profit from continuing operations, attributable to the ordinary equity holders of the parent entity:			
Basic	29	9.09	10.11
Fully diluted	29	8.99	10.03

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016 $'000	2015 $'000
Assets			
Cash and cash equivalents	5	142,088	168,804
Receivables due from financial institutions	6	20,802	5,200
Derivative financial instruments – positive values	7	26,977	10,294
Other assets	8	3,202	3,083
Property, plant and equipment[1]	9	6,512	1,014
Intangible assets[1]	10	2,760	198
Prepaid income tax		1,945	–
Deferred income tax assets	11	1,310	3,919
Total assets		205,596	192,512
Liabilities			
Client liabilities	12	124,827	124,591
Derivative financial instruments – negative values	7	20,297	10,327
Other liabilities	13	4,754	4,263
Current tax liabilities		–	2,686
Provisions	14	2,467	2,999
Deferred income tax liabilities	11	22	15
Total liabilities		152,367	144,881
Net assets		53,229	47,631
Equity			
Ordinary share capital	15	24,360	24,360
Foreign currency translation reserve		278	311
Share-based payments reserve		2,298	1,239
Retained earnings	16	26,293	21,721
Total capital and reserves attributable to equity holders of OzForex Group Limited		53,229	47,631
Total equity		53,229	47,631

1. Comparative information has been restated to conform to presentation in the current year. Please see Note 10 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 2016

	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 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	17	–	(14,100)	–	–	(14,100)
Employee share options – value of employee services	23	–	–	–	(91)	(91)
Share-based payment expense	23	–	–	–	1,239	1,239
		–	(14,100)	–	1,148	(12,952)
Balance at 31 March 2015		24,360	21,721	311	1,239	47,631
Net profit, after income tax		–	21,814	–	–	21,814
Other comprehensive income, net of tax		–	–	(33)	–	(33)
Total comprehensive income		–	21,814	(33)	–	21,781
Transactions with equity holders in their capacity as equity holders:						
Share issue		–	–	–	–	–
Dividends and distributions paid	17	–	(17,242)	–	–	(17,242)
Employee share options – value of employee services	23	–	–	–	43	43
Share-based payment expense	23	–	–	–	1,016	1,016
		–	(17,242)	–	1,059	(16,183)
Balance at 31 March 2016		24,360	26,293	278	2,298	53,229

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 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Interest received		1,662	1,754
Total cash inflows from customers		19,596,083	16,647,053
Total cash outflows to customers, suppliers and employees		(19,569,976)	(16,599,859)
Income tax paid		(11,994)	(10,444)
Net cash flows from operating activities	20	15,775	38,504
Cash flows from investing activities			
Loss on sale of property, plant and equipment		–	–
Payments for property, plant and equipment		(6,490)	(548)
Payments for intangible assets		(2,927)	(192)
Payments for deposits with financial institutions		(15,602)	(5,000)
Net cash flows used in investing activities		(25,019)	(5,740)
Cash flows from financing activities			
Dividends paid	17	(17,242)	(14,100)
Net cash flows used in financing activities		(17,242)	(14,100)
Net increase in cash		(26,486)	18,664
Cash and cash equivalents at the beginning of the financial year		168,804	148,558
Exchange (losses)/gains on cash and cash equivalents		(230)	1,582
Cash and cash equivalents at the end of the financial year	5	142,088	168,804

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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 26).
- Accounting for remuneration arrangements (Notes 1(xv), 22 and 23).

Estimates and judgements 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.

No new key Accounting Standards and amendments to Accounting Standards became applicable to the Group in the current financial year.

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.

IFRS 16 Leases – The International Accounting Standards Board issued IFRS 16 in January 2016. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. Lessees will be required to bring all leases on Balance Sheet as the distinction between operating and finance leases has been eliminated. Lessor accounting remains largely unchanged.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Group will first apply IFRS 16 in the financial year beginning 1 April 2019. The Group is continuing to assess the full impact of the new requirements on the consolidated financial statements.

(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 2016 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(xix)).

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 127 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(IV) FOREIGN CURRENCY TRANSLATIONS CONTINUED

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 or 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 or 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.

(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 or 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.

(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 26.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(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 marketplace.

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 judgemental 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.

(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 improvements[1]	20 per cent
• Computer equipment	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) INTANGIBLE ASSETS

Certain internal and external costs directly incurred in acquiring and developing certain software are capitalised and amortised over the estimated useful life, usually a period of three years. Costs incurred on software maintenance are expensed as incurred.

(XIII) 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(XIV) 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 15 for information concerning the classification of securities.

(XV) 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 Monte Carlo simulation 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 performance period). 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 23).

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 2016, OzForex Group Limited operated share options plans which were granted to Managing Director and CEO Richard Kimber. OzForex Group Limited recognised a share option expense in relation to options granted 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 will be 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. The following key assumptions were adopted for grants made during the financial year:

	Share options tranche 1	Share options tranche 2
Risk free rate	2.96 per cent	2.96 per cent
Expected life	4 years	5 years
Volatility of share price	25 per cent	25 per cent
Dividend yield	2.41 per cent	2.41 per cent

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.

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 15-50% 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).

(XVI) 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 three months or less.

(XVII) RECEIVABLES DUE FROM FINANCIAL INSTITUTIONS

Receivables due from financial institutions are primarily short-term deposits with an original maturity of greater than three 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)).

(XVIII) 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.

(XIX) 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 or loss as a bargain purchase.

(XX) 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.

(XXI) 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.

(XXII) 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.

(XXIII) 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.

NOTE 2. SEGMENT INFORMATION

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

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

Year ended 31 March 2016	Australia and New Zealand $'000	Europe $'000	North America $'000	Asia $'000	International Payment Solutions $'000	Consolidated $'000
Segment revenue						
Fee and commission income	60,099	20,897	17,574	2,119	10,557	111,246
Total segment revenue	60,099	20,897	17,574	2,119	10,557	111,246
Segment result						
EBITDA	18,670	7,982	725	584	3,527	31,488
Depreciation and amortisation						(1,357)
Interest income						1,662
Profit before income tax						31,793
Income tax expense						(9,979)
Profit for the year						21,814
Segment assets						
At 31 March 2016						
Segment assets	155,138	18,379	29,344	7,456	–	210,317
Intergroup eliminations	–	(5,554)	–	(477)	–	(6,031)
Deferred tax assets						1,310
Total assets						205,596
Segment liabilities						
At 31 March 2016						
Segment liabilities	(117,742)	(15,507)	(23,636)	(1,491)	–	(158,376)
Intergroup eliminations	827	–	5,204	–	–	6,031
Deferred tax liabilities						(22)
Total liabilities						(152,367)
Segment net assets	37,396	2,872	5,708	5,965	–	51,941
Intergroup eliminations	827	(5,554)	5,204	(477)	–	–
Net deferred tax						1,288
Total net assets						53,229

Year ended 31 March 2015	Australia and New Zealand $'000	Europe $'000	North America $'000	Asia $'000	International Payment Solutions $'000	Consolidated $'000
Segment revenue						
Fee and commission income	50,740	19,165	12,935	1,816	10,990	95,646
Total segment revenue	50,740	19,165	12,935	1,816	10,990	95,646
Segment result						
EBITDA[1]	20,153	7,077	1,173	643	3,712	32,758
Depreciation and amortisation						(579)
Interest income						1,754
Profit before income tax						33,933
Income tax expense						(9,667)
Profit for the year						24,266
Segment assets						
At 31 March 2015						
Segment assets	149,035	24,238	23,784	6,430	–	203,487
Intergroup eliminations	–	(10,937)	(3,342)	(615)	–	(14,894)
Deferred tax assets						3,919
Total assets						192,512
Segment liabilities						
At 31 March 2015						
Segment liabilities	(119,340)	(21,329)	(18,304)	(787)	–	(159,760)
Intergroup eliminations	14,894					14,894
Deferred tax liabilities						(15)
Total liabilities						(144,881)
Segment net assets	29,695	2,909	5,480	5,643	–	43,727
Intergroup eliminations	14,894	(10,937)	(3,342)	(615)	–	–
Net deferred tax						3,904
Total net assets						47,631

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

NOTE 3. PROFIT FOR THE FINANCIAL YEAR

Net profit before income tax has been determined as follows:

	2016 $'000	2015 $'000
Interest income		
Interest and similar income received/receivable	1,662	1,754
Interest income	1,662	1,754
Net fee and commission income		
Realised margin and fees on foreign exchange contracts	104,628	97,906
Unrealised gains/(losses) on foreign exchange contracts	6,376	(2,272)
Retranslation of foreign exchange assets and liabilities	242	12
Fee and commission expense	(8,995)	(7,256)
Net fee and commission income	102,251	88,390
Other income		
Reimbursement of IPO expenses[1]	–	96
Other	–	5
Total other income	–	101
Employment expenses		
Salary-related costs including commissions[2]	(31,531)	(24,784)
Employee benefits	(1,058)	(1,023)
Share-based payments[2]	(1,059)	(1,148)
Defined contribution plan	(1,769)	(1,339)
Provision for annual leave	(206)	(21)
Provision for long service leave	202	(59)
Total compensation expense	(35,421)	(28,374)
Other employment expenses including on-costs, staff procurement and staff training	(3,558)	(2,056)
Total employment expenses	(38,979)	(30,430)
Occupancy expenses		
Operating lease rentals	(2,606)	(1,509)
Depreciation: Furniture, fittings and leasehold	(613)	(150)
Other occupancy expenses	(636)	(463)
Total occupancy expenses	(3,855)	(2,122)
Promotional expenses		
Advertising	(14,095)	(13,007)
Other promotional expenses	(1,211)	(902)
Total promotional expenses	(15,306)	(13,909)

1. Relates to income to the Group from arranger fees in relation to the IPO.
2. Comparative information has been restated to conform with presentation in the current year. Share-based payments previously formed part of salary-related costs including commissions. This has been classified separately in the current year.

	2016 $'000	2015 $'000
IPO-related expenses		
Professional fees[1]	–	(96)
Total IPO-related expenses	–	(96)
Other operating expenses		
Professional fees	(3,942)	(3,222)
Information technology	(2,172)	(1,196)
Depreciation and amortisation: computer equipment and software	(744)	(429)
Communication expenses	(682)	(601)
Compliance expenses	(1,824)	(1,510)
Insurance expenses	(844)	(581)
Travel expenses	(999)	(728)
Bad and doubtful debts expense	(1,091)	(845)
Non-recoverable GST	(446)	(131)
Other expenses	(1,236)	(512)
Total other operating expenses	(13,980)	(9,755)

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

NOTE 4. INCOME TAX EXPENSE

	2016 $'000	2015 $'000
(a) Income tax expense		
Current tax expense	8,058	8,785
Adjustments for current tax of prior periods	(695)	(695)
Total tax on profits for the year	7,363	8,090
Deferred income tax:		
Decrease/(Increase) in deferred tax assets	2,609	1,598
Increase/(Decrease) in deferred tax liabilities	7	(21)
Total deferred income tax expense/(benefit)	2,616	1,577
Total income tax expense	9,979	9,667
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	31,793	33,933
Prima facie income tax expense on operating profit[2]	9,538	10,180
Tax effect of amounts adjusted in calculating taxable income:		
Other items	441	(513)
Total income tax expense	9,979	9,667

2. Prima facie income tax on operating profit is calculated at the rate of 30% (2015: 30%).

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)

	2016 $'000	2015 $'000
Cash held[1]	17,261	44,213
Cash held for subsequent settlement of client liabilities	124,827	124,591
Total cash and cash equivalents	142,088	168,804

1. Included in cash and cash equivalents are balances of $14,612,000 (2015: $13,760,000) which are held as collateral by counterparties for over the counter derivative transactions and other services.

NOTE 6. RECEIVABLES DUE FROM FINANCIAL INSTITUTIONS (CURRENT ASSETS)

	2016 $'000	2015 $'000
Receivables due from financial institutions[2]	20,802	5,200
Total receivables due from financial institutions	20,802	5,200

2. Included in receivables due from financial institutions are balances of $10,414,000 (2015:$0) which are held as collateral by counterparties for over the counter derivative transactions and other services.

Receivables due from financial institutions relate to term deposits with an original maturity of more than three months, but less than 12 months.

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

	2016 $'000	2015 $'000
Value of forward contracts – positive values	26,977	10,294
Value of forward contracts – negative values	(20,297)	(10,327)
Total derivative financial instruments at fair value through profit or loss[3]	6,680	(33)

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

NOTE 8. OTHER ASSETS (CURRENT ASSETS)

	2016 $'000	2015 $'000
Prepayments	2,216	1,469
Goods and services tax receivable	384	379
Other debtors	602	1,235
Total other assets	3,202	3,083

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

	2016 $'000	2015 $'000
Furniture, fittings and leasehold improvements		
Cost	7,319	1,648
Less accumulated depreciation	(1,738)	(1,119)
Exchange adjustment	–	–
Total furniture, fittings and leasehold improvements	5,581	529
Computer equipment		
Cost	2,769	1,938
Less accumulated depreciation	(1,838)	(1,454)
Exchange adjustment	–	1
Total computer equipment	931	485
Total property, plant and equipment	6,512	1,014

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

	Furniture, fittings and leasehold improvements $'000	Computer equipment $'000	Total $'000
Balance at 31 March 2014	531	421	952
Acquisitions	191	357	548
Disposals	–	–	–
Depreciation expense	(193)	(294)	(487)
Exchange adjustment	–	1	1
Balance at 31 March 2015	529	485	1,014
Acquisitions	5,665	825	6,490
Disposals	–	–	–
Depreciation expense	(613)	(379)	(992)
Exchange adjustment	–	–	–
Balance at 31 March 2016	5,581	931	6,512

NOTE 10. INTANGIBLE ASSETS

	2016 $'000	2015 $'000
Website and mobile application		
Cost	2,519	–
Less accumulated amortisation	(212)	–
Total website and mobile application	2,307	–
Software[1]		
Cost	1,116	702
Less accumulated depreciation	(663)	(507)
Exchange adjustment	–	3
Total software	453	198
Total intangible assets	2,760	198

1. Software has been reclassified into intangible assets from property, plant and equipment. In the prior year software on its own was not significant and therefore was included within property, plant and equipment. With the additions of the website and mobile application intangible assets became significant and as a result software was reclassified to its appropriate classification.

Reconciliation of the movement in the Group's intangible assets

	Website and mobile application $'000	Software $'000	Total $'000
Balance at 31 March 2014	–	95	95
Acquisitions	–	192	192
Disposals	–	–	–
Amortisation expense	–	(92)	(92)
Exchange adjustment		3	3
Balance at 31 March 2015	–	198	198
Acquisitions	2,519	408	2,927
Disposals	–	–	–
Amortisation expense	(212)	(153)	(365)
Balance at 31 March 2016	2,307	453	2,760

NOTE 11. DEFERRED INCOME TAX ASSETS/(LIABILITIES)

	2016 $'000	2015 $'000
Deferred income tax assets		
The balance comprises temporary differences attributable to:		
Provisions and accrued expenses	1,575	1,338
IPO expenditure deemed capital for taxation	1,739	2,571
Financial instruments	(2,004)	10
Total deferred income tax assets	1,310	3,919
Deferred income tax liabilities		
The balance comprises temporary differences attributable to:		
Other timing differences	(22)	(15)
Total deferred income tax liabilities	(22)	(15)
Net deferred income tax assets[1]	1,288	3,904

1. Unless otherwise stated the material portion of the balance represents amounts expected to be settled within 12 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 12. CLIENT LIABILITIES

Client liabilities of $124,827,000 (2015: $124,591,000) 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 12 months after the balance sheet date).

NOTE 13. OTHER LIABILITIES (CURRENT LIABILITIES)

	2016 $'000	2015 $'000
Accrued charges and sundry liabilities	3,382	2,437
Trade creditors[2]	51	743
Other	1,321	1,083
Total other liabilities	4,754	4,263

2. Unless otherwise stated the material portion of the balance represents amounts expected to be settled within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

NOTE 14. PROVISIONS

	2016 $'000	2015 $'000
Current – provision for employee entitlements		
Annual leave	1,175	977
Employee benefits	964	1,492
Long service leave	35	241
	2,174	2,710
Non-current – provision for employee entitlements		
Long service leave	293	289
	293	289
Total provisions	2,467	2,999

Movements in provision balances	Carrying amount at beginning of the period	Additional provisions made	Release of provisions	Carrying amount at the end of the period
Annual leave	977	1,923	(1,725)	1,175
Employee benefits	1,492	964	(1,492)	964
Long service leave	530	68	(270)	328
Total	2,999	2,955	(3,487)	2,467

NOTE 15. CONTRIBUTED EQUITY

	2016 Number of shares	2015 Number of shares	2016 $'000	2015 $'000
Ordinary share capital				
Opening balance of fully paid ordinary shares	240,000,000	240,000,000	24,360	24,360
Closing balance of fully paid ordinary shares	240,000,000	240,000,000	24,360	24,360
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.

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

NOTE 16. RETAINED EARNINGS

	2016 $'000	2015 $'000
Balance at the beginning of the financial year	21,721	11,555
Profit attributable to ordinary equity holders of OzForex Group Limited	21,814	24,266
Dividends paid	(17,242)	(14,100)
Balance at the end of the financial year	26,293	21,721

NOTE 17. DIVIDENDS PAID AND DISTRIBUTIONS PAID OR PROVIDED FOR

	2016 $'000	2015 $'000
First interim dividend paid ($0.03600 (2015: $0.03500) per share)[1]	(8,640)	(8,400)
Final dividend paid ($0.03584 (2015: $0.02375) per share)[1,2]	(8,602)	(5,700)
Total dividends paid	(17,242)	(14,100)

1. These dividends were 100% franked at the 30% corporate tax rate.
2. The final dividend relates to the year ended 31 March 2015 which was declared on 26 May 2015.

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 15 and details of the share transactions are disclosed in the directors' report.

	2016 $'000	2015 $'000
Franked dividends		
Franking credits available for subsequent financial years based on a tax rate of 30% (2015: 30%)	8,122	4,699

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 18. 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 2016, 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.

NOTE 19. COMMITMENTS

OPERATING LEASES

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

During the year ended 31 March 2016 the Group entered into two new operating leases for office space in Sydney and Toronto. This resulted in a significant increase when compared to the prior year.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2016 $'000	2015 $'000
Not later than one year	2,479	1,714
Later than one year and not later than five years	8,129	4,106
Later than five years	2,739	–
Total capital and other expenditure commitments	13,347	5,820

NOTE 20. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Reconciliation of profit from ordinary activities after income tax to net cash flows from operating activities		
Profit from ordinary activities after income tax	21,814	24,266
Adjustments to profit from ordinary activities		
Depreciation and amortisation	1,357	579
Share-based payments expense	1,059	1,148
Foreign exchange revaluation	230	(1,582)
Loss on disposal of property, plant and equipment	–	–
Fair value changes on financial assets and liabilities at fair value through profit or loss	(6,713)	3,011
Movement in foreign currency translation reserve	(33)	314
Changes in assets and liabilities		
(Increase)/decrease in debtors and prepayments	(119)	550
Decrease in deferred tax assets	2,609	1,598
Increase in accrued charges and creditors	727	17,174
Increase/(decrease) in deferred tax liabilities	7	(21)
(Decrease) in provisions for employee entitlements	(532)	(6,178)
(Decrease) in tax provision	(4,631)	(2,355)
Net cash flows from operating activities	15,775	38,504

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

NOTE 21. 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%
OFX Australia Pty Limited	Australia	100%
OFX Group Pty Limited	Australia	100%
OFX (SNG) PTE. Limited	Singapore	100%
NZForex Limited	New Zealand	100%
UKForex Limited	United Kingdom	100%
USForex Incorporated	United States	100%

(C) KEY MANAGEMENT PERSONNEL

Disclosures relating to directors and other key management personnel are set out in Note 22.

(D) 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 Settlements Pty Limited relate to arranger fees and costs incurred relating to the initial public offering and are as follows:

Transaction type	2016 $'000	2015 $'000
Income received	–	96
Expense incurred	–	96

NOTE 22. KEY MANAGEMENT PERSONNEL

(A) DIRECTORS

(I) Chairman – Non-Executive
Peter Warne

(II) Executive Director
Richard Kimber (appointed on 1 June 2015)

Neil Helm (resigned as director on 1 June 2015)

(III) Non-Executive Director
Grant Murdoch

Melinda Conrad

Douglas Snedden

(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
Maria Loyez (appointed 3 August 2015)	Chief Marketing Officer	OzForex Group Limited
Adam Smith (appointed on 6 October 2015)	Chief Operating Officer	OzForex Group Limited
Craige Pendleton-Browne (appointed on 16 November 2015)	Chief Technology Officer	OzForex Group Limited
Jason Rohloff (ceased being a KMP on 31 May 2015)	Head of Compliance	OzForex Group Limited
Jeff Parker (ceased being a KMP on 31 May 2015)	Chief Wholesale Officer	OzForex Group Limited
Linda Cox (ceased being a KMP on 31 May 2015)	Company Secretary and Head of Investor Relations	OzForex Limited
Jacqueie Davidson (resigned on 4 September 2015)	Head of Human Resources	OzForex Limited
Simon Griffin (resigned on 18 September 2015)	Chief Commercial Officer	OzForex Group Limited
David Higgins (ceased being a KMP on 30 September 2015)	Chief Technology Officer	OzForex Group Limited

(C) KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration	2016 $	2015 $
Short-term employee benefits	2,489,683	3,547,185
Post-employment benefits	172,213	177,713
Termination payments	162,821	–
Long-term employee benefits	19,829	15,864
Share-based payments	390,941	905,666
Total remuneration paid to key management personnel	3,235,487	4,646,428

Detailed remuneration disclosures are provided in the remuneration report.

(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 personal related parties, are set out below.

	Ordinary shares		
	Shares held at 31 March 2015	Shareholding movement during the year	Shares held at 31 March 2016
Directors of OzForex Group Limited			
P Warne	150,000	100,000	250,000
R Kimber	–	21,000	21,000
M Conrad	50,000	50,000	100,000
G Murdoch	95,000	50,000	145,000
D Snedden	–	39,000	39,000
Other key management personnel of the Group			
M Ledsham	27,500	–	27,500
M Loyez	–	–	–
A Smith	–	–	–
C Pendleton-Browne	–	–	–

NOTE 23. 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.

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.

The plan was modified in 2016 to allow the issuance of share options.

There were no cancellations during 2016.

NOTE 23. EMPLOYEE EQUITY PARTICIPATION CONTINUED

(A) ISSUANCES UNDER THE OZFOREX GROUP LONG TERM INCENTIVE PLAN

Issuance	Description
IPO rights	The Group issued the IPO rights 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.
Retention rights tranches 1, 2 & 3	The Group issued the retention rights (tranches 1, 2 & 3) 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.
Employee LTI rights	The Group issued the Employee LTI rights during the 2015 financial year for select employees identified by the Board. This plan will vest subject to the employees, who have been granted shares, remaining in employment until the vesting date. This plan is not subject to any performance hurdles.
FY15 performance rights	The Group established the FY15 performance rights during the 2016 financial year for Executives and 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.
Retention rights Executive A & B	The Group issued the retention rights (Executive A & Executive B) during the 2016 financial year for new Executives employed during the period in lieu of forfeited incentive amounts from previous employment. This plan will vest subject to the Executives, who have been granted shares, remaining in employment until the vesting date. This plan is not subject to any performance hurdles.
Share options tranches 1 & 2	The Group issued share options to the CEO, Richard Kimber, during the 2016 financial year to ensure immediate alignment with shareholder interests. These options will vest subject to ongoing employment on the vesting date. This is a once off grant which is not subject to any performance hurdles.

(B) VESTING CONDITIONS OF PERFORMANCE RIGHTS

		Vesting level (EBTDA CAGR)			
Issuance	EPS CAGR	100%	25%-100%	0%	Performance period
IPO rights	N/A	≥ 18%	13%-18%	<13%	30 Months
Retention rights tranche 1	≥ 18%	≥ 23%	18%-23%	<18%	30 Months
Retention rights tranche 2	≥ 16%	≥ 21%	16%-21%	<16%	42 Months
Retention rights tranche 3	≥ 14%	≥ 19%	14%-19%	<14%	54 Months
Employee LTI rights	N/A	N/A	N/A	N/A	N/A
FY15 performance rights	≥ 17%	≥ 22%	17%-22%	<17%	36 Months
Retention rights Executive A	N/A	N/A	N/A	N/A	N/A
Retention rights Executive B	N/A	N/A	N/A	N/A	N/A

(C) FAIR VALUE OF EQUITY INSTRUMENTS GRANTED DURING THE PERIOD

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

Issuance	Performance period end date	Balance as at 31 March 2015	Granted during the year	Exercised during the year	Forfeited/ cancelled during the year	Balance as at 31 March 2016
Performance rights						
IPO rights	31 March 2016	427,047	–	–	(302,405)	124,642
Retention rights tranche 1	31 March 2017	883,347	–	–	(299,969)	583,378
Retention rights tranche 2	31 March 2018	858,000	–	–	(346,500)	511,500
Retention rights tranche 3	31 March 2019	884,000	–	–	(357,000)	527,000
Employee LTI rights	N/A	220,814	–	–	(23,932)	196,882
FY15 performance rights	31 March 2018	–	490,719	–	(101,843)	388,876
Retention rights Executive A	N/A	–	92,829	–	–	92,829
Retention rights Executive B	N/A	–	82,645	–	–	82,645
Share options						
Share options tranche 1	N/A	–	200,000	–	–	200,000
Share options tranche 2	N/A	–	200,000	–	–	200,000

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 vesting dates lie in the future, no performance rights or share options were exercisable (or have been exercised) at balance date. The table below shows the number and fair value of performance rights and share options granted at grant date.

Issuance	Grant date	Performance period	Vesting date	Number of rights granted	Value of rights as at grant date	Price per share at grant date
Performance rights						
IPO rights	11 October 2013	2016	1 June 2016	536,575	981,932	1.83
Retention rights tranche 1	1 October 2014	2017	7 June 2017	1,097,250	2,424,923	2.21
Retention rights tranche 2	1 October 2014	2018	7 June 2018	1,097,250	2,424,923	2.21
Retention rights tranche 3	1 October 2014	2019	7 June 2019	1,130,500	2,498,405	2.21
Employee LTI rights	1 October 2014	N/A	7 June 2016	225,555	498,477	2.21
FY15 performance rights	26 June 2015	2018	7 June 2018	490,719	902,923	1.84
Retention rights Executive A	16 October 2015	N/A	7 June 2017	92,829	233,001	2.51
Retention rights Executive B	20 November 2015	N/A	20 November 2018	82,645	200,001	2.42

NOTE 23. EMPLOYEE EQUITY PARTICIPATION CONTINUED

(C) FAIR VALUE OF EQUITY INSTRUMENTS GRANTED DURING THE PERIOD CONTINUED

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 employee retention, probability of achieving performance levels and the present value of expected dividends that will not be received by the employees during the vesting period.

Issuance	Grant date	Vesting date	Number of options granted	Value of options as at grant date	Price per option at grant date
Share options					
Share options tranche 1	1 June 2015	30 June 2018	200,000	104,000	$0.52
Share options tranche 2	1 June 2015	30 June 2019	200,000	100,000	$0.50

The fair value of the share options was calculated using a trinomial pricing model. The inputs were as follows:

Grant	Underlying share price at grant date	Exercise price	Expected volatility[1]	Dividend yield	Risk free interest rate	Contractual life
Share options tranche 1	$2.52	$2.49	25%	2.41%	2.96%	4 years
Share options tranche 2	$2.52	$2.49	25%	2.41%	2.96%	5 years

1. The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

(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 were as follows:

	2016 $'000	2015 $'000
Performance rights	1,016	1,148
Share options	43	–
Total share-based payment expense	1,059	1,148

NOTE 24. CONTINGENT LIABILITIES AND ASSETS

In light of the unsolicited, non-binding indicative proposal from Western Union as announced on 19 November 2015, the Board considered the need to put retention arrangements in place for new Executives who commenced in the six months prior to that proposal. A total retention pool of $2.66 million was allocated to the six Executives who commenced in their roles during the six months prior to the receipt of the Indicative proposal. The retention arrangement remains on foot until 31 December 2016, such that if a change of control event occurs before that date the retention pool will vest in favour of the eligible Executives. In the event that there has been no change of control by 31 December 2016, the balance of the retention pool not granted in long term incentives will lapse.

NOTE 25. 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).

NOTE 25.1 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. Bad and doubtful debts for the year are disclosed in Note 3 and can be caused by counterparty defaults or fraudulent 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 banknotes 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.

	2016			
Consolidated	Cash and cash equivalents $'000	Derivative financial instrument-positive values $'000	Other assets $'000	Total $'000
Australia				
Financial institutions	48,168	884	20,802	69,854
Other	–	12,540	521	13,061
Total Australia	48,168	13,424	21,323	82,915
New Zealand				
Financial institutions	30,294	1,656	–	31,950
Other	–	2,581	85	2,666
Total New Zealand	30,294	4,237	85	34,616
Asia				
Financial institutions	8,692	4,750	–	13,442
Other	–	49	61	110
Total Asia	8,692	4,799	61	13,552
Europe				
Financial institutions	21,485	82	–	21,567
Other	–	1,285	312	1,597
Total Europe	21,485	1,367	312	23,164
North America				
Financial institutions	26,805	691	–	27,496
Other		154	7	161
Total North America	26,805	845	7	27,657
Other				
Financial institutions	6,644	–	–	6,644
Other	–	2,305	–	2,305
Total Other	6,644	2,305	–	8,949
Total gross credit risk	142,088	26,977	21,788	190,853

NOTE 25. FINANCIAL RISK MANAGEMENT CONTINUED

NOTE 25.1 CREDIT RISK CONTINUED

	2015			
Consolidated	Cash and cash equivalents $'000	Derivative financial instrument-positive values $'000	Other assets $'000	Total $'000
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

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.

Credit Quality – 2016	Neither past due nor impaired Investment grade $'000	Below investment grade $'000	Unrated[1] $'000	Total $'000
Cash and cash equivalents				
– Financial institutions	142,088	–	–	142,088
Derivative financial instruments – positive values				
– Financial institutions	8,064	–	–	8,064
– Other	–	–	18,913	18,913
Other assets				
– Financial institutions	20,802	–	–	20,802
– Other	–	–	986	986
Total	170,954	–	19,899	190,853

Credit Quality – 2015	Neither past due nor impaired Investment grade $'000	Below investment grade $'000	Unrated[1] $'000	Total $'000
Cash and cash equivalents				
– Financial institutions	168,804	–	–	168,804
Derivative financial instruments – positive values[2]				
– Financial institutions	4,627	–	–	4,627
– Other	–	–	5,667	5,667
Other assets				
– Other	5,200	–	1,614	6,814
Total	178,631	–	7,281	185,912

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 2016 (2015: Nil).

NOTE 25. FINANCIAL RISK MANAGEMENT CONTINUED

NOTE 25.2 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 2016 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 three 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
2016						
Other liabilities[1]	(1,210)	(127,163)	–	(315)	–	(128,688)
Derivative financial instruments						
Inflows	–	876,846	360,641	1,323	–	1,238,810
(Outflows)	–	(874,488)	(356,425)	(1,217)	–	(1,232,130)
Total	(1,210)	(124,805)	4,216	(209)	–	(122,008)
2015						
Other liabilities[1]	(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)

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

NOTE 25.3 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 2016 and 31 March 2015.

	31 March 2016			
Movement in basis points (%)	+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	368	(368)	261	(261)
CAD	33	(33)	25	(25)
EUR	31	(31)	24	(24)
GBP	53	(53)	38	(38)
NZD	143	(143)	102	(102)
SGD	9	(9)	6	(6)
USD	129	(129)	84	(84)
Other	48	(48)	36	(36)
Total	814	(814)	576	(576)

	31 March 2015			
Movement in basis points (%)	+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)

NOTE 25. FINANCIAL RISK MANAGEMENT CONTINUED

NOTE 25.3 MARKET RISK CONTINUED

Foreign currency risk

When a foreign exchange transaction is booked, the exchange rate (and therefore the amount of foreign currency which the 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 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 Group's 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 2016 and 31 March 2015.

	31 March 2016			
Movement in exchange rate (%)	+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	(10)	10	4	(4)
EUR	(12)	12	11	(11)
GBP	(75)	75	(97)	97
NZD	(5)	5	17	(17)
SGD	3	(3)	(4)	4
USD	99	(99)	(60)	60
Other	59	(59)	79	(79)
Total	59	(59)	(50)	50

	31 March 2015			
Movement in exchange rate (%)	+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

NOTE 26. 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 an 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 three 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.

	2016 Carrying amount $'000	2016 Fair value $'000	2015 Carrying amount $'000	2015 Fair value $'000
Assets				
Cash	142,088	142,088	168,804	168,804
Receivables due from financial institutions	20,802	20,802	5,200	5,200
Derivative financial instruments – positive values	26,977	26,977	10,294	10,294
Total financial assets	189,867	189,867	184,298	184,298
Liabilities				
Client liabilities	124,827	124,827	124,591	124,591
Derivative financial instruments – negative values	20,297	20,297	10,327	10,327
Total financial liabilities	145,124	145,124	134,918	134,918

The above financial assets and liabilities held at amortised cost are measured at fair value on a non-recurring basis and are all classified as Level 2 in the fair value hierarchy.

NOTE 26. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES CONTINUED

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

	2016 Level 2 $'000	2016 Total $'000	2015 Level 2 $'000	2015 Total $'000
Assets				
Derivative financial instruments – positive values	26,977	26,977	10,294	10,294
Total assets	26,977	26,977	10,294	10,294
Liabilities				
Derivative financial instruments – negative values	20,297	20,297	10,327	10,327
Total liabilities	20,297	20,297	10,327	10,327

NOTE 27. 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:

	2016 $	2015 $
(a) PricewaterhouseCoopers Australia		
Audit and review of financial statements	303,847	373,866
Total remuneration for audit and other assurance services	303,847	373,866
Taxation services	148,006	86,324
Due diligence services	29,675	–
Total remuneration of PricewaterhouseCoopers Australia	481,528	460,190
(b) Non-PricewaterhouseCoopers audit firms		
Audit and review of financial reports	33,480	11,422
Total remuneration of non-PricewaterhouseCoopers audit firms	33,480	11,422
Total auditors' remuneration	515,008	471,612

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 28. EVENTS OCCURRING AFTER BALANCE SHEET DATE

DIVIDEND DETERMINED

On 16 May 2016, a dividend of $0.031 per share ($7,440,000) was determined.

Ex-dividend date	8 June 2016
Record date	10 June 2016
Payment date	24 June 2016

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

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.

NOTE 29. EARNINGS PER SHARE

	2016 Cents	2015 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	9.09	10.11
Total basic earnings per share attributable to the ordinary equity holders of the Company	9.09	10.11
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	8.99	10.03
Total diluted earnings per share attributable to the ordinary equity holders of the Company	8.99	10.03
	$'000	$'000
(c) Earnings used in calculating earnings per share		
Basic earnings per share		
Profit from continuing operations	21,814	24,266
Diluted earnings per share		
Profit from continuing operations	21,814	24,266
(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	240,000,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	242,735,382	241,839,264

NOTE 30. PARENT ENTITY FINANCIAL INFORMATION

SUMMARY FINANCIAL INFORMATION

	Parent entity	
	2016 $'000	2015 $'000
Statement of Financial Position		
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]	17,242	14,100
Total comprehensive income	17,242	14,100

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

	Cents	Cents
Earnings per share based on profit from continuing operations, attributable to the ordinary equity holders of the parent entity:		
Basic earnings per share	7.18	5.88
Diluted earnings per share	7.10	5.83

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes for the year ended 31 March 2016 are in accordance with the *Corporations Act 2001*, including;

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 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

RICHARD KIMBER
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

16 May 2016

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 2016, 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*.

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

Auditor's opinion
In our opinion:

(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 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards 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 32 to 46 of the directors' report for the year ended 31 March 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

CPG Cooper
Partner

Sydney
16 May 2016

SHAREHOLDER INFORMATION

The shareholder information set out below is current as at 30 April 2016.

CORPORATE GOVERNANCE STATEMENT

In accordance with ASX Listing Rule 4.10.3, the Company's 2016 Corporate Governance Statement can be found on its website at www.ozforex.com.au/investors/corporate governance.

DISTRIBUTION OF SHAREHOLDERS AS AT 30 APRIL 2016

Number of shares	Total holders of ordinary shares	Number of ordinary shares	% of Issued capital
1-1,000	1,236	742,822	0.31
1,001-5,000	3,404	9,960,589	4.15
5,001-10,000	1,709	13,601,432	5.67
10,001-100,000	1,644	40,356,966	16.82
100,001-999,999,999	67	175,338,191	73.06
Total	8,060	240,000,000	100.00

There were 173 holders of less than a marketable parcel of ordinary shares, based on a market price of $2.16 at the close of trading on 30 April 2016.

TWENTY LARGEST SECURITY HOLDERS OF ORDINARY SHARES AS AT 30 APRIL 2016

Rank	Name	Units	% of units
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	41,937,787	17.47
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,887,566	15.37
3.	NATIONAL NOMINEES LIMITED	23,231,784	9.68
4.	CITICORP NOMINEES PTY LIMITED	18,935,339	7.89
5.	BNP PARIBAS NOMS PTY LTD <DRP>	9,844,783	4.10
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.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,906,850	0.79
9.	MIRRABOOKA INVESTMENTS LIMITED	1,750,000	0.73
10.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT–COMNWLTH SUPER CORP A/C>	1,717,944	0.72
11.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL>	1,686,000	0.70
12.	BNP PARIBAS NOMS (NZ) LTD <DRP>	1,631,957	0.68
13.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED–GSCO ECA	1,333,537	0.56
14.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PISELECT>	1,308,695	0.55
15.	AMCIL LIMITED	1,275,000	0.53
16.	MAP CAPITAL PTY LTD <RICHMOND TCE CAP ARF A/C>	1,000,000	0.42
17.	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	873,533	0.36
18.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	803,039	0.33
19.	MR JOHN LETCHER HOCKING + MRS JEANNETTE ANNE HOCKING <H&J ADMIN NO 2 S/FUND A/C>	660,000	0.28
20.	M & J GILMOUR PTY LTD	599,806	0.25
	Totals: top 20 holders of fully paid ordinary shares	166,228,820	69.26
	Total remaining holders balance	73,771,180	30.74

SHAREHOLDER INFORMATION CONTINUED

UNQUOTED EQUITY SECURITIES AS AT 31 MARCH 2016

Performance rights and share options 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	2,507,752	28
Share options	400,000	1

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 2016 are shown below.

	Number held	% of issued capital
AustralianSuper Pty Limited	12,370,760	5.15%
National Australia Bank	12,295,698	5.12%

VOTING RIGHTS

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

ORDINARY SHARES

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

CORPORATE INFORMATION

DIRECTORS

Mr Peter Warne (Chairman)
Mr Richard Kimber (Managing Director and CEO)
Ms Melinda Conrad
Mr Grant Murdoch
Mr Douglas Snedden

COMPANY SECRETARY

Ms Linda Cox

NOTICE OF ANNUAL GENERAL MEETING

Wednesday 3 August at 4pm
Establishment Hotel
252 George Street
Sydney NSW 2000
Australia

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 19
60 Margaret Street
Sydney NSW 2000
Australia
Ph +61 2 8667 8000
Fax +61 2 8667 8080
Email investors@ofx.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.ofx.com

OFX FINANCIAL CALENDAR

17 MAY 2016

2016 full year result

10 JUNE 2016

Record date for 2016 final dividend

24 JUNE 2016

Payment date for 2016 final dividend

3 AUGUST 2016

Annual General Meeting

NOVEMBER 2016

2017 interim result

MAY 2017

2017 full year result

CREATED BY DESIGNATE