



Shareholder Update

(Based upon un-audited results 1st Half Fiscal Year 2013/14)

Summary

Tyro continued its growth trajectory in transaction volume with a growth rate of 30 per cent on the previous corresponding period (pcp).

\$2.6 billion in credit and debit card transactions were acquired during the half-year to 31 December, 2013.

Tyro's revenue grew to \$25.4 million or 36 per cent up on the pcp.

Passing monthly profit break-even in March 2012, the company has continuously improved its results. With \$2.7 million in half-year operating profit before tax and share based payment expense, the result more than doubled versus the pcp.

The net profit result (after tax) increased 48.5% versus the pcp, to \$1.7 million for the half-year.¹

Tyro is pursuing a growth strategy continuously investing into its engineering, operations and sales capacity, with headcount passing 100 in December 2013.

Further highlights include:

- In the month of December 2013, a total of 7.9 million transactions with a value of \$543 million were authorised, cleared and settled.
- In the six months to 31 December 2013, a total of 6 million Medicare Easyclaim transactions were processed.
- Active merchant EFTPOS facilities (MIDs) increased by 24% to 9,065 MIDs at the end of December 2013 compared with 7,310 MIDs a year earlier.
- Shareholder equity increased to \$24.4 million in December 2013 from \$13.2 million in December 2012, including the \$6.6m DTA¹.
- Shares on issue increased to 277 million and outstanding options declined to 78.2 million.
- Net tangible assets (NTA) increased to 8.8 cents per share from 4.9 cents in December 2012¹.
- The company has no concerns with capital adequacy under Basel III regime and plans no capital raising in the most recent 4 year capital management plan lodged with APRA.
- 106 FTE staff were employed at the end of December 2013 versus 78 at the end of December 2012.

¹ In FY2012/13 a deferred tax asset (DTA) of \$6.6 million was recognised. As a result a tax expense is now being applied.



Tyro in Numbers

	1HFY14	1HFY13	1HFY12	1HFY11	1HFY10
Revenue	\$25.4m	\$18.6m	\$12.9m	\$9.2m	\$6.9m
AIFRS profit/(loss) after tax ²	\$1.7m	\$1.2m	(\$0.9)m	(\$1,1)m	(\$0.7)m
Closing total equity	\$24.4m	\$13.2m	\$11.4m	\$9.9m	\$11.1m
Closing NTA per share	8.8 cps	4.9 cps	5.3 cps	4.6 cps	5.2 cps
Closing active EFPOS facilities	9,065	7,310	5,521	3,884	2,452
Value of merchant transactions	\$2.6B	\$2.0B	\$1,4B	\$0.9B	\$0.6B
Closing cash on hand ³	\$8.3m	\$26.0m	\$19.7m	\$13.8m	\$10.0m

Note: m - million, B - billion, cps - cents per share, MID - merchant facility

Balance Sheet and Capital Management

Cash and trade payables declined substantially due to new BECS multiple intraday interbank settlements resulting in Tyro settling earlier. Non-current assets and retained earnings increased with the recognition of a deferred tax asset.

As mentioned at the recent 2013 Shareholders' Meeting and as in prior years, Tyro arranged loan facilities with shareholders, this year in a total amount of \$6.1 million to fund the increased settlement volumes of the Christmas and Easter extended trading period.

Strategic Development

Tyro's strategic focus is to provide the small and medium business community with the most reliable, efficient, fully integrated credit and debit card acceptance solutions in partnership with the software industry. 103 software vendors are now certified with Tyro integrated IP EFTPOS.

Tyro has focussed its investment on migrating to a new contactless and 3G enabled EFTPOS terminal fleet and on developing an integrated private health funds claiming solution for the ancillary health market.

Tyro's live-live data centre architecture delivered 100% core system availability. The system processed 1,000 transactions per minute in Christmas peak trading without service degradation.

Not one known data breach occurred with Tyro merchants who benefit from Tyro's unique secure PCI PA-DSS certified integration architecture.

Outlook

We expect further growth from new health claiming, cloud and mobile solutions, software partnerships and our position in the small business community.

Please refer to the accompanying half year unaudited financial statements for the 1st half-year ended 31 December 2013 and previous corresponding periods.

Jost Stollmann, CEO

² Inclusive of share based payments

³ Cash and trade payables declined significantly due to new BECS multiple intraday interbank settlements

TYRO PAYMENTS LIMITED

ABN 49 103 575 042

INCOME STATEMENT

FOR THE HALF FISCAL YEAR ENDED 31 DECEMBER 2013

(unaudited)

	Notes	2013 \$	2012 \$	2011 \$	2010 \$	2009 \$
Revenue						
Fees and commission income		24,980,413	18,270,208	12,680,749	8,830,395	5,828,299
Fees and commissions expense	1	(13,833,102)	(10,651,447)	(7,935,576)	(5,540,478)	(3,521,136)
Net fees and commissions income		11,147,310	7,618,762	4,745,173	3,289,917	2,307,163
Terminal and accessories sale		428,790	347,608	245,555	345,260	517,919
Terminal and accessories COGS		(380,286)	(217,810)	(175,974)	(271,096)	(428,794)
Net Terminal and Accessories Sale Income		48,504	129,798	69,581	74,164	89,125
Medicare Subsidy	2	-	-	-	-	573,012
Interest Income		381,932	380,926	385,401	255,491	128,679
Foreign Currency Gain	3	0	0	71,985	-	30,435
Net gain on financial instruments		919	243	425	329	2,261
Total Operating income		11,578,665	8,129,730	5,272,565	3,619,900	3,130,675
<i>Less: Expenses</i>						
Medicare Rollout external expenses	2	0	0	7,355	12,420	260,962
Engineering expenses		2,409,704	1,693,987	1,422,892	1,064,481	914,970
Operations expenses		2,540,033	2,093,066	1,788,608	1,523,843	1,375,836
Sales and marketing expenses		1,419,904	908,637	851,794	467,772	375,507
Administrative expenses		2,438,033	1,930,700	1,817,802	1,102,888	786,597
Bad debt and chargeback loss expense		63,905	36,723	890	2,456	9,316
Total operating expenses		8,871,579	6,663,113	5,889,342	4,173,859	3,723,188
Interest Expense		26,868	99,711	209,797	30,695	-
Foreign Currency (Gain)/Loss	3	(31,181)	59,788	-	241,528	-
Operating profit/(loss) before tax expense		2,711,400	1,307,117	(826,574)	(826,182)	(592,513)
Share based payments expense	4	214,500	132,000	84,503	305,115	154,239
Income tax expense	5	749,130	-	-	-	-
Net profit/(loss) for the half-year		1,747,770	1,175,117	(911,077)	(1,131,297)	(746,752)

Notes

- 2011: This figure has been normalised for heightened commissions paid of 402K
2010: This figure has been normalised for heightened commissions paid of 329K
2009: This figure has been normalised for commissions forfeited of 351K in lieu of heightened commissions in future periods.
- One-off Medicare subsidy and expenses relating to rollout
- Foreign currency gains and losses relating to Mastercard collateral placed in USD
- 2011: The executives' bonus and directors' compensation was paid in cash and not in options as in prior years.
The executives' bonus and directors' compensation was accrued with \$388k in the half year ended 31 December 2011
The Executives' bonus for FY2010/11 amounted to a total cost of \$505k expensed in the half year ended 31 December 2011
- FY 2012/13 a deferred tax benefit of \$6,573k has been recognised

TYRO PAYMENTS LIMITED

ABN 49 103 575 042

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 \$	2012 \$	2011 \$	2010 \$	2009 \$
ASSETS						
Current Assets						
Cash and cash equivalents	1	8,270,980	25,990,534	19,690,257	13,816,216	10,026,047
Trade and other receivables		517,562	282,933	621,541	506,363	415,075
Prepayments		283,132	241,183	129,240	99,179	75,719
Inventories		316,445	383,704	144,195	107,640	503,395
Total Current Assets		<u>9,388,119</u>	<u>26,898,354</u>	<u>20,585,234</u>	<u>14,529,398</u>	<u>11,020,237</u>
Non-current Assets						
Available-for-sale investment		411,886	206,839	120,399	127,380	117,745
Property, plant and equipment		2,113,598	1,787,258	1,617,447	1,410,435	1,513,728
Deferred Tax Asset		5,747,533	-	-	-	-
Total Non-current Assets		<u>8,273,017</u>	<u>1,994,097</u>	<u>1,737,846</u>	<u>1,537,815</u>	<u>1,631,473</u>
TOTAL ASSETS		<u>17,661,136</u>	<u>28,892,451</u>	<u>22,323,080</u>	<u>16,067,213</u>	<u>12,651,710</u>
LIABILITIES						
Current Liabilities						
Trade payables and other liabilities	1	(11,000,938)	8,045,309	6,959,163	3,213,884	1,311,887
Interest bearing loan		2,500,000	5,500,000	2,487,759	2,500,000	-
Provisions		1,750,906	2,126,901	1,500,823	500,134	226,254
Total Current Liabilities		<u>(6,750,031)</u>	<u>15,672,210</u>	<u>10,947,745</u>	<u>6,214,018</u>	<u>1,538,141</u>
TOTAL LIABILITIES		<u>(6,750,031)</u>	<u>15,672,210</u>	<u>10,947,745</u>	<u>6,214,018</u>	<u>1,538,141</u>
NET ASSETS		<u>24,411,167</u>	<u>13,220,241</u>	<u>11,375,335</u>	<u>9,853,195</u>	<u>11,113,568</u>
EQUITY						
Contributed equity		33,693,005	33,200,663	30,401,219	30,401,219	30,395,023
Reserves		7,617,500	7,279,234	9,708,608	6,516,299	5,835,488
Retained earnings	2	(16,899,338)	(27,259,655)	(28,734,492)	(27,064,323)	(25,116,943)
TOTAL EQUITY		<u>24,411,167</u>	<u>13,220,241</u>	<u>11,375,335</u>	<u>9,853,195</u>	<u>11,113,568</u>

Notes

- 1 Comparatives for prior period 2010 have been restated due to the derecognition of scheme receivables and the related merchant payables. In 2013 cash and trade payables declined significantly due to BECS multiple intraday settlements that went live on 25 November 2013. Tyro now prefunds its merchants.
- 2 FY 2012/13 a deferred tax benefit of \$6,573k has been recognised