

## Shareholder Update

2 April 2009

Tyro is a new Australian banking institution (ADI) specialised in facilitating the acceptance of electronic payments on behalf of merchants and recurrent billers (acquirer). In the current fiscal year, Tyro has made considerable progress.

### The major achievements were:

- Tyro raised \$5.15m of new funds in October. New shareholders joined the share register that pursue a strategic intent, such as a primary health care operator, a major retail chain, a founder of a major software house and an investor into financial services businesses.
- Tyro increased the transaction volume from \$116m in FY 2008 to \$300m in the first three quarters of FY 2009. In March 2009, we authorised, cleared and settled \$44m in transactions.
- Tyro won significant accounts with The Nuance Group the largest duty free store operator, Collins Book stores, Harrison and Cincotta pharmacy groups and Jaycar Electronics retail store chain.
- Tyro recently achieved POS integration with Microsoft Dynamics RMS, MYOB Retail Manager, Tower Software, Torex DRS-POS, OsiPOS, Imagatec, Syscap and Unilink.
- Tyro engineering delivered a cab and limousine application, an integrated dynamic currency conversion (DCC) solution, the ability to sign credit card transactions with a PIN and a first 'pay at table' solution.

### The major disappointments and set-backs were:

- Tyro credibility suffered from an outage at the end of October 2008 caused by the failure of switches and failovers between them. As a consequence, the architecture was re-confirmed and the network operation team increased.
- Tyro suffered from delays in the launch of Medicare Easyclaim that was planned for release in November 2008. The Medicare accreditation was obtained at year end and a beta test started. The feedback led to further development by our partner HCN.

On 1 April 2009, an Easyclaim upgrade for the current Pracsoft version 3.9 was launched. With the next release of Pracsoft, Easyclaim will become available as a standard feature.

- Tyro also suffers from terminal quality problems that have delayed the migration to a new terminal platform release and EMV certification.

Tyro's Tier One Equity after the first three quarter of FY 2009 will stand at \$8.5m. The improvement of the monthly burn rate has been slow due to cost increases in the network and operations area and insufficient transaction growth. Reasons for the latter are:

- The Easyclaim launch has been delayed again and again.
- The integration with software vendors, the initiation of their marketing and then the sell-through has taken significant effort and time.

- Progress with large retailers like the Sanity Group (Brazin) and Harvey Norman has been slow due to long decision making processes, shifting priorities and concerns around credit rationing by banks.

There is a constant, but still low flow of leads and projects coming through the increasing number of software vendor partnerships. As we have been now transacting for two and a half years, the interest and credibility with larger retailers is increasing.

The Medicare Easyclaim solution remains the project that we believe will provide an eventual break-even position. The key uncertainty is in the speed of the take-up by the medical practitioner community. Given our current planning assumptions, we are one fifth on the way to break-even or 16 months away from it.

#### Monthly Visa/MasterCard/EFTPOS transaction volume, margin MAF

	FY 06/07		FY 2007/2008			FY 2008/2009		
	Transaction Volume* (k=\$'000)	Transaction Volume* (k=\$'000)	Growth Rate (m/m)	MAF* (bps)	Transaction Volume* (k=\$'000)	Growth Rate (m/m)	MAF* (bps)	
July		2,935k	33%	29	20,893k	19%	34	
Aug		3,931k	34%	22	23,250k	11%	35	
Sept		4,678k	19%	24	26,475k	14%	34	
Oct		5,623k	20%	24	31,713k	20%	34	
Nov	21k	6,999k	24%	23	34,234k	8%	36	
Dec	172k	10,613k	51%	24	46,038k	34%	35	
Jan	339k	8,774k	-17%	28	36,693k	-20%	32	
Feb	608k	9,991k	14%	28	37,017k	1%	37	
Mar	776k	12,545k	26%	33	43,854k	17%		
Apr	915k	14,477k	15%	41				
May	1,255k	17,329k	20%	31				
Jun	2,202k	17,561k	1%	32				

\*MAF equals MSF minus Interchange