OZFOREX GROUP

Foreign Exchange Services

FULL YEAR PROFIT RESULT 2014

OzForex Group Limited

Appendix 4E
For the financial year ended 31 March 2014

OzForex Group Limited
ABN 12 165 602 273

Results for announcement to the market
For the year ended 31 March 2014 ("current period")

		31 March 2014 $'000	Change from year ended 31 March 2013 %	31 March 2013 $'000
Revenue from ordinary activities	Up	78,252	40 %	55,737
Net Profit for the period attributable to members	Down	15,967	7 %	17,137
Net Profit for the period attributable to members of parent (before non-controlling interest)	Down	15,967	7 %	17,137

Dividend information		Amount per share $	Franked amount per share $	Tax rate for franking credit %
2014 First Interim dividend (paid 23 July 2013)	n/a	27.78	27.78	30%
2014 Second Interim dividend (paid 16 October 2013)	n/a	0.10	0.10	30%
2014 Final dividend (declared 27 May 2014)	n/a	0.02375	0.02375	30%

2014 Final dividend dates	
Ex-Dividend date	11 June 2014
Record date	13 June 2014
Payment date	27 June 2014

	31 March 2014 (Cents)	31 March 2013 (Cents)
Net tangible assets per security	15.00	12.82

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in, and should be read in conjunction with, the notes to the Consolidated Financial Statements and the Directors' Report for the year ended 31 March 2014.

This report is based on the Consolidated Financial Statements which has been audited by PricewaterhouseCoopers.

The Annual General Meeting is to be held on Wednesday 6th August 2014 at 4pm, located in Room II, Establishment Hotel, 252 George Street, Sydney.

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OZFOREX GROUP LIMITED

ABN 12 165 602 273

Directors' Report and Financial Report
Year Ended 31 March 2014

2014 Directors' Report and Financial Report
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Directors' Report
For the financial year ended 31 March 2014

The Directors of OzForex Group Limited (OzForex, the Company), submit their report (including the Remuneration Report), income statements and cash flow statements for the year ended 31 March 2014 and the balance sheets as at 31 March 2014 of the Company and its subsidiaries (the Consolidated Entity, the Group) at the end of, and during, the financial year ended on 31 March 2014, the auditor's report, and report as follows:

Section 1: Listing of OzForex Group Limited on the Australian Securities Exchange

The Company was conditionally listed on the Australian Securities Exchange (ASX) on 11 October 2013 (listing date).

The listing of OzForex on the ASX required an internal corporate restructure immediately prior to the listing becoming unconditional on 16 October 2013. The internal corporate restructure resulted in the share capital of OzForex Limited (former parent entity) being transferred to the Company for a like for like share swap on 15 October 2013. The beneficial owners of the Company at the time of the transfer were the shareholders of the former parent entity in the same proportions. In accordance with AASB 3 the transaction was treated as a continuation of the former Group.

Section 2: State of affairs and significant changes in the state of affairs

In association with the listing on the ASX referred to above, the following changes in the state of affairs occurred:

- 4 October 2013 OzForex Pty Limited became a non-listed public company (OzForex Limited);
- 11 October 2013 OzForex Group Limited (ACN 165 602 273) listed on the ASX on a conditional basis;
- 15 October 2013 the shareholders of OzForex Group Limited resolved to approve a division of issued share capital in accordance with section 245H of the Corporations Act 2001, increasing the number of shares on issue from 360,000 to 228,000,000 shares; and
- 16 October 2013 OzForex Group Limited issued a further 12,000,000 new shares (and 207,690,000 existing shares were transferred) to new shareholders as part of the listing on the ASX for $2.00 per share raising $24 million of new capital. This resulted in the OzForex Group Limited listing on the ASX on an unconditional basis.

The purpose of this offering was to:

- Provide funding flexibility to support future growth, including by acquisition; and
- Create liquidity in OzForex shares by listing on the ASX, allowing for existing and new shareholders to sell their shares or buy further shares on market.

There have been no other material changes in the state of affairs that have occurred in the financial year.

Section 3: Statutory and pro forma information

As required for statutory reporting purposes, the consolidated financial statements of the Consolidated Entity have been presented for the financial year ended 31 March 2014.

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

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

To assist shareholders and other stakeholders in their understanding of the Group's financial information as a publicly listed entity, additional pro forma financial information for the years ended 31 March 2013 and 31 March 2014 are provided in the operating and financial review section of this Report.

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

A reconciliation of the Company's statutory and pro forma financial information is included in Section 10.

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

Directors' Report (continued)
For the financial year ended 31 March 2014

Section 4: Directors

The following persons were Directors of the Group at 31 March 2014:

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

The background, qualifications and experience of each of the Directors as at the date of this Report is included in Section 23.

Section 5: Company Secretary

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

Section 6: Directors' meetings

The following table shows meetings held between 19 September 2013 and 31 March 2014 and the number attended by each Director or Committee member.

	Board		**Audit, Risk & Compliance Committee**		**Remuneration and Nomination Committee**	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
P Warne	5	5	3	3	2	2
W Allen	5	5	-	-	2	2
M Conrad	5	5	3	3	2	2
N Helm[1]	5	5	3	3	2	2
G Murdoch	5	5	3	3	-	-

1. *Mr Helm attended the Audit, Risk and Compliance Committee and the Remuneration and Nomination Committee meetings at the invitation of the Committees.*

Section 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**	**Closing balance**
P Warne	ordinary	-	125,000	125,000
W Allen		-	-	-
M Conrad	ordinary	-	50,000	50,000
	ordinary	-	250,000	250,000
N Helm[2]	performance rights		176,250	176,250
G Murdoch	ordinary	-	50,000	50,000

2. *Mr Helm was granted 176,250 performance rights on 11 October 2013. More details about these can be found in the Remuneration Report.*

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

Directors' Report (continued)
For the financial year ended 31 March 2014

Section 8: Principal Activities

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

Section 9: Dividend and distributions

Dividends paid or declared by the Company during and since the end of the year are set out in Notes 15 and Notes 26 to the Financial Statements respectively.

	Final 2014
Per Share	0.02375
Total amount ($000)	5,700
Franked[1]	100%
Payment date	27 June 2014

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

Section 10: Operating and financial review

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

	2014	2013	Growth
	$'000	$'000	**%**
Net operating income[1]	**72,565**	52,079	39.3%
EBITDA[2]	**20,912**	22,934	(8.8%)
EBITDA margin[3]	**28.8%**	44.0%	
Net profit (after tax)	**15,967**	17,137	(6.8%)
Pro forma net profit (after tax)[4]	**20,074**	16,543	21.3%
Earnings per share (EPS)	**6.84**	7.52	
Pro forma earnings per share[5]	**8.60**	7.26	
Cash balance at 31 March[6]	**148,758**	92,112	

1. Net operating income is the combination of net interest income and net fee and commission income;
2. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is a non IFRS measure that is unaudited. Refer to EBITDA reconciliation further in this Section;
3. EBITDA margin is calculated with reference to net operating income;
4. Pro forma net profit (after tax) (NPAT) is net profit after tax adjusted for one time income and expenses and also the annualisation of ongoing expenses. Refer to the NPAT reconciliation further in this Section;
5. Pro forma earnings per share was calculated with reference to pro forma net profit after tax;
6. Cash includes cash held for subsequent settlement of client liabilities. The net cash position after client liabilities is $41.0 million at 31 March 2014 (2013: $31.2 million).

The Group continued to experience strong revenue growth in 2014, increasing net operating income by 39.3% to $72.6 million. As a result of listing on the ASX, the Group incurred a number of one-time expenses. Combined with an approach to acquire a UK based competitor, HiFX Limited ('the HiFX process'), these one-time expenses caused a 6.8% decrease in net profit after tax (NPAT) to $16.0 million. Excluding the HiFX process costs, the decrease was foreshadowed in the IPO prospectus.

Whilst the statutory NPAT of the Group was down, the underlying NPAT adjusted for the one off impacts of listing and the HiFX process was up by 25.8% to $20.8 million. In order to better understand the underlying NPAT of the Group, and the pro forma NPAT, the reconciliation is outlined as follows:

Directors' Report (continued)
For the financial year ended 31 March 2014

Section 10: Operating and financial review (continued)

	2014 $'000	2013 $'000	Growth %
NPAT	**15,967**	17,137	(6.8%)
GST reclaim relating to prior periods[1]	**-**	(847)	
IPO process bonuses and related on costs[2]	**6,890**	-	
HiFX process costs	**878**	-	
Income for role as IPO arranger[3]	**(844)**	-	
Tax impact	**(427)**	254	
Tax timing difference of IPO bonuses	**(1,650)**	-	
Underlying NPAT	**20,814**	16,544	25.8%
Annualisation of ongoing public company costs[4]	**(1,057)**	(2,114)	
Tax effect	**317**	634	
Pro forma NPAT	**20,074**	15,064	33.3%

1. An amendment to the Goods and Services Tax Ruling GSTR 2002/2 in Australia resulted in a historical claim for previously expensed non-recoverable GST. The claim for historic periods was recognised in the period ended 31 March 2013 as a one-time benefit.
2. Relates to the bonuses allocated to key employees pre the IPO listing. These are outlined in the Remuneration Report.
3. OzForex Limited acted as arranger in the IPO process for Cloudbreak Settlement Pty Limited, and received a fee for the service.
4. In the process of becoming a listed entity the operational costs of the Group increased by approximately $2 million per annum. The actual costs incurred were only for a 6 month period from listing date. The above adjustment annualises the expenses to allow a comparison of the NPAT run rate.

The pro forma reconciliation reflects the Group's strong growth in pro forma NPAT up 33.3% to $20.1 million. This is including the $1.5 million of annualised post tax expenses that were incurred as a result of listing on the ASX.

Geographic expansion of the Group's own branded international payment services is progressing well through locally tailored marketing campaigns, recruitment of local sales and service staff, and expansion of partnerships and referral networks. All the Group's segments experienced growth for the year ended 31 March 2014.

Whilst Australia and New Zealand (ANZ) and Europe continue to provide the majority of the Group's fee and commission income, delivering 74.9% of the Group total, the proportion attributable to ANZ and Europe has decreased from 78.6% for the year ended 31 March 2013. Despite this slight decrease in overall contribution, ANZ still experienced 38.2% growth, whilst Europe grew by 36.7%.

In North America the Group has operations in Canada and the US. The increasing license footprint in the US, where the Group's license portfolio increased by 27 licenses since April 2013 allowing the Group to operate in 42 States, enabled the Group to grow fee and commission income by 76% to $8.5 million. North America's contribution to the Group's fee and commission income increased from 9% in the year ended 31 March 2013 to 11% in the year ended 31 March 2014.

Hong Kong was the Group's key Asian focus in the period with the segment experiencing 100% growth in fee and commission income to $1.7 million.

The International Payment Solutions (IPS) division was successful in initiating branded partnership solutions for MoneyGram in ANZ and Travelex in Australia, New Zealand, Canada and the US. These additions augmented the Group's suite of existing branded partnerships (Macquarie, ING), and enabled the IPS division to increase Fee and commission income by 57% to $9.2 million.

The Group's EBITDA decreased by 8.8% to $20.9 million, with EBITDA margin decreasing from 44.0% to 28.8%. The Group's operating expenses increased by 82%, with a net expenditure of $6.9 million relating to the Group's listing on the ASX, and the Groups involvement in the HiFX sale process in January 2014. Operating expenses in the year ended 31 March 2013 also benefited from a one-off GST benefit of $0.8 million. Excluding these one-time costs the Group's operating expenses increased by $14.9 million to $43.2 million, an increase of 52.7%.

Directors' Report (continued)
For the financial year ended 31 March 2014

Section 10: Operating and financial review (continued)

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

	2014	2013	Growth
	$'000	$'000	%
Profit for the year	**15,984**	17,136	6.7%
Add back income tax expense	**5,915**	7,107	
Add back depreciation	**540**	489	
Add back amortisation	**-**	-	
Earnings before Tax, Depreciation and Amortisation (EBTDA)[1]	**22,439**	24,732	(9.3%)
Less net interest income	**(1,527)**	(1,798)	
EBITDA	**20,912**	22,934	(8.8%)

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

The Group's financial position remains strong. The balance sheet consists predominantly of cash and client liabilities. The cash position net of customer liabilities increased to $41.0 million from $31.2 million. The Group currently has no external debt.

	2014	2013	Growth
	$'000	$'000	%
Cash[1]	**148,758**	92,112	61.5%
Client liabilities[1]	**(107,763)**	(60,944)	76.8%
Net Cash position	**40,995**	31,168	31.5%

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

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

Section 11: Strategy

The strategy of the Group remains to:

- Build a highly responsive, innovative and scalable operating model servicing our consumer and business clients;
- Expand the geographic footprint; and
- Become the provider of choice for other companies or brands looking for international payment solutions for their clients.

Supporting these three strategic goals are specific drivers that will drive the business priorities and initiatives. These include further maturation of the customer centric approach, continued focus on innovation to drive more scale and better payment solutions for our clients and further development of business systems and the risk management program. Critical to our success will be maintaining and sustaining a high performing diverse workforce across all office locations.

Operational Highlights

Build a highly responsive, innovative and scalable operating model servicing our key client types

- Since inception in August 2012, the iOS/Android 'Currency App' continues to evolve and increase in popularity having been downloaded by over 220,000 users;
- The Group added three new currencies - BGN (Bulgarian Lev), EGP (Egyptian Pound) and MGA (Malagasy Ariary) - taking the total to 65 currencies where payment facilities can be provided to clients;
- The number of visits to the mobile site has increased to 3.4m, a 292% increase on the year ended 31 March 2013;
- Significant improvements to the payments reconciliation engine have increased automatic matching rates by c.50% and helped deliver annual efficiency gains in the settlements team by 33%;

Directors' Report (continued)
For the financial year ended 31 March 2014

Section 11: Strategy (continued)

Operational Highlights (continued)

- ClearFX branded website re-launched to bring it in line with the Group's brands;
- Re-engineered registration journey to improve scalability in the customer service teams eliminating registrations for unsupported products (e.g. cash);
- Redesigned the mobile registration pages to improve conversion rates with development and implementation scheduled for the first half of 2015;
- Debit card payments launched in the UK
- Direct debit capability launched in the US and has improved new dealing client conversion rates.

Expand the geographic footprint

- Expanded the US State license portfolio by 27 enabling the Group to operate in 42 States;
- Increased focus on merger and acquisition opportunities in offshore markets to aid geographic expansion;
- Submitted application for a Money Services Organisation license with the Monetary Authority of Singapore with a decision due in the coming months.

Become the provider of choice for other companies or brands looking for international payment solutions for their clients

- Commenced the MoneyGram branded partnership in Australia and New Zealand;
- Expanded the Travelex branded partnership to include Australia, New Zealand, Canada and selected states in the US;
- Addition of MoneyGram and expansion of Travelex augmented the Group's existing branded partnerships (Macquarie, ING) and enabled the IPS division to grow income before hedging and transaction costs by 56%;
- The number of activated OzForex Travel cards increased by 133% to 15,000.

Section 12: Risk

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

- Competition - A substantial increase in competition could result in the Group's services becoming less attractive to consumer or business clients and partner companies; require the Group to increase its marketing or capital expenditure; or require the Group to lower its spreads or alter other aspects of its business model to remain competitive. The Group continues to invest in product innovation and monitor competition to ensure it is able to respond to such challenges;
- Relationships with banking counterparties - The Group relies on banks to conduct its business, particularly to provide its network of local and global bank accounts and act as counterparties in the management of foreign exchange and interest rate risk. There is a risk that one or more of these banks may cease to deal with the Group (which may occur on short notice), cease to deal with international payments services generally, substantially reduce the services it offers, substantially alter the terms on which it is willing to offer services to the Group, 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 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 of changed regulations could require the Group to increase its spending on regulatory compliance and/or change its business practices, which could adversely affect the Group's profitability. There is a risk that such regulations could also make it uneconomic for the Group to continue to operate in places that it currently does business.

Directors' Report (continued)
For the financial year ended 31 March 2014

Section 12: Risk (continued)

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;

- 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;
- Foreign exchange rate fluctuations - The Group may be affected by a change in the value of currencies, in particular a strengthening of the Australian Dollar, which may impact both transaction turnover and reported earnings. The Group continues to increase its geographic footprint and therefore the diversity of its currency flows in order to mitigate the impact of any one currency's fluctuation;
- Online marketing channels – The growth in new dealing clients depends in part on the effectiveness of the online marketing efforts of the Group and its partner companies. There is a risk that the Group's online advertising may become less effective or more expensive. This may result in the Group being unable to continue to grow at the same rate or with the same profit margins. The Group is developing additional marketing channels to continue growth and minimise acquisition costs.

Section 13: Outlook

OzForex is a high growth business with a strong balance sheet, no external interest bearing debt, strong cash flow conversion and limited capital requirements. 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, and development of the Group's IT and physical infrastructure.

International payment services is a large and growing market driven by increases in global population and migration, leading to a larger level of cross border transactions and investment. OzForex is participating, and in many respects leading a successful industry disruption of traditional international payment methods and processes, driven by online technology and mobile services. The industry remains fragmented yet there is increased competition and a rapid growth in the number of online international payment providers.

Industry participants are seeking ways to grow quickly and since the listing there has been a heightened level of merger and acquisition activity. It's expected that this trend will continue as participants look to add scale to their existing businesses. As previously announced, the Group participated in the HiFX sale process, and believes targeted and selective merger and acquisition is an important aspect of its growth strategy in existing and new markets. OzForex will continue to assess consolidation opportunities and is well positioned to take advantage of this rapidly evolving industry 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.

Section 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 2014 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.

Directors’ Report (continued)
For the financial year ended 31 March 2014

Section 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 2015 will be up on the financial year ended 31 March 2014.

The key growth driver for the business is active clients (the number of clients who have transacted at least once in the prior 12 months). The growth in active clients for the financial year ended 31 March 2014 was up 31% to 120,500. This growth was augmented by the launch of Travelex, MoneyGram and the further penetration through online marketing into the US. As these channels mature the growth in active clients is expected to follow trends similar to prior years.

The net profit contributions for the financial year ending 31 March 2015 from North America are expected to become a larger portion of overall net profit contributions compared to the financial year ended 31 March 2014 due to continued strong growth in fee and commission income, and expanding EBTDA margins as the Group begins to achieve critical mass.

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 ending 31 March 2014. Subject to consistent currency exchange rates the net profit contribution in the UK is expected to be up in the financial year ended 31 March 2015.

The Australia and New Zealand segment will continue to be the largest single contributor to the net profit of the Group. The growth in contribution, assuming a constant Australian Dollar exchange rate, is expected to be in line with the growth in active clients, albeit offset by the full year impact of public company costs outlined in the NPAT reconciliation on page 5.

The tax rate for the financial year ending 31 March 2015 is expected to be in line with the financial year ended 31 March 2014.

Accordingly, the Group's result for the financial year ending 31 March 2015 is expected to be up on the result in the financial year ended 31 March 2014, with the potential for a better result if market conditions continue to improve.

The Group's short term outlook remains subject to the range of challenges outlined in the risks in section 12, 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.

Section 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.

Until October 2013 the Company held a Directors’ and Officer’s Liability Insurance Policy on behalf of the Directors and Officers of OzForex Pty Limited (now known as OzForex Limited, a subsidiary of OzForex Group Limited) and its subsidiaries.

In October 2013 the Company took a new Directors’ and Officers’ Liability Policy on behalf of the Directors and Officers of OzForex Group Limited.

Directors' Report (continued)
For the financial year ended 31 March 2014

Section 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.

Section 18: Non-audit services

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

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

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

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

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

	2014	2013
	$'000	$'000
Initial public offering services	**250,000**	-
Taxation services	**72,263**	90,820
Total remuneration for non-audit services	**322,263**	90,820

Section 19: Corporate social responsibility

This year the Group held its third annual Charity Day and donated the day's profits to charities selected by staff from each of its offices. This year $125,000 was raised, which was evenly distributed to BOOST Child Abuse Prevention and Intervention (Canada), The Shepherd Centre (Australia), Rays of Sunshine (United Kingdom), Boys and Girls Club of America (United States) and SurfAid (Global).

Section 20: Auditors' independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the year ended 31 March 2014 is on page 28 of this Report.

Section 21: Chief Executive Officer/Chief Financial Officer declaration

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

Section 22: Rounding amounts

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

Directors' Report (continued)
For the financial year ended 31 March 2014

Section 23: Directors information

Peter Warne

Independent Non-Executive Chairman – BA, FAICD

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

Appointed: 19 September 2013

Resident: Sydney, Australia

Experience

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

Current Directorships

Chairman

Australian Leisure and Entertainment Property Management Limited

Director

ASX Limited (2006-);
Macquarie Group Limited (2007-);
Macquarie Bank Limited;
Crowe Horwath Australasia Limited (formerly WHK Group Limited) (2007-).

Member

NSW Treasury Corporation;
Securities Industry Research Centre of Asia Pacific (SIRCA);
Advisory Board for the Australian Office of Financial Management;
Patron of Macquarie University Foundation.

Interest in shares: 125,000 ordinary shares

Neil Helm

Chief Executive Officer and Managing Director – BSc (Hons)

Appointed: 2 September 2013

Resident : Sydney, Australia

Experience

Neil commenced working with the OzForex Group in June 2007.

Prior to joining the Group, Neil was a Senior Manager at Accenture, a Business Manager for the Foreign Exchange Division at Bankers Trust Australia and an Executive Director at Macquarie. Neil is AFMA accredited and is a responsible manager for the OzForex Group's AFSL.

Interest in shares: 176,250 performance rights in the OzForex Group LTI Plan and 250,000 ordinary shares

Melinda Conrad

Independent Non-Executive Director – MBA (Harvard), FAICD

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

Appointed: 19 September 2013

Resident: Sydney, Australia

Experience

Melinda joined the OzForex Group in September 2013 and has over 20 years' experience in business strategy and marketing. Melinda's prior professional experience includes Executive roles at Harvard Business School, Colgate-Palmolive, and several retail businesses. Melinda was previously a director of APN News & Media Limited (2012-13).

Current directorships

Director

David Jones Limited (2012-);
The Reject Shop Limited (2011-);
The Australian Brandenburg Orchestra.

Member

Garvan Medical Research Institute Foundation.

Interest in shares: 50,000 ordinary shares

William Allen

Independent Non-Executive Director - BA

Member of the Remuneration and Nomination Committee

Appointed: 19 September 2013

Resident: New York, USA

Experience

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

Current directorships

Director

UniRush LLC.

Interest in shares: nil

Directors' Report (continued)
For the financial year ended 31 March 2014

Section 23: Directors information (continued)

Grant Murdoch

Independent Non-Executive Director – MCom (Hons), FAICD, FICAA.

Chair of the Audit, Risk and Compliance Committee

Appointed: 19 September 2013

Resident: Brisbane, Australia

Experience

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

Current directorships

Chairman

Endeavour Foundation

Director

ALS Limited;
QIC Limited;
Cardno Limited (2013-);
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: 50,000 ordinary shares

OzForex Group Limited

Section 24: Remuneration Report
For the financial year ended 31 March 2014

Introduction

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

The Remuneration Report outlines the remuneration practices post-listing on the ASX on 11 October 2013, as well as the remuneration practices prior to, and leading up to, listing. Post-listing remuneration disclosures relate to OzForex Group Limited (ultimate parent entity, OzForex Group) and the entities it controls. Pre-listing and comparative remuneration disclosures relate to OzForex Limited (former ultimate parent entity) and the entities it controlled.

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.

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Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.1: Key management personnel (KMP)

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

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

The following Executives and Non-Executive Directors of the Group were classified as KMP during the 2014 financial year and unless otherwise indicated were classified as KMP for the entire year.

Executives	Title	
Current Executives		
Neil Helm	Managing Director and Chief Executive Officer (CEO)	
Mark Ledsham	Chief Financial Officer (CFO)	
Simon Griffin	Chief Commercial Officer (CCO)	
David Higgins	Chief Technology Officer (CTO)	
Jeff Parker	Chief Operating Officer (COO)	(commenced 23 September 2013)
Jason Rohloff	Head of Compliance	
Linda Cox	Company Secretary	(commenced 31 January 2014)
Jacqueie Davidson	Head of Human Resources	(commenced 25 February 2014)
Other key employees		
Former KMP's		
Lionel Docker[1]	Senior Legal Counsel	
Michael Ward[1]	Head of Europe and North America	
Christopher Minehan	Head of Marketing	(resigned 21 March 2014)

Non-Executive Directors	Title	
Current Non-Executive Directors		
Peter Warne	Chairman	(appointed 19 September 2013)
William Allen[2]	Independent Director	
Melinda Conrad	Independent Director	(appointed 19 September 2013)
Grant Murdoch	Independent Director	(appointed 19 September 2013)
Former Non-Executive Directors		
Matthew Gilmour[2]	Independent Director	(resigned 20 September 2013)
Gary Lord[2]	Independent Director	(resigned 20 September 2013)
Eric Schimpf[2]	Independent Director	(resigned 20 September 2013)
Ryan Sweeney[2]	Independent Director	(resigned 20 September 2013)

1. Ceased being KMP's but remained employees of the Group
2. Directors were Non-Executive Directors of OzForex Limited (previous ultimate parent entity) prior to the group restructure that took place 15 October 2013 resulting in OzForex Group Limited being instated as the ultimate parent entity of the Group.

Section 24.2: Remuneration snapshot

The Board reviewed and made a number of changes to the remuneration framework during the year ended 31 March 2014. Executives of the Group will receive Total Reward Remuneration (TRR) that comprises fixed and variable (at risk) annual pay. The three components of the remuneration framework post-listing are outlined as follows:

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.2: Remuneration snapshot (continued)

Remuneration component	Details
Total fixed remuneration (TFR)	TFR may be delivered as a combination of cash and prescribed non-financial benefits at the Executives' discretion. TFR is set to reflect the market for a comparable role.
Short-term incentives (STI)	All Executives are eligible to receive a STI award under their employment agreements. STI awards are based on the achievement of annual Key Performance Indicators (KPIs). The STI opportunity is typically in the range of 15-30% of TRR. 50% of the total target STI is based on non-financial KPIs. For the year ended 31 March 2014, the KPIs included objectives around leadership and culture, risk and compliance, project management and customer focus. 50% of the total target STI is based on financial KPIs. In the event of outperformance against the financial KPIs, there is a potential additional 20% outperformance bonus available on the total target (non-financial and financial) STI. If financial performance is more than 25% negative to target, no standard STI will be payable. For year ended 31 March 2014, the KPIs were based on forecast net operating income, pro forma EBTDA, and New Dealing Clients. The STI is paid as cash.
Long-term incentives (LTI)	All Executives are eligible to receive performance rights under the OzForex Group Long Term Incentive Plan (LTI Plan). The LTI opportunity is typically in the range of 15-30% of TRR. The LTI Plan is designed to link long-term Executive reward with the ongoing creation of shareholder value. Performance rights will be subject to a performance hurdle and ongoing employment, and will have a three year performance period. The LTI Plan was established during the year ended 31 March 2014 and will first operate in the year ended 31 March 2015.

Section 24.3: Role of the Remuneration and Nomination Committee

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

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

Prior to listing, the Board (before the formation of the Remuneration Committee) engaged KMPG to provide advice on the development of a new remuneration structure to be implemented following listing. It provided recommendations on new short-term incentive and long-term incentive plans and also advised on Executive and non-Executive director remuneration benchmarking.

The Board is satisfied the recommendations received were free from undue influence from KMP's to whom the remuneration recommendations apply. The following arrangements were made to meet this requirement:

- KPMG was engaged by and reported to the Board. The agreement for the provision of remuneration consulting services was executed by the Chairman;
- The report containing the remuneration recommendations was provided by KPMG directly to the Chairman; and
- KPMG was permitted to speak to management throughout the engagement to understand Company processes, practices and other business issues and obtain management perspectives.

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.3: Role of the Remuneration and Nomination Committee (continued)

The recommendations made by KPMG to the Board were as an input into decision making only. The Board considered these along with other factors. The fees paid to KPMG for the remuneration recommendations were $90,200. KPMG also provided Tax and consulting services to the Group during the IPO. The fees paid to KPMG for these services (excluding remuneration recommendations) were $1,491,690.

Section 24.4: Executive remuneration principles and structure

Principles used to determine the nature and amount of remuneration

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

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

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

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

- Alignment to shareholder' interests:
  - has economic profit as a core component of plan design;
  - focuses on sustained growth in shareholder wealth, growth in share price and delivering constant return on assets as well as focusing the Executive on key non-financial drivers of value;
  - attracts and retains high calibre 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 'at risk' components of Executive remuneration varies by Executive. As Executives gain seniority within the Group, the balance of this mix shifts to a higher proportion of 'at risk'. 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	**STI**	**LTI**
CEO	40%	30%	30%
Executives	60% - 70%	15% - 20%	15% - 20%

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.4: Executive remuneration principles and structure (continued)

Overview of Executive remuneration components (continued)

Remuneration is reviewed annually to ensure it remains competitive within the market. Remuneration increases are subject to merit and are in respect of Executives, are subject to the approval of the Remuneration Committee. The Remuneration Committee has the discretion to reduce performance-based elements of remuneration, including short-term and long-term incentives, at any time, where it considers it appropriate. The Remuneration Committee has not exercised such discretion in the 2014 financial year.

Total fixed remuneration (TFR)

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

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

(i) Benefits

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

(ii) Superannuation

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

Short-term incentives (STI)

For the 2014 financial year a short-term incentive plan ('STI Plan') was introduced on listing to replace the OzForex Profit Share Scheme (OPSS). The key details of the STI Plan are as outlined below:

STI Component	Details
Eligibility	All the Executives participated in the STI Plan or will participate from the 2015 financial year.
Opportunity	The size of the STI opportunity available to each Executive is based on their accountabilities and impact of their role on the Company. This is typically in the range of 15-30% of TRR. Executives that commence or leave during the financial year are generally paid a pro-rata share of their STI entitlements.
KPIs	The STI is subject to the achievement of annual KPIs. See 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. 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, project management and customer focus. 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.

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.4: Executive remuneration principles and structure (continued)

Overview of Executive remuneration components (continued)

(iii) Tranche B (50%)

The financial performance indicators are an appropriate way to align the delivery of the Group's objective of delivering growth to the shareholders and ultimately improving shareholder returns. In the event of outperformance against the target financial performance indicators, there is a potential additional 20% outperformance bonus available on the Total STI (Tranche A and Tranche B). If financial performance is more than 25% negative to target then no STI will be payable. For the 2014 financial year, the financial objectives are as outlined below:

Financial Performance Indicator	2014 Objectives
Net Operating Income[1]	$68.2 million
EBTDA	$20.7 million
New Dealing Clients[2]	61,476

1. Net operating income is a non-IFRS measure and is the combination of "Net interest income" and "Net fee and commission income".
2. New Dealing Clients are clients of the Group who transacted for the first time during the period. It is a lead indicator of the group's growth prospects.

All of the Executive KMP received 100% of their cash bonus during the year ended 31 March 2014 (nil was forfeited).

Long-term incentives (LTI)

Long-term incentives are provided to Executives pursuant the OzForex Group Long Term Incentive Plan ('the LTI Plan') which was outlined in the prospectus (section 6.5 of the prospectus). The key details of the plan are as outlined below:

LTI Components	Details
Objective	The LTI Plan is designed to link long-term Executive reward with the ongoing creation of shareholder value, with the allocation of equity awards which are subject to satisfaction of performance hurdles.
Eligibility	All the Executives participate in the LTI Plan or will participate from the 2015 financial year, dependent on their commencement date.
Instrument	Performance Rights enable the Executives to acquire an ordinary share in the Company in the future subject to time-based and performance-based vesting conditions being achieved. They are granted for nil cash consideration. They carry no right to vote or receive a dividend.
Award value	An Executives LTI award is typically in the range of 15-30% of their TRR.
Allocation methodology	The number of performance rights issued to each Executive is calculated by dividing their LTI target value by the value per right, being the volume weighted share price in the five days prior to issuance.
Allocation timing	Generally performance rights will be issued annually in June. An additional issuance of performance rights outside of the annual issuance may occur as a retention mechanism at different times.
Performance period	3 years.
Vesting conditions	Performance rights are subject to a performance hurdle and ongoing employment The performance hurdle to apply to each issuance of performance rights will be determined by the Board at the time of issue.
Forfeiture conditions	Performance rights will automatically be converted to one ordinary share upon the vesting date provided the Executive complies with the rules of the LTI Plan. Performance rights that are not converted will lapse where: - The expiry date applicable to the performance right is reached; and

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.4: Executive remuneration principles and structure (continued)

LTI Components	Details
Forfeiture conditions (continued)	- If, upon the employee ceasing to be employed or their employment is terminated, the Board notifies the Executive of the lapse or; - Performance conditions are not met. Any performance rights which do not vest following testing of the performance hurdles at the end of the performance period will automatically lapse.
Shareholder approval	Any performance rights to be issued to the CEO are subject to shareholder approval.
Change of control provisions	The Board has the discretion to waive any vesting conditions attached to the performance rights in the event of a change of control in the Company.
Changes in share capital	If there are any changes in the share capital of the Company (such as a rights issue, subdivision, consolidation or reduction in capital) then the Directors may make adjustments as they consider appropriate subject to the ASX Listing Rules.

Section 24.5: Legacy remuneration practices

Transaction process bonus

In addition to the STI Plan outlined in section 4, Executives and select employees involved in preparing the Group for the listing process were able to earn a special cash bonus. The quantum of these bonuses was set with reference to the accountabilities of the individual's role in the process. These cash bonuses were granted and paid in August 2013.

Post-IPO completion and retention bonus

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

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

To be eligible for receipt of the bonus an Executive must remain in the employment of the Group as at the 12 month anniversary of the IPO. To the extent that an Executive leaves their allocation will be re-distributed. There are no performance conditions.

IPO performance rights issuance

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

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

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

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.5: Legacy remuneration practices (continued)

IPO performance rights issuance (continued)

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

176,250 performance rights were issued to the CEO, and 360,325 (KMP's 253,000) performance rights were issued to senior Executives and several other select employees on 26 February 2014. These performance rights were valued using a Monte Carlo simulation and discounted for the probability of employee retention and the probability of achieving performance levels. They were issued at a nil exercise price with a 32 month vesting period. The vesting date is 1 June 2016. See Section 11 for further detail. The details of these performance rights were also outlined in the prospectus.

Previous LTI and retention plans

Some Executives who were Executives of OzForex Limited prior listing took part in the OzForex Limited Employee Share Option Plan (ESOP). There were two grants on issue at the time of listing as outlined below:

Grant	Number	Grant date	Exercise price $	Vesting	Expiry
2010[1]	18,000	19 November 2010	472.23[2]	25% per year on anniversary of grant date for 4 years	7 years
2013[3]	1,300	1 January 2013	625.00[4]	25% per year on anniversary of grant date for 4 years	7 years

1. The options were granted equally over the existing ordinary shares of OzForex Limited, representing 56.9% of total shares on issue.
2. The exercise price was based on the share capital prior to the capital restructure. After adjusting for the share split and new share capital, the exercise price was $0.7456.The options were granted proportionately over the Class A and ordinary shares of OzForex Limited, representing 100% of shares on issue.
3. The exercise price was based on the share capital prior to the capital restructure. After adjusting for the share split and new share capital, the exercise price was $0.9868.

Both option grants were equity settled, where on exercise; the underlying share converts into a class B share. There were no performance hurdles, but the Executive was required to still be in employment at the time of vesting. If the Executive left prior to vesting the options lapsed.

The change of control event triggered by the Group capital reconstruction and listing, caused the accelerated vesting of the options that had been granted in 2010 and 2013. The options were then cancelled. Participating Executives were paid $12,353,646 as fair value consideration of the stock options at cancellation date. The payment to the Executives was made prior to the listing by the exiting shareholders. There were no outstanding options on issue as at 31 March 2014. No options were granted, exercised, forfeited or lapsed during the year ended 31 March 2014.

Change of control retention payment

As a result of a change of control event in November 2010 a scheme was put in place at that time and funded by the exiting shareholder in order to retain the services of the CEO for three years from that date. The scheme consisted of a cash payment at each anniversary date of the change of control for a period of three years including $866,000 in each of the financial years ending 31 March 2013 and 31 March 2014. In order to qualify for the payment, the CEO needed to be in the employment of the Group at the date of the payment and the Group needed to have achieved profit before tax levels as outlined below:

Performance level	Group Profit before Tax in the financial year	Vesting level
At or above Target	Greater than or equal to $17m	100%
Between Threshold and Target	Between $15.3m and $17m	33.33% pro-rated
Below Threshold	Below $15.3m	0%

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.5: Legacy remuneration practices (continued)

Change of control retention payment (continued)

The Group was refunded for the payment in full by the majority shareholder who reduced their holding to a minority. On completion of the final performance hurdle in March 2013, it was decided to accelerate the vesting of the final cash payment to 30 June 2013. There are no outstanding payments.

Section 24.6: Group performance

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

Performance Metrics	**2014**
Net operating income[1]	$72.6 million
EBTDA	$22.4 million
Underlying EBTDA[2]	$29.4 million
New Dealing Clients	54,814
Basic earnings per share[3]	6.84cps
Underlying basic earnings per share[4]	8.92cps
Dividend per share	n/a
Closing share price/change in share price	3.30 (1.30 above 'retail' price)

1. Net operating income is a non-IFRS measure and is the combination of 'Net interest income' and 'Net fee and commission income'.
2. Non measures which are unaudited differ from statutory presentation. The Underlying EBTDA has been adjusted to be EBTDA before one off impacts and the annualisation of ongoing expenses. In 2014 these adjustments are specifically related to the IPO and the HiFX process referred to in Section 10 of the Directors Report for the reconciliation of underlying NPAT and underlying EBTDA.
3. For the calculation of EPS refer to Note 27 of the financial statements.
4. Underlying basic earnings per share is the basic earnings per share calculation utilising the Underlying NPAT of the Group.

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.7: Executive remuneration disclosures

			Short-term employee benefits				Post-employment benefits	Long term employee benefits		Share-based payments		
	Year	Entity	Cash salary and fees	Cash bonus[1]	Non-monetary benefits[2]	Other[3]	Super-annuation	Long service leave	Retention[4]	Performance rights	Options[5]	Total
			$	$	$	$	$	$	$	$	$	$
Current Executives												
	2014	OFX	226,113	352,500	-	-	8,887	34,266	-	45,985	-	667,751
		Pre-IPO	175,000	375,000	-	2,072,300	13,344	13,450	866,000	-	4,960	3,520,054
		Total	**401,113**	**727,500**	**-**	**2,072,300**	**22,231**	**47,716**	**866,000**	**45,985**	**4,960**	**4,187,805**
N Helm	2013		316,000	339,000	-	-	22,247	8,151	866,000	-	7,352	1,558,750
	2014	OFX	156,113	110,000	-	-	8,888	5,012	-	14,350	-	294,363
		Pre-IPO	100,000	240,000	-	604,200	9,125	3,177	-	-	779	957,281
		Total	**256,113**	**350,000**	**-**	**604,200**	**18,013**	**8,189**	**-**	**14,350**	**779**	**1,251,644**
M Ledsham	2013		170,000	90,000	-	-	16,884	2,388	-	-	1,155	280,427
	2014	OFX	163,613	115,000	-	-	8,887	4,208	-	15,002	-	306,710
		Pre-IPO	112,500	145,000	-	625,400	10,266	820	-	-	992	894,978
		Total	**276,113**	**260,000**	**-**	**625,400**	**19,153**	**5,028**	**-**	**15,002**	**992**	**1,201,688**
S Griffin	2013		181,096	110,000	-	-	22,904	1,402	-	-	1,470	316,872
	2014	OFX	148,613	105,000	-	-	8,888	18,741	-	13,698	-	294,940
		Pre-IPO	110,000	25,000	-	742,000	10,037	13,939	-	-	1,204	902,180
		Total	**258,613**	**130,000**	**-**	**742,000**	**18,925**	**32,680**	**-**	**13,698**	**1,204**	**1,197,120**
D Higgins	2013		182,500	100,000	-	-	22,824	8,401	-	-	1,785	315,510
	2014	OFX	132,113	94,000	-	-	8,888	15,831	-	12,263	-	263,095
		Pre-IPO	92,500	25,000	-	503,500	8,402	3,859	-	-	779	634,040
		Total	**224,613**	**119,000**	**-**	**503,500**	**17,290**	**19,690**	**-**	**12,263**	**779**	**897,135**
J Rohloff	2013		160,000	81,000	-	-	19,228	5,473	-	-	1,155	266,856

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.7: Executive remuneration disclosures (continued)

			Short-term employee benefits				Post-employment benefits	Long term employee benefits		Share-based payments		
	Year	Entity	Cash salary and fees	Cash bonus[1]	Non-monetary benefits[2]	Other[3]	Super-annuation	Long service leave	Retention[4]	Performance rights	Options[5]	Total
		$	$	$	$	$	$	$	$	$	$	$
	2014	OFX	118,497	82,000	-	36,613	7,406	-	-	10,697	-	255,213
		Pre-IPO	-	-	-	-	-	-	-	-	-	-
		Total	**118,497**	**82,000**	**-**	**36,613**	**7,406**	**-**	**-**	**10,697**		**255,213**
J Parker[6]	2013		-	-	-	-	-	-	-	-	-	-
	2014	OFX	16,289	-	-	-	1,507	-	-	-	-	17,796
		Pre-IPO	-	-	-	-	-	-	-	-	-	-
		Total	**16,289**	**-**	**-**	**-**	**1,507**	**-**	**-**	**-**		**17,796**
J Davidson[6]	2013		-	-	-	-	-	-	-	-	-	-
	2014	OFX	14,123	-	-	-	1,306	-	-	-	-	15,429
		Pre-IPO	-	-	-	-	-	-	-	-	-	-
		Total	**14,123**	**-**	**-**	**-**	**1,306**	**-**	**-**	**-**		**15,429**
L Cox[6]	2013		-	-	-	-	-	-	-	-	-	-
Former Executives												
	2014	OFX	108,261	-	-	-	8,888	(3,589)	-	-	-	113,560
		Pre-IPO	87,500	25,000	-	-	13,920	1,654	-	-	779	128,853
		Total	**195,761**	**25,000**	**-**	**-**	**22,808**	**(1,935)**	**-**	**-**	**779**	**242,413**
C Minehan[7]	2013		165,000	72,500	-	-	20,423	1,424	-	-	1,155	260,502
	2014	OFX	94,508	44,250	-	-	8,742	813	-	5,773	-	154,086
		Pre-IPO	93,750	-	-	74,200	13,211	3,062	-	-	779	185,002
		Total	**188,258**	**44,250**	**-**	**74,200**	**21,953**	**3,875**	**-**	**5,773**	**779**	**339,088**
L Docker[8]	2013		182,000	57,000	-	-	20,409	3,115	-	-	1,155	263,679

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.7: Executive remuneration disclosures (continued)

			Short-term employee benefits				Post-employment benefits	Long term employee benefits		Share-based payments		
	Year	Entity	Cash salary and fees	Cash bonus[1]	Non-monetary benefits[2]	Other[3]	Super-annuation	Long service leave	Retention[4]	Performance rights	Options[5]	Total
			$	$	$	$	$	$	$	$	$	$
	2014	OFX	145,254	95,499	6,622	-	-	-	-	12,813	-	260,188
		Pre-IPO	92,166	145,000	28,561	339,200	-	-	-	-	3,801	608,728
		Total	**237,420**	**240,499**	**35,183**	**339,200**	-	**-**	-	**12,813**	**3,801**	**868,916**
M Ward[8,9]	2013		144,994	117,213	38,681	-	-	-	-	-	569	301,457
	2014	OFX	1,323,497	998,249	6,622	36,613	72,287	75,282	-	130,581	-	2,643,131
		Pre-IPO	863,416	980,000	28,561	4,960,800	78,305	39,961	866,000	-	14,073	7,831,116
Total KMP remuneration (Group)		**Total**	**2,186,913**	**1,978,249**	**35,183**	**4,997,413**	**150,592**	**115,243**	**866,000**	**130,581**	**14,073**	**10,474,247**
	2013		1,501,590	966,713	38,681	-	144,919	30,354	866,000	-	15,796	3,564,053

1. 2014 Cash bonus consists of the pre IPO listing bonuses paid in August 2013 and the post IPO STI plan accrued in the period but not paid at the date of this report. The 2013 cash bonus was accrued in the period ended 31 March 2013 but paid during the period ended 31 March 2014.
2. 2014 Non-monetary benefits relate to the payment of a portion of Mike Ward's TFR in the form accommodation, and the provision of health insurance benefits.
3. All Other bonus amounts relate to the IPO retention and completions bonus. The bonus amounts, have been accrued in the period, but are not due for payment until the 12 month anniversary of the Company listing date. Other bonus for Jeff Parker was a retention payment paid at the commencement of his employment.
4. Retention payments relate to a change of control retention bonus for the CEO following a change of control event in November 2010 set out in section 5.
5. The options were the previous OzForex Limited employee share option plan. In order to facilitate the capital restructure and listing of the Company on the ASX, the options were cancelled for cash consideration.
6. Commenced employment during the year on the dates set out in section 1 of this Remuneration Report.
7. Resigned 21 March 2014.
   An amount of $339,200 (6.4% of the $5.3m IPO retention bonus outlined in section 6.3.4 of the prospectus) was originally allocated to C. Minehan. As C. Minehan resigned before the vesting date of the cash bonus, the allocation will be re-distributed amongst the remaining members of the bonus scheme. The exact split of the re-distribution is yet to be confirmed by the Remuneration Committee.
8. Ceased being KMP's during the year.
9. M Ward was remunerated in USD. His fixed remuneration has been converted into AUD utilising an average annual FX rate of 1.0756 (2013: CAD 0.9741 and USD 0.9604).

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.7: Executive remuneration disclosures (continued)

Fixed and at-risk remuneration

The percentage of remuneration received as fixed pay and at-risk pay during the year ending 31 March 2014 by the Executive KMP is outlined below:

Name	Fixed Remuneration	At risk - STI	At risk - LTI		
			Other	Rights	Options
Current KMPs					
N Helm	11.2%	66.9%	20.7%	1.1%	0.1%
M Ledsham	22.6%	76.2%	-	1.1%	0.1%
S Griffin	25.0%	73.7%	-	1.2%	0.1%
D Higgins	25.9%	72.8%	-	1.2%	0.1%
J Rohloff	29.1%	69.4%	-	1.4%	0.1%
J Parker[1]	49.3%	46.5%	-	4.2%	-
J Davidson[1]	100%	-	-	-	-
L Cox[1]	100%	-	-	-	-
C Minehan[2]	89.4%	10.3%	-	-	0.3%
Former KMP's					
L Docker[3]	63.2%	34.9%	-	1.7%	0.2%
M Ward[3]	31.4%	66.7%	-	1.5%	0.4%

1. Commenced employment during the year on the dates set out in section 1 of this Remuneration Report.
2. Ceased employment on 21 March 2014.
3. Ceased being KMP's following the capital restructure of the Group triggered by the listing of the Company.

Section 24.8: Executive contracts

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

Contract Components	Details
Duration	For the CEO, CFO and CCO, the contract duration is initially fixed term until the release of the 30 September 2014 half year results to the ASX. Following this, their contracts will be ongoing
	All other Executive KMP have ongoing contracts
Termination by Executive	Post initial fixed term 6 months' notice
Termination by the Company	Post initial fixed term 6 months' notice
Post-employment restraints	For the CEO, 6 months restraint of trade post notice period
	None of the other KMP have post-employment restraints

Section 24.9: 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.

Remuneration Report (continued)

For the financial year ended 31 March 2014

Section 24.10: Non-Executive Director Fees

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

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

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

Current fees

The Non-Executive Directors were appointed in September 2013, and began receiving director's fees from the date of listing.

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

(i) Fees applicable for 2014:

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

(ii) Statutory Non-Executive Director fee disclosure

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

Non-Executive directors		**Short-term employee benefits**	**Post-employment benefits**	
	Year	**Cash salary and fees[1]**	**Super-annuation**	**Total**
P Warne[2]	2014	106,113	8,887	115,000
W Allen[2,3]	2014	-	-	-
M Conrad[2]	2014	64,073	5,927	70,000
G Murdoch[2]	2014	57,208	5,292	62,500
M Gilmour[3]	2014	-	-	-
G Lord[3]	2014	-	-	-
E Schimpf[3]	2014	-	-	-
R Sweeney[3]	2014	-	-	-
Total non-Executive remuneration (Group)	**2014**	**227,394**	**20,106**	**247,500**

1. There was no remuneration for Non-Executive Directors prior to listing
2. Appointed to the Board of OzForex Group Limited 19 September 2013
3. Resigned from OzForex Limited (former group) 20 September 2013

Section 24.11: Further Information on Equity Awards

IPO performance rights

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

On vesting each IPO right is convertible into one ordinary share of the Company. No exercise price is payable and no IPO rights vested or were forfeited during the period. The IPO rights vest on 1 June 2016 providing the performance hurdle and other threshold conditions are satisfied. Further information on the IPO rights is set out in in section 7 of the Remuneration Report and note 21 of the financial statements.

Remuneration Report (continued)
For the financial year ended 31 March 2014

Section 24.11: Further Information on Equity Awards (continued)

IPO performance rights (continued)

	Grant date	Number of IPO rights granted during the year	Fair value at grant date	Date IPO rights can be converted into shares	Value of IPO rights granted during the year[1]
			$		$
N Helm	11 October 2013	176,250	1.83	1 June 2016	322,538
M Ledsham	11 October 2013	55,000	1.83	1 June 2016	100,650
S Griffin	11 October 2013	57,500	1.83	1 June 2016	105,225
D Higgins	11 October 2013	52,500	1.83	1 June 2016	96,075
J Rohloff	11 October 2013	47,000	1.83	1 June 2016	86,010
J Parker	11 October 2013	41,000	1.83	1 June 2016	75,030

1. This also corresponds to the maximum total value of the unvested rights. The minimum total value of the rights is nil as they can be forfeited if the service condition is not achieved.

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

	Held at 1 April 2013	Number of IPO rights granted during the year	Held at 31 March 2014
N Helm	-	176,250	176,250
M Ledsham	-	55,000	55,000
S Griffin	-	57,500	57,500
D Higgins	-	52,500	52,500
J Rohloff	-	47,000	47,000
J Parker	-	41,000	41,000

Section 24.12: Outlook

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

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

On behalf of the Board

Peter Warne
Chairman

Neil Helm
Chief Executive Officer and Managing Director

27 May 2014

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Auditor's Independence Declaration

As lead auditor for the audit of OzForex Group Limited for the year ended 31 March 2014, I declare that to the best of my knowledge and belief, there have been:

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

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

CJ Heath
Partner
PricewaterhouseCoopers

Sydney
27 May 2014

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

Financial Report

Statement of Comprehensive Income
For the financial year ended 31 March 2014

	Notes	2014 $'000	2013 $'000
Interest and similar income	3	**1,527**	1,798
Net interest income		**1,527**	1,798
Fee and commission income	3	**76,725**	53,939
Fee and commission expense	3	**(5,687)**	(3,658)
Net fee and commission income		**71,038**	50,281
Other income	3	**12,748**	-
Total other Income		**12,748**	-
Employment expenses	3	**(32,091)**	(16,673)
Occupancy expenses	3	**(1,623)**	(1,325)
Promotional expenses	3	**(10,657)**	(6,771)
IPO related expenses	3	**(11,904)**	-
Other operating expenses	3	**(7,156)**	(3,066)
Total operating expenses		**(63,431)**	(27,835)
Profit before income tax		**21,882**	24,244
Income tax expense	4	**(5,915)**	(7,107)
Profit for the year		**15,967**	17,137
Profit attributable to ordinary equity holders of OzForex[1] Group Limited		**15,967**	17,137
Other comprehensive income			
Exchange differences on translation of foreign operations[2]		**256**	(191)
Total comprehensive income for the year		**16,223**	16,946
Total comprehensive income for the year is attributable to:			
Ordinary equity holders of OzForex Group Limited		**16,223**	16,946

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

Earnings per share based on profit from continuing operations, attributable to the ordinary equity holders of the parent entity:		**Cents**	Cents
Basic earnings per share	27	**6.84**	7.52
Diluted earnings per share	27	**6.83**	7.52

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

Statement of Financial Position
As at 31 March 2014

	Notes	2014 $'000	2013 $'000
Assets			
Cash and cash equivalents	5	**148,758**	92,112
Derivative financial instruments – positive values	6	**8,593**	3,576
Other assets	7	**3,633**	962
Property, plant and equipment	8	**1,047**	999
Deferred income tax assets	9	**2,251**	153
Total assets		**164,282**	97,802
Liabilities			
Client liabilities	10	**107,763**	60,944
Derivative financial instruments – negative values	6	**5,615**	1,259
Other liabilities	11	**3,913**	2,223
Current tax liabilities		**1,775**	415
Provisions	12	**9,177**	2,175
Deferred income tax liabilities	9	**36**	23
Total liabilities		**128,279**	67,039
Net assets		**36,003**	30,763
Equity			
Ordinary share capital	13	**24,360**	360
Foreign currency translation reserve		**(3)**	(259)
Share option reserve		**91**	74
Retained earnings	14	**11,555**	30,588
Total capital and reserves attributable to equity holders of OzForex Group Limited		**36,003**	30,763
Total equity		**36,003**	30,763

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 2014

	Notes	Contributed equity $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Share option reserve $'000	Total Equity $'000
Balance at 1 April 2012		**360**	**25,568**	**(68)**	**55**	**25,915**
Profit for the year, after income tax		**-**	17,137	-	-	17,137
Other comprehensive income, net of tax		**-**	-	(191)	-	(191)
Total comprehensive income		**-**	**17,137**	**(191)**	**-**	**16,946**
Transactions with equity holders in their capacity as equity holders:						
Dividends and distributions paid		-	(12,117)	-	-	(12,117)
Employee share options – value of employee services		-	-	-	19	19
		-	**(12,117)**	**-**	**19**	**(12,098)**
Balance at 31 March 2013		**360**	**30,588**	**(259)**	**74**	**30,763**
Profit for the year, after income tax		-	15,967	-	-	15,967
Other comprehensive income, net of tax		-	-	256	-	256
Total comprehensive income		**-**	**15,967**	**256**	**-**	**16,223**
Transactions with equity holders in their capacity as equity holders:						
Share issue		24,000	-	-	-	24,000
Dividends and distributions paid	15	-	(35,000)	-	-	(35,000)
Employee share options – value of employee services	21	-	-	-	17	17
		24,000	**(35,000)**	**-**	**17**	**(10,983)**
Balance at 31 March 2014		**24,360**	**11,555**	**(3)**	**91**	**36,003**

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

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

Statement of Cash Flows
For the financial year ended 31 March 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Interest received		**1,527**	1,798
Total cash inflows from customers		**13,608,329**	9,047,358
Total cash outflows to customers, suppliers and employees		**(13,534,934)**	(9,015,862)
Income tax paid		**(6,702)**	(8,259)
Net cash flows from operating activities	**18**	**68,220**	25,035
Cash flows from investing activities			
Loss on sale of property, plant and equipment		**(3)**	-
Payments for property, plant and equipment		**(588)**	(718)
Net cash flows used in investing activities		**(591)**	(718)
Cash flows from financing activities			
Proceeds from share issue		**24,000**	-
Dividends paid	15	**(35,000)**	(12,117)
Net cash flows used in financing activities		**(11,000)**	(12,117)
Net increase in cash		**56,629**	12,200
Cash and cash equivalents at the beginning of the financial year		**92,112**	79,867
Exchange gains on cash and cash equivalents		**17**	45
Cash and cash equivalents at the end of the financial year	**5**	**148,758**	92,112

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

Notes to the financial statements
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies

i) Basis of preparation

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

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

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

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

Continuation of existing group

OzForex Group Limited has determined that the acquisition of OzForex Limited (former parent entity) does not represent a business combination as outlined in Australian Accounting Standard AASB 3 for accounting purposes. The appropriate accounting treatment for recognising the new Group structure is on the basis that the transition is a form of capital reconstruction and group reorganisation. Therefore, the financial information has been prepared using the principles of a reverse acquisition by OzForex Limited of OzForex Group Limited.

As a result the consolidated financial statements have been prepared as a continuation of the financial statements of the accounting acquirer, OzForex Limited. Accordingly, comparative information is provided for the Statement of Financial Position as at 31 March 2013 and for the Consolidated Statement of Comprehensive Income and Statement of Cash Flows for the period ended 31 March 2013.

As a result:

- Retained earnings of the Group represent the retained earnings of OzForex Limited since its date of incorporation, plus the results of the combined entities from the date of acquisition.
- The Statement of Financial Position comprises the existing consolidated net assets of OzForex Limited and its consolidated entities measured at their historical cost plus fair value of the net assets of the other combining entities.
- The comparatives for the Statement of Comprehensive Income and Statement of Cash Flows comprise the resulting consolidated statements of OzForex Limited and its controlled entities.

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 Company and its subsidiaries (the Group) and the consolidated financial report such as:

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

- Fair value of financial instruments (Note 1(viii) and 24).
- Accounting for remuneration arrangements (Notes 1(xiv), 20 and 21).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing the financial report are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from our assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

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

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

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

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

AASB 10 ***Consolidated Financial Statements*** – AASB 10 replaces the previous guidance on control and retains the core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity. Whereas the control definition in the previous guidance focused on 'risks and rewards', AASB 10 focuses on the combination of power, exposure to variable returns and ability to use the power to affect the returns. The group's accounting policy for principles of consolidation in accordance with AASB 10 is provided in note 1(ii).

The transitional provisions permit prior period comparatives to not be restated where the accounting outcome under the previous guidance is the same as that under AASB 10 as at the date of initial application, 1 April 2013. For all other situations, comparatives are restated retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors as if AASB 10 had always been applied.

The application of AASB 10 in the current financial year has neither affected any of the amounts recognised in the financial statements nor has it had an effect on the entities consolidated in the Group.

AASB 12 ***Disclosures of Interests in Other entities*** **-** sets out disclosures for interests in entities that are subsidiaries, associates, joint ventures and unconsolidated structured entities. The application of AASB 12 in the current financial year has not affected any of the amounts recognised in the financial statements.

AASB 13 ***Fair value measurement*** **-** became effective in the current financial year. AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. In accordance with the transitional provisions, AASB 13 has been applied prospectively from 1 April 2013. The application of AASB 13 in the current financial year has not had a material impact on the financial position nor performance of the Group, however has resulted in additional fair value disclosures as provided in note 24.

AASB 119 ***Employee Benefits (September 2011) and*** **AASB 2011-10** ***Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*** **-** These amendments introduce various modifications including changes to the measurement of defined benefit plans, change to timing for the recognition of termination benefits and amend the definition of short term employee benefits. The application of AASB 119 in the current financial year has not had a material impact on the financial position nor performance of the Group.

AASB 127 ***Consolidated and Separate Financial Statements*** was reissued as **AASB 27** ***Separate Financial Statements*** and now deals solely with separate financial statements. Application of this standard by the Group and the company has not affected any of the amounts recognised in the financial statements.

AASB 2012-2 ***Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*** **-** AASB 2012-2 requires additional disclosures of enforceable master netting arrangements and their effect, even if assets and liabilities are not offset on the statement of financial position. In accordance with the

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

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

transitional provisions, AASB 2012-2 has been applied retrospectively. The application of AASB 2012-2 in the current financial year has not had a material impact on the financial position nor performance of the Group.

AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income* - AASB 2011-9 requires items included in other comprehensive income (OCI) in the Statement of comprehensive income (including prior period comparatives) to be grouped according to whether they may be reclassified subsequently to profit or loss. For the year ended 31 March 2014, all items have been presented as "Items that may be reclassified subsequently to profit or loss".

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

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

AASB 2012-3 is effective for annual reporting periods beginning on or after 1 January 2014. The Group will first apply AASB 2012-3 in the financial year beginning 1 April 2014. The Group is continuing to assess the impact of AASB 2012-3.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* - AASB 2011-4 removes the individual Key Management Personnel disclosure requirements from AASB 124 Related Party Disclosures, and is effective for annual reporting periods beginning on or after 1 July 2013. The Group will first apply the amendments in the financial year beginning 1 April 2014. Whilst the amendments may reduce the disclosures provided, it will not affect any of the amounts recognised in the financial statements.

AASB 9 *Financial Instruments and consequential amendments* - AASB 9 includes the classification, measurement, recognition and derecognition requirements for financial instruments. 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 contractual terms of the asset give 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 the fair value of financial assets carried at fair value are reported in the income statement. In respect of 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 OCI, unless such presentation creates an accounting mismatch. If a mismatch is created or enlarged, all changes in fair value (including the effects of changes in credit risk) are presented in profit or loss. 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 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* makes amendments to AASB 9 to: (i) replace the general hedge accounting requirements to more closely align hedge accounting with risk management activities undertaken when hedging financial and non-financial risks; (ii) permit fair value changes due to changes in 'own credit risk' of financial liabilities measured at fair value to be recognised through other comprehensive income, without applying all other requirements of AASB 9 at the same time; and (iii) defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2017. This application date is subject to review and is expected to be revised by the IASB. The Group is continuing to assess the full impact of adopting AASB 9.

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

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

AASB: 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9*

In December 2010, the AASB re-issued AASB 9 *Financial Instruments*, which is effective for annual reporting periods beginning on or after 1 January 2015. Early adoption is permitted if all the requirements are applied at the same time. The revised AASB 9 includes the classification and measurement requirements for financial liabilities, and the recognition and derecognition requirements for financial instruments, in addition to the classification and measurement requirements for financial assets that appeared in the December 2009 version of the standard.

Under new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give 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 to be measured at fair value.

Changes in the fair value of financial assets carried at fair value are reported in the income statement.

In respect of financial liabilities, the change in fair value (for financial liabilities designated at fair value through profit and loss) due to changes in an entity's own credit risk is to be presented in OCI, unless such presentation would create an accounting mismatch. If a mismatch is created or enlarged, all changes in fair value (including the effects of changes in the credit risk of the liability) are presented in the income statement. All other key requirements for classification and measurement of financial liabilities have been carried forward unamended from AASB 139 *Financial instruments: Recognition and Measurement.* The recognition and derecognition requirements in AASB 139 have also been retained and relocated to the revised AASB 9 unamended. The Group will first apply AASB 9 in the financial year beginning 1 April 2015. The impact of AASB 9 on the Group's financial statements on initial application has not yet been assessed.

ii) Principles of consolidation

Subsidiaries

The consolidated financial report comprises the assets and liabilities of all subsidiaries of OzForex Group Limited ("the Company") as at 31 March 2014 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(xvii)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

iii) Segment reporting

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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

iv) Foreign currency translations

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as a result of meeting net investment hedge accounting requirements.

Group Companies

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

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

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

v) Revenue

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

Interest income

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

Fee and commission income

Fee and commission income consists of the margin generated from foreign currency spreads, fees charged on low-value transactions and the cost or benefit of the Group's hedging policy. The cost or benefit of the Group's hedging policy is the result of changes in exchange rates between the time when a client rate is agreed and the subsequent hedge transaction is entered.

As a result of timing differences inherent to OzForex Group Limited's policy of aggregating and netting foreign currency contracts, these two balances should be viewed in combination to give a true reflection of revenue generated for the period. Fee and commission income is presented inclusive of realised and unrealised income earned from the sale of foreign currency contracts to customers.

(i) Unrealised gain/loss on foreign exchange contracts

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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

v) Revenue (continued)

(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 and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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.

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

vi) Derivative instruments (continued)

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Movements in the carrying amounts of derivatives are recognised in the income statement, unless the derivative meets the requirements for cash flow or net investment hedge accounting.

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 for 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 income statement immediately. The fair values of various financial instruments used for hedging purposes are disclosed in note 24.

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 income statement 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.

(iii) Held-to-Maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available for sale and those that meet the definition of loans and receivables.

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

x) Investments and other financial assets (continued)

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. A regular way of purchase or sale of a financial asset under contract is a purchase or sale that requires delivery of the assets within the period established generally by regulation or convention in the market place.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'other financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

Impairment

Impairment is assessed at the end of each reporting period based on whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is evidence of impairment for any of the financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

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 and software	33 per cent
- Plant and equipment	20 per cent to 33 per cent

[1] Where remaining lease terms are less than five years, leasehold improvements are depreciated over the lease term.

Useful lives and residual values are reviewed annually and reassessed in light of commercial and technological developments. If an asset's carrying value is greater than its recoverable amount due to an adjustment to its useful life, residual value or impairment, the carrying amount is written down immediately to its recoverable amount. Adjustments arising from such items and on disposal of fixed assets are recognised in the income statement.

Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised in the income statement.

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

xii) Provisions

Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and employee bonus provisions are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore 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 using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

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

(xiii) Earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is calculated by dividing the Group's profit attributable to ordinary equity holders by the weighted average number of ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares. Refer to note 13 for information concerning the classification of securities.

xiv) Performance based remuneration

Share based payments

OzForex Group Long Term Incentive Plan

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). There is currently one plan in place, the IPO performance rights issue, which provides benefits to Executives identified by the Board. 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 vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). At each subsequent reporting date until vesting, the cumulative charge to the income statement is in accordance with the vesting conditions as set out under the Group's Long Term Incentive Plan (Note 21).

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.

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

xiv) Performance based remuneration (continued)

Share option plan

The Group operated share options plans which were granted to employees and employees of its subsidiaries. The Company recognises a share option expense in relation to options granted to its employees with the offsetting adjustment recognised as a contribution of capital from the shareholders. The options are measured at their grant dates based on their fair value and using the number expected to vest. This amount is recognised as an expense evenly over the respective vesting periods.

The fair value of each option is estimated on the date of grant using a trinomial option pricing framework. No grants were made in the current financial year. The following key assumptions have been adopted for grants made in the current financial year:

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

Where options are issued by the Company to employees of subsidiaries, the Company recognises the equity provided as an investment in the subsidiary.

The Company annually revises its estimates of the number of options that are expected to become exercisable. Where appropriate, the impact of revised estimates 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 15-30% of the Total Reward Remuneration (TRR) of Executives and select employees. The short-term incentive awards are based on the achievement of annual Key Performance Indicators (KPIs).

xv) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

xvi) 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.

xvii) 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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 1. Summary of significant accounting policies (continued)

xvii) Business combinations (continued)

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

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

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

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

xviii) 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.

xiv) 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.

xx) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xxii) Rounding of amounts

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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 2. Segment information

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

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

Year ending 31 March 2014	Australia & New Zealand $'000	Europe $'000	North America $'000	Asia $'000	International Payment Solutions $'000	Consolidated $'000
Segment Revenue						
Fee and commission income	41,752	15,746	8,430	1,674	9,123	76,725
Total segment revenue	**41,752**	**15,746**	**8,430**	**1,674**	**9,123**	**76,725**
Segment result						
EBITDA	**10,511**	**6,840**	**86**	**608**	**2,850**	**20,895**
Depreciation and amortisation						(540)
Interest income						1,527
Profit before income tax						21,882
Income tax expense						(5,915)
Profit for the year						**15,967**
Segment assets 31 March 2014						
Segment assets	**133,036**	**24,357**	**16,107**	**5,438**	**-**	**178,938**
Intergroup eliminations	-	(11,953)	(4,431)	(523)	-	(16,907)
Deferred tax assets						2,251
Total Assets						**164,282**
Segment liabilities 31 March 2014						
Segment liabilities	**(110,583)**	**(21,221)**	**(12,519)**	**(827)**	**-**	**(145,150)**
Intergroup eliminations	16,907					16,907
Deferred tax liabilities						(36)
Total Liabilities						**(128,279)**
Segment net assets	**22,453**	**3,136**	**3,588**	**4,611**	**-**	**33,788**
Intergroup eliminations	16,907	(11,953)	(4,431)	(523)	-	-
Net deferred tax						2,215
Total Net Assets						**36,003**

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 2. Segment information (continued)

Year ending 31 March 2013	Australia & New Zealand $'000	Europe $'000	North America $'000	Asia $'000	International Payment Solutions $'000	Consolidated $'000
Segment Revenue						
Fee and commission income	30,244	12,149	4,851	835	5,860	53,939
Total segment revenue	**30,245**	**12,149**	**4,851**	**835**	**5,860**	**53,939**
Segment result						
EBITDA	**13,863**	**6,013**	**180**	**213**	**2,666**	**22,935**
Depreciation and amortisation						(489)
Interest income						1,798
Profit before income tax						24,244
Income tax expense						(7,107)
Profit for the year						**17,137**
Segment assets						
31 March 2013						
Segment assets	**78,665**	**12,536**	**8,405**	**4,091**	**-**	**103,697**
Intergroup eliminations	-	(3,536)	-	(2,512)	-	(6,048)
Deferred tax assets						153
Total Assets						**97,802**
Segment liabilities						
31 March 2013						
Segment liabilities	**(56,053)**	**(10,885)**	**(5,908)**	**(218)**	**-**	**(73,064)**
Intergroup eliminations	5,457	-	591	-	-	6,048
Deferred tax liabilities						(23)
Total Liabilities						**(67,039)**
Segment net assets	**22,610**	**1,651**	**2,497**	**3,873**	**-**	**30,633**
Intergroup eliminations	5,457	(3,536)	591	(2,512)	-	-
Net deferred tax						130
Total Net Assets						**30,763**

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 3. Profit for the financial year

	2014 $'000	2013 $'000
Net interest income		
Interest and similar income received/receivable	**1,527**	1,798
Net interest income	**1,527**	1,798
Net fee and commission income		
Realised margin and fees on foreign exchange contracts	**76,303**	53,627
Unrealised gains/(losses) on foreign exchange contracts	**(674)**	235
Retranslation of foreign exchange assets and liabilities	**1,096**	77
Fee and commission expense	**(5,687)**	(3,658)
Net fee and commission income	**71,038**	50,281
Other income		
Reimbursement of IPO expenses[1]	**12,740**	-
Other	**8**	-
Total other income	**12,748**	-

1. Relates to income to the Group from arranger fees in relation to the IPO.

	2014 $'000	2013 $'000
Employment expenses		
Salary related costs including commissions	**(20,120)**	(13,614)
Employee benefits	**(8,713)**	(1,281)
Defined contribution plan	**(1,130)**	(889)
Retention payments	**(866)**	(866)
Provision for annual leave	**(277)**	(109)
Provision for long service leave	**(195)**	(64)
Recoveries[2]	**866**	866
Total compensation expense	**(30,435)**	(15,957)
Other employment expenses including on-costs, staff procurement and staff training	**(1,656)**	(716)
Total employment expenses	**(32,091)**	(16,673)

2. Recoveries received during the year were from Macquarie Equities Limited.

	2014 $'000	2013 $'000
Occupancy expenses		
Operating lease rentals	**(1,153)**	(901)
Depreciation: furniture, fittings and leasehold	**(71)**	(140)
Other occupancy expenses	**(399)**	(284)
Total occupancy expenses	**(1,623)**	(1,325)
Promotional expenses		
Advertising	**(10,133)**	(6728)
Other promotional expenses	**(524)**	(43)
Total promotional expenses	**(10,657)**	(6,771)

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 3. Profit for the financial year (continued)

	2014 $'000	2013 $'000
IPO related expenses		
Professional fees[1]	**(11,721)**	-
Travel expenses	**(183)**	-
Total IPO related expenses	**(11,904)**	-

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

	2014 $'000	2013 $'000
Other operating expenses		
Professional fees	**(1,837)**	(707)
Information technology	**(845)**	(648)
Depreciation: computer equipment and software	**(469)**	(349)
Communication expenses	**(538)**	(434)
Compliance expenses	**(860)**	(682)
Insurance expenses	**(586)**	(438)
Travel expenses	**(654)**	(407)
Bad and doubtful debts recovery/(expense)	**(511)**	327
Non recoverable GST[2]	**(64)**	733
Other expenses	**(792)**	(461)
Total other operating expenses	**(7,156)**	(3,066)

2. The recovered GST in 2013 was a result of the Travelex high court decision which ruled that with the sale of foreign currency, the implicit rights of the currency note cannot be consumed in Australia and therefore it must be considered an export. Following this ruling any sales by OzForex to non-Australian residents and sales of non AUD currencies to Australian residents were considered exports. This increased the percentage of reclaimable GST on purchases, which dated back to 2006, compared to what had initially been reclaimed.

Note 4. Income tax expense

	2014 $'000	2013 $'000
a) Income tax expense		
Current tax expense	**(8,000)**	(7,114)
Deferred tax benefit	**2,085**	7
Total income tax expense	**(5,915)**	(7,107)
Deferred income tax benefit included in income tax expense comprises:		
Increase/ (Decrease) in deferred tax assets	**2,098**	(660)
Decrease/(Increase) in deferred tax liabilities	**(13)**	(667)
Total deferred income tax benefit	**2,085**	7
b) Reconciliation of income tax expense to prima facie tax payable		
Prima facie income tax expense on operating profit[3]	**(6,565)**	(7,273)
Tax effect of amounts adjusted in calculating taxable income:		
Other items	**650**	166
Total income tax expense	**(5,915)**	(7,107)

3. Prima facie income tax on operating profit is calculated at the rate of 30 percent (2013: 30 percent). The Group has a tax year ending on 30 September.

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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

	2014 $'000	2013 $'000

Note 5. Cash and cash equivalents (current assets)

	2014 $'000	2013 $'000
Cash held[1]	**40,995**	31,168
Cash held for subsequent settlement of client liabilities	**107,763**	60,944
Total cash and cash equivalents	**148,758**	92,112

1. Included in cash held are balances of $ 8,110,000 (2013: $5,100,000) which are held as collateral by counter parties for over the counter derivative transactions.

Note 6. Derivative financial instruments at fair value through profit and loss

	2014 $'000	2013 $'000
Value of forward contracts – positive values	**8,593**	3,576
Value of forward contracts – negative values	**(5,615)**	(1,259)
Total derivative financial instruments at fair value through profit and loss[2]	**2,978**	2,317

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

Note 7. Other assets (current assets)

	2014 $'000	2013 $'000
Prepayments	**981**	639
Other debtors	**2,652**	323
Total other assets	**3,633**	962

Note 8. Property, plant and equipment

	2014 $'000	2013 $'000
Furniture, fittings and leasehold improvements		
Cost	**1,455**	1,231
Less accumulated depreciation	**(926)**	(802)
Exchange adjustment	**2**	6
Total furniture, fittings and leasehold improvements	**531**	435
Software		
Cost	**512**	439
Less accumulated depreciation	**(415)**	(311)
Exchange adjustment	**(2)**	2
Total Software	**95**	130
Computer equipment		
Cost	**1,578**	1,294
Less accumulated depreciation	**(1,160)**	(862)
Exchange adjustment	**3**	2
Total computer equipment	**421**	434
Total property, plant and equipment	**1,047**	999

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 8. Property, plant and equipment (continued)

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

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

	Furniture, fittings and leasehold improvements $'000	Software $'000	Computer equipment $'000	Total $'000
Balance 31 March 2012	263	158	349	770
Acquisitions	312	76	332	720
Depreciation expense	(140)	(104)	(245)	(489)
Exchange adjustment	-	-	(2)	(2)
Balance at 31 March 2013	**435**	**130**	**434**	**999**

Note 9. Deferred income tax assets/(liabilities)

	2014 $'000	2013 $'000
Deferred income tax assets		
The balance comprises temporary differences attributable to:		
Provisions and accrued expenses	**3,145**	848
Financial instruments	**(894)**	(695)
Total deferred income tax assets	**2,251**	153
Deferred income tax liabilities		
The balance comprises temporary differences attributable to:		
Other timing differences	**(36)**	(23)
Total deferred income tax liabilities	**(36)**	(23)
Net deferred income tax assets[1]	**2,215**	130

1. Of the above $52,000 (2013: $45,000) is expected to be recovered more than twelve months after the reporting date. The remaining balance represents amounts expected to be settled within twelve months after the reporting date.

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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 9. Deferred tax assets/(liabilities) (continued)

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 10. Client liabilities

Client liabilities relate to amounts owed to clients or counterparty banks 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.

	2014 $'000	2013 $'000

Note 11. Other liabilities (current liabilities)

Accrued charges and sundry liabilities	**2,398**	1,591
Other	**1,515**	632
Total other liabilities[1]	**3,913**	2,223

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

Note 12. Provisions

Current - provision for employee entitlements		
Annual Leave	**917**	620
Employee Benefits	**7,598**	1,278
Long service leave	**272**	127
	8,787	2,025
Non-current - provision for employee entitlements		
Employee Benefits	**190**	-
Long Service Leave	**200**	150
	390	150
Total provisions	**9,177**	2,175

Movements in provision balances	**Carrying amount at beginning of the period**	**Release of provisions**	**Additional provisions made**	**Carrying amount at the end of the period**
Annual Leave	620	(933)	1,230	**917**
Employee Benefits	1,278	(1,278)	7,788	**7,788**
Long Service Leave	277	-	195	**472**
Total	**2,175**	**(2,211)**	**9,213**	**9,177**

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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 13. Contributed equity

	2014 Number of shares	2013 Number of shares	2014 $'000	2013 $'000
Ordinary share capital				
Opening balance of fully paid ordinary shares	**204,840**	204,840	**360**	205
Class A shares converted to ordinary shares	**155,160**	-	**-**	-
Fully paid ordinary shares	**239,640,000**	-	**24,000**	-
Closing balance of fully paid ordinary shares	**240,000,000**	204,840	**24,360**	205
Class A share capital				
Opening balance of fully paid ordinary shares	**155,160**	155,160	**155**	155
Class A shares converted to ordinary shares	**(155,160)**	-	**(155)**	-
Closing balance of fully paid class A shares	**-**	155,160	**-**	155
Total equity contribution	**240,000,000**	360,000	**24,360**	360

On the 15th October 2013 the shareholders of OzForex Group Limited resolved to approve a division of issued share capital in accordance with s245H of the Corporations Act, increasing the number of shares on issue from 360,000 to 228,000,000 shares.

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

Ordinary shares

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

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

Class A shares

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

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

Note 14. Retained earnings

	2014 $'000	2013 $'000
Balance at the beginning of the financial year	**30,588**	25,568
Profit attributable to ordinary equity holders of OzForex Group Limited	**15,967**	17,137
Dividends paid	**(35,000)**	(12,117)
Balance at the end of the financial year	**11,555**	30,588

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

	2014 $'000	2013 $'000

Note 15. Dividends paid and distributions paid or provided for

	2014 $'000	2013 $'000
First Interim dividend paid ($27.78 (2013: $0.33) per share)[1]	**(10,000)**	(117)
Second Interim dividend paid ($1.04 (2013: $0) per share)[1]	**(25,000)**	-
Final dividend paid ($0 (2013: $33.33) per share)[1]	**-**	(12,000)
Total dividends paid	**(35,000)**	(12,117)

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

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

Franked dividends

	2014 $'000	2013 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2013: 30%)	**1,778**	10,815

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 16. 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.

The Group has satisfied its externally imposed capital requirements throughout the year.

During the current period, the Group has continued to meet its capital requirements under the licence and no breaches have occurred.

Note 17. Commitments

Operating leases

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

	2014 $'000	2013 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Not later than one year	**1,073**	979
Later than one year and not later than five years	**2,519**	2,713
Total capital and other expenditure commitments	**3,592**	3,692

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 18. Notes to the statement of cash flows

Reconciliation of cash and cash equivalents

	2014 $'000	2013 $'000
Reconciliation of profit from ordinary activities after income tax to net cash flows from operating activities		
Profit from ordinary activities after income tax	**15,967**	17,137
Adjustments to profit from ordinary activities		
Depreciation on property, plant and equipment	**540**	489
Share-based payments expense	**17**	19
Foreign exchange revaluation	**(1,096)**	(235)
Loss on disposal of property, plant and equipment	**3**	-
Fair value changes on financial assets and liabilities at fair value through profit or loss	**674**	(77)
Changes in assets and liabilities		
(Increase) in debtors and prepayments	**(2,673)**	(394)
(Increase) in deferred tax assets	**(2,098)**	(41)
Increase in accrued charges and creditors	**48,511**	8,767
Increase in deferred tax liabilities	**13**	23
Increase in provisions for employee entitlements	**7,001**	481
(Decrease) in tax provision	**1,361**	(1,134)
Net cash flows from operating activities	**68,220**	25,035

Note 19. Related party information

(a) Ultimate Parent entity

The ultimate parent entity is OzForex Group Limited.

(b) Subsidiaries

All entities have a 31 March financial year end.

The following entities are wholly owned subsidiaries of the company

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

(c) Other related parties

Cloudbreak Settlements Pty Limited

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 19. Related Party information (continued)

(d) Key management personnel

Disclosures relating to directors and other key management personnel are set out in Note 20.

(e) Transactions with other related parties

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

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

Transaction type	**2014 $'000**	2013 $'000
Receivable due from related party	**1,274**	-
Income received	**12,740**	-
Expense incurred	**11,904**	-

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

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

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

(f) Loans to/from related parties

The Company entered into a HK$30,000,000 loan on 23 June 2011 with its wholly owned subsidiary OzForex (HK) Limited. The facility attracts interest of 3 month HIBOR plus 1 per cent margin, is unsecured and has a repayment date that is 10 years from the date of the loan agreement.

The Company entered into a $24,000,000 loan on 16 October 2013 with its wholly owned subsidiary OzForex Limited. The facility is interest free, unsecured and has no repayment date.

Note 20. Key management personnel disclosure

(a) Directors

(I) Chairman – non-Executive

Peter Warne

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 20. Key management personnel (continued)

(II) Executive Director

Neil Helm

(III) Non-Executive Director

Grant Murdoch

Melinda Conrad

William Allen

(b) Other key management personnel

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

Name	Position	Employer
Mark Ledsham	Chief Financial Officer	OzForex Group Limited
Simon Griffin	Chief Commercial Officer	OzForex Group Limited
Jason Rohloff	Head of Compliance	OzForex Group Limited
Jeff Parker	Chief Operating Officer	OzForex Group Limited
David Higgins	Chief Technology Officer	OzForex Group Limited
Jacqueie Davidson[1]	Head of Human resources	OzForex Limited
Linda Cox[1]	Company Secretary	OzForex Limited

1. newly appointed in the current financial year.

(c) Key management personnel remuneration

The following persons ceased being key management personnel following the capital restructure of the Group which was triggered by the listing on the ASX:

Name	Position	Employer
Chris Minehan	Head of Marketing	OzForex Group Limited
Lionel Docker	Head of Legal	OzForex Group Limited
Michael Ward	Head of Europe and North America	USForex Inc.

Remuneration	**2014 $**	2013 $
Short-term employee benefits	**9,197,758**	2,506,984
Post-employment benefits	**150,592**	144,919
Long term employee benefits	**981,243**	896,354
Share based payments	**144,654**	15,796
Total remuneration paid to key management personnel	**10,474,247**	3,564,053

Detailed Remuneration Disclosures are provided in the remuneration report in Section 24 of the Directors' Report.

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

(d) Share holdings and share options

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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 20. Key management personnel (continued)

	Ordinary shares			Share options		
	Shares held at 31 March 2013	Shares acquired during the period	Shares held at 31 March 2014	Options held at 31 March 2013	Options cancelled during the period	Options held at 31 March 2014
Directors of OzForex Group Limited						
P Warne	-	**125,000**	**125,000**	-	**-**	**-**
N Helm	-	**250,000**	**250,000**	7,000	**(7,000)**	**-**
G Murdoch	-	**50,000**	**50,000**	-	**-**	**-**
M Conrad	-	**50,000**	**50,000**	-	**-**	**-**
W Allen	-	**-**	**-**	-	**-**	**-**
Other key management personnel of the group						
M Ledsham	-	**25,000**	**25,000**	1,100	**(1,100)**	**-**
S Griffin	-	**25,000**	**25,000**	1,400	**(1,400)**	**-**
J Rohloff	-	**15,000**	**15,000**	1,100	**(1,100)**	**-**
J Parker	-	**20,000**	**20,000**	-	**-**	**-**
D Higgins	-	**28,000**	**28,000**	1,700	**(1,700)**	**-**
J Davidson	-	**-**	**-**	-	**-**	**-**
L Cox	-	**-**	**-**	-	**-**	**-**
C Minehan[1]	-	**15,000**	**15,000**	1,100	**(1,100)**	**-**
M Ward[1]	-	**25,000**	**25,000**	1,300	**(1,300)**	**-**
L Docker[1]	-	**-**	**-**	1,100	**(1,100)**	**-**

1. The following ceased being key management personnel following the capital restructure of the group triggered by the listing on the ASX.

No comparable figures are available as OzForex Group Limited was incorporated during the year ending 31 March 2014.

Note 21. Employee equity participation

Share based payments

(a) OzForex Group Long Term Incentive Plan

During the 2014 financial year, the Group established and announced the OzForex Group Long Term Incentive Plan for Executives and other select employees identified by the Board. The plan is based on the grant of performance rights that vest into shares on a 1 to 1 basis at no cost to the employee subject to performance hurdles. Settlement of the performance rights is made in ordinary shares.

The performance measures approved by the Board are based upon Group EBTDA for all Executives responsible for the Group.

There have been no cancellations or modifications to the plan during 2014.

If the Executive leaves the granted rights may be forfeited at the Board's discretion.

Plan	Performance period end date	Balance as at 31 March 2013	Granted during the year	Exercised during the year	Forfeited/ cancelled during the year	Balance as at 31 March 2014
IPO rights	31 March 2016	-	**536,575**	-	-	**536,575**

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 21. Employee equity participation (continued)

Rights are vested 32 months after grant date (vesting period). During the vesting period the performance measures are based on the 30 month period from 1 October 2013 to 31 March 2016 (performance period). In case of under or over performance the eligible rights will be adjusted as per below:

Performance level	EBITDA over a 30 month performance period	Vesting level
At or above target	Greater or equal to 18% CAGR	100%
Between threshold and target	Between 13% and 18% CAGR	Pro-rata from 25% - 100%
Below threshold	Below 13%	0%

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

Plan	Grant date	Performance period	Vesting date	Number of rights granted	Value of rights at grant date
IPO rights	11 October 2013	2016	1 June 2016	536,575	832,721

The value of each performance right is estimated on the grant date using a Monte Carlo simulation and discounted for the probability of employee retention and the probability of achieving performance levels.

The OzForex Group Long Term Incentive Plan resulted in a net share-based compensation expense of $157,507.

(b) Share options

During the period ended 31 March 2014, the Company had two equity settled share-based payment arrangements, which are described below. These share-based payment arrangements were cancelled and cash settled by the pre-restructure shareholders as a result of listing on the ASX. For details of the payments in relation to the canceled options refer to the related party transactions in note 19.

Grant	Number	Grant date	Exercise price	Vesting	Expiry
2010	18,000	19 November 2010	472.23	25% per year on anniversary of grant date for 4 years	7 years

The estimated fair value of each share option granted in the plan is $4.80. This was calculated by applying a trinomial option pricing model. The model inputs were the underlying share price at grant date of $91.95, exercise price of $472.23, expected volatility of 35%, no expected dividends, contractual life of 7 years and a risk-free interest rate of 5.5%.

When this plan was implemented the Company was unlisted and as such did not have access to the historical information to calculate assumed volatility rates. The volatility in the pricing model had been based on that of Western Union, a similar payments and foreign exchange business. The assessed volatility of Western Union was 21.05% over 4 years. Given that the Company’s stock and options were less liquid, the volatility was adjusted upward to 35%.

Grant	Number	Grant date	Exercise price	Vesting	Expiry
2013	1,300	1 January 2013	625.00	25% per year on anniversary of grant date for 4 years	7 years

The estimated fair value of each share option granted in the plan is $3.36. This was calculated by applying a trinomial option pricing model. The model inputs were the underlying share price at grant date of $183.60, exercise price of $782.23, expected volatility of 19.88%, no expected dividends, contractual life of 7 years and a risk-free interest rate of 3%.

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 21. Employee equity participation (continued)

When this plan was implemented the Company was unlisted and as such did not have access to the historical information to calculate assumed volatility rates. The volatility in the pricing model had been based on that of Western Union, a similar payments and foreign exchange business. The assessed volatility of Western Union was 19.88% over 6 years.

Further details of the share option plans are as follows:

	2014		2013	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding at start of year	**19,300**	**482.52**	18,000	472.23
Granted	**-**	**-**	1,300	625.00
Forfeited	**(19,300)**	**482.52**	-	-
Exercised	**-**	**-**	-	-
Outstanding at end of year	**-**	**-**	19,300	482.52
Exercisable at end of year	**-**	**-**	9,000	472.23

The options outstanding at 31 March 2014 had a weighted average exercise price of $0 (2013: $482.52), and a weighted average remaining contractual life of 0 years (2013: 4.77 years).

	2014	2013
	$	$
Expense arising from share option plans	**17,124**	18,905

Note 22. Contingent liabilities and assets

The Group has no contingent assets and liabilities.

Note 23. 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, legal compliance risk and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Leadership 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 23.1 Credit risk

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

Credit risk within the Group is managed on a group basis by the Leadership 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.

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 23.1 Credit risk (continued)

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.

Consolidated	2014			
	Cash and cash equivalents $'000	Derivative financial instrument-positive values $'000	Other assets $'000	Total $'000
Australia				
Financial institutions	86,002	102	-	**86,104**
Other	-	4,429	1,739	**6,168**
Total Australia	**86,002**	**4,531**	**1,739**	**92,272**
New Zealand				
Financial institutions	8,333	44	-	**8,377**
Other	-	1,029	84	**1,113**
Total New Zealand	**8,333**	**1,073**	**84**	**9,490**
Asia				
Financial institutions	7,062	-	-	**7,062**
Other		124	49	**173**
Total Asia	**7,062**	**124**	**49**	**7,235**
Europe				
Financial institutions	23,340	1,210	-	**24,550**
Other	-	951	766	**1,717**
Total Europe	**23,340**	**2,161**	**766**	**26,267**
North America				
Financial institutions	24,017	22	-	**24,039**
Other	-	94	14	**108**
Total North America	**24,017**	**116**	**14**	**24,147**
Other				
Financial institutions	4	-	-	**4**
Other	-	588	-	**588**
Total Other	**4**	**588**	**-**	**592**
Total gross credit risk	**148,758**	**8,593**	**2,652**	**160,003**

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 23.1 Credit risk (continued)

Maximum exposure to credit risk

Consolidated	2013			
	Cash and cash equivalents $'000	Derivative financial instruments - positive values $'000	Other assets $'000	Total $'000
Australia				
Financial institutions	47,628	35	-	47,663
Other	-	1,539	506	2,045
Total Australia	47,628	1,574	506	49,708
New Zealand				
Financial institutions	3,863	46	-	3,909
Other	-	526	-	526
Total New Zealand	3,863	572	-	4,435
Asia				
Financial institutions	2,493	-	-	2,493
Other	-	36	40	76
Total Asia	2,493	36	40	2,569
Europe				
Financial institutions	16,972	380	-	17,352
Other	-	729	158	887
Total Europe	16,972	1,109	158	18,239
North America				
Financial institutions	21,153	-	-	21,153
Other	-	56	222	278
Total North America	21,153	56	222	21,431
Other				
Financial institutions	3	-	-	3
Other	-	229	36	265
Total Other	3	229	36	268
Total gross credit risk	**92,112**	**3,576**	**962**	**96,650**

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 - 2014	Neither past due nor impaired			
	Investment Grade	Below Investment Grade	Unrated	Total
	$'000	$'000	$'000	$'000
Cash and cash equivalents				
- Financial institutions	**148,758**	**-**	**-**	**148,758**
Derivative financial instruments – positive values				
- Financial institutions	**1,376**	**-**	**-**	**1,376**
- Other	**-**	**-**	**7,217**	**7,217**
Other assets				
- Other	**-**	**-**	**2,652**	**2,652**
Total	**150,134**	**-**	**9,869**	**160,003**

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 23.1 Credit risk (continued)

Credit Quality - 2013	Neither past due nor impaired			
	Investment Grade	Below Investment Grade	Unrated	Total
	$'000	$'000	$'000	$'000
Cash and cash equivalents				
- Financial institutions	92,112	-	-	92,112
Derivative financial instruments – positive values				
- Financial institutions	461	-	-	461
- Other	-	-	3,115	3,115
Other assets				
- Other	-	-	962	962
Total	**92,573**	**-**	**4,076**	**96,650**

There are no balances that are past due or impaired as at 31 March 2014 (2013: Nil).

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

Note 23.2 Liquidity risk

Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities. 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 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

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

2014	On demand	3 months or less	3 to 12 months	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Other liabilities[1]	**(1,389)**	**(109,279)**	**(9,563)**	**(952)**	**-**	**(121,183)**
Derivative financial instruments						
Inflows	**-**	**794,370**	**114,384**	**-**	**-**	**908,754**
(Outflows)	**-**	**(792,965)**	**(112,811)**	**-**	**-**	**(905,776)**
Total	**(1,389)**	**(107,874)**	**(7,990)**	**(952)**	**-**	**(118,205)**

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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 23.2 Liquidity risk (continued)

2013	On demand $'000	3 months or less $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Other liabilities[1]	(897)	(61,569)	(1,693)	(718)	-	(64,877)
Derivative financial instruments						
Inflows	-	360,191	49,435	-	-	409,626
(Outflows)	-	(358,247)	(49,063)	-	-	(407,310)
Total	**(897)**	**(59,625)**	**(1,321)**	**(718)**	**-**	**(62,561)**

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

Note 23.3 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:

- foreign exchange: changes in spot and forward exchange rates and the volatility of exchange rates;
- interest rates: changes in the level, shape and volatility of yield curves, the basis between different interest rate securities and derivatives and credit margins;
- 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.

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

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

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

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 23.3 Market risk (continued)

Interest Rate Risk

The Group also has exposure to non-traded interest rate risk generated by cash and cash equivalents.

The table below indicates the Group's exposure to movements in interest rates as at 31 March.

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

	31 March 2013			
Movement in basis points (%)	**+50**	**-50**	**+50**	**-50**
	Sensitivity of profit before tax	**Sensitivity of profit before tax**	**Sensitivity of equity after tax**	**Sensitivity of equity after tax**
	$'000	**$'000**	**$'000**	**$'000**
AUD	259	(259)	187	(187)
CAD	31	(31)	23	(23)
EUR	30	(30)	13	(13)
GBP	16	(16)	21	(21)
NZD	5	(5)	11	(11)
SGD	65	(65)	4	(4)
USD	18	(18)	47	(47)
Other	37	(37)	27	(27)
Total	**461**	**(461)**	**333**	**(333)**

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 23.3 Market risk (continued)

Foreign Currency Risk

The table below indicates the Group's exposure to movements in foreign currency exchange rates as at 31 March 2014 and 31 March 2013.

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

	31 March 2013			
Movement in exchange rate (%)	**+10%**	**-10%**	**+10%**	**-10%**
	Sensitivity of profit before tax	**Sensitivity of profit before tax**	**Sensitivity of equity after tax**	**Sensitivity of equity after tax**
CAD	1	(1)	1	(1)
EUR	45	(45)	32	(32)
GBP	(26)	26	(18)	18
NZD	(5)	5	(4)	4
SGD	14	(14)	10	(10)
USD	(34)	34	(24)	24
Other	(76)	76	(53)	53
Total	**(81)**	**81**	**(56)**	**56**

Note 24. 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.

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 24. Fair values of financial assets and liabilities (continued)

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 as outlined below:

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

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

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

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

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

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

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

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

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

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

	2014 Carrying amount $'000	**2014 Fair value $'000**	2013 Carrying amount $'000	2013 Fair value $'000
Assets				
Cash	**148,758**	**148,758**	92,112	92,112
Derivative financial instruments – positive values	**8,593**	**8,593**	3,576	3,576
Total financial assets	**157,351**	**157,351**	95,688	95,688
Liabilities				
Derivative financial instruments – negative values	**5,615**	**5,615**	1,259	1,259
Total financial liabilities	**5,615**	**5,615**	1,259	1,259

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 24. 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:

	2014 Level 2 $'000	**2014 Total $'000**	2013 Level 2 $'000	2013 Total $'000
Assets				
Derivative financial instruments – positive values	**8,593**	**8,593**	3,576	3,576
Total assets	**8,593**	**8,593**	3,576	3,576
Liabilities				
Derivative financial instruments – negative values	**5,615**	**5,615**	1,259	1,259
Total liabilities	**5,615**	**5,615**	1,259	1,259

Note 25. 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:

	2014 $	2013 $
(a) PricewaterhouseCoopers firm		
Audit and review of financial reports	**251,866**	190,698
Initial public offering services	**250,000**	-
Total remuneration for audit and other assurance services	**501,866**	191,698
Taxation services	**72,263**	90,820
Total remuneration of PricewaterhouseCoopers	**574,129**	281,518
(b) Non-PricewaterhouseCoopers audit firms		
Audit and review of financial reports	**12,328**	25,853
Total remuneration of non-PricewaterhouseCoopers firms	**12,328**	25,853
Total audit firm remuneration	**586,457**	307,370

It is the Company's policy to employ 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.

The term of the lead audit partner was extended for an additional year in line with section 324 DD of the Corporations Act.

Notes to the financial statements (continued)
For the financial year ended 31 March 2014

Note 26. Events occurring after balance sheet date

Dividend declared

On 27 May 2014 a dividend of $0.02375 per share ($5,700,000) was declared.

Ex-Dividend date	11 June 2014
Record date	13 June 2014
Payment date	27 June 2014

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.

	2014 Cents	2013 Cents

Note 27. Earnings per share

(a) Basic earnings per share

From continuing operations attributable to the ordinary equity holders of the Company	**6.84**	7.52
Total basic earnings per share attributable to the ordinary equity holders of the Company	**6.84**	7.52

(b) Diluted earnings per share

From continuing operations attributable to the ordinary equity holders of the Company	**6.83**	7.52
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**6.83**	7.52

(c) Earnings used in calculating earnings per share	**2014 $'000**	2013 $'000
Basic earnings per share		
Profit from continuous operations	**15,967**	17,136
Diluted earnings per share	**15,967**	17,136
Profit from continuous operations		

(d) Weighted average number of shares used as denominator	**2014**	2013
Number of ordinary shares used as the denominator in calculating basic earnings per share	**233,490,411**	228,000,000
Number of ordinary shares used as the denominator in calculating diluted earnings per share	**233,741,793**	228,000,000

The number of ordinary share outstanding has been adjusted retrospectively for the share split which occurred on 15 October 2013. 12 million new shares were issue on 16 October 2013.
Share options on hand relate to shares that were already in issue and do not dilute the weighted average number of shares.

	Parent Entity	
	2014	2013
	$'000	$'000

Note 28. Parent entity financial information

Summary financial information

	2014 $'000	2013 $'000
Balance sheet		
Investment in subsidiary	**24,360**	-
Total Assets	**24,360**	-
Ordinary share capital	**24,360**	-
Total Equity	**24,360**	-
Profit or loss for the year	**-**	-
Total comprehensive income	**-**	-
Earnings per share based on profit from continuing operations, attributable to the ordinary equity holders of the parent entity:	**Cents**	Cents
Basic and diluted earnings per share	**-**	-

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes for the year ended 31 March 2014 are in accordance with the Corporations Act 2001, including;
   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirement, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and of its performance for the financial year ended on that date, and

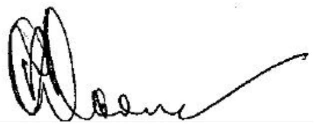
(b) there are reasonable grounds to believe that OzForex Group Limited will be able to pay its debts as and when they become due and payable, and

(c) Note 1(i) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

On behalf of the Board:



Peter Warne
Chairman

Neil Helm
Chief Executive Officer and Managing Director

27 May 2014

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 consolidated entity), which comprises the statement of financial position as at 31 March 2014, 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 comprises Ozforex Group Limited (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 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(jj) 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 Section 24 of the Directors' Report for the year ended 31 March 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

CJ Heath

Partner

Sydney

27 May 2014

Corporate Information

Directors	Mr Peter Warne (Chairman) Mr Neil Helm (Managing Director & CEO) Mr William Allen Ms Melinda Conrad Mr Grant Murdoch
Company Secretary	Ms Linda Cox
Notice of Annual General Meeting	Wednesday 6 August 2014 at 4.00pm Establishment Hotel, Room II 252 George Street Sydney, NSW 2000 Australia
Principal registered office in Australia	Level 9 10 Bridge Street Sydney, NSW 2000 Australia Ph +61 2 8667 8000 Fax +61 2 8667 8080 Email investors@ozforex.com.au
Share register	Computershare Registry Services Pty Limited 60 Carrington Street Sydney, NSW 2000 Australia Ph +61 3 9415 4000 Ph 1300 850 505 (Australian shareholders)
Auditor	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney, NSW 2000 Australia
Stock Exchange Listing	OzForex Group shares are listed on the Australian Securities Exchange: OFX
Website address	www.ozforex.com.au