Where the world's moving

ANNUAL REPORT 2019

OFX GROUP LIMITED | ACN 165 602 273

The world we live in is constantly changing.

With it, we're moving to embrace new ways of moving money.

Global volatility has taken hold of the world's headlines with uncertainty more prevalent as a result of world events like Brexit and the US-China trade war.

Learning how to navigate these uncertainties is critical for both personal and business customers as they present both challenges and opportunities. OFX brings trust and transparency to cross border transactions enabling clients to maximise opportunities.

At OFX, we help people move money around the world quickly, digitally, safely and efficiently and we never forget the power of the human touch. Access to 24/7 support means that customers have access to localised and expert customer service, wherever they are in the world.

We understand that your world never stops moving, so we won't either.

FINANCIAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

$118.7m

Net operating income

$32.2m

Underlying EBITDA

27.1%

Underlying EBITDA margin

$21.0m

Underlying net profit after tax (NPAT)

$23.7b

Turnover

1,048.7

Transactions ('000s)

156.5

Active clients ('000s)[1]

$17.6m

Statutory NPAT

$1.67

Share price at 31 March 2019

[1]Active Clients is the number of clients who have transacted at least once in the prior 12 months.

CHAIRMAN'S LETTER

FELLOW SHAREHOLDERS,

Despite a more subdued operating environment, especially in the second half of the year, the leadership team has performed well, continuing to deliver growth in net operating income and in earnings.

Market in Transition

The market in which OFX operates is very large and competition is highly fragmented. Despite the large number of competitors, very few international payments companies look the same or have the same value proposition.

Given unprecedented liquidity, we have seen a lot of new entrants in the last 5 years, attracted by what appear to be low barriers to entry, and low cost of debt. They have largely adopted a strategy of acquiring clients at all cost, but few are profitable, and very few generate the kind of returns on capital that OFX does. As the cost of debt increases, as privately-held firms look to exit, and as regulatory obligations grow tougher, we expect market consolidation to increase.

We continue to focus on generating strong returns for our shareholders, built on very strong financial, operational, and risk foundations. To maintain and improve our returns, we will continue to invest in our technology to improve the client experience, the flexibility of our core infrastructure, our transaction monitoring and regulatory disciplines and our productivity. At OFX we are building a company that generates consistent, responsible growth.

How we are Differentiated

OFX provides a frictionless digital experience that our clients love, but with localised, knowledgeable customer service available 24/7 for what are important and often emotional financial transactions. In a world where trust in institutions is on the decline, this is one of our most critical competitive advantages.

We believe in building enduring relationships with our clients who value our approach and transact many times over many years. 76% of our revenue is generated from returning clients.

From a compliance standpoint, trust is as important for our regulators, our banking partners and shareholders as it is for our clients. We need to ensure we are the best in the industry with our compliance processes and disciplines.

OFX has licences to operate in 55 jurisdictions. These licenses, and the support we have from 16 banking partners, means we are under a great deal of scrutiny to operate reliably, and always within the law. We welcome that. Our track record over the last 12 months, during which we saw a record number of audits and exams, remains very strong. We are consistently highly rated with no material breaches.

We meet often with our regulators around the world to ensure we have candid and open communication. In Australia, for example, we have open dialogue with AUSTRAC and constantly seek feedback on our performance. Not only do they regulate us, but we also have a responsibility to support them. We provide information on potential financial scams and illegal activities, and always assess how we can do more to assist them. We don't view these obligations as a burden, we believe this is a competitive advantage.

This disciplined focus also applies to our banking partners. Banks globally are under increased scrutiny from AML regulators and some have incurred considerable fines. As a result, there is less appetite for them to bank the international payments sector. Again, our disciplined approach and compliance track record is a major advantage, as is the fact we are a publicly listed company.

As I mentioned earlier, our business is built on solid financial foundations, and we expect to see further market consolidation.

As disclosed during the year, we reached advanced discussions with a UK-based international payments company. While a deal didn't materialise, the process was very beneficial. We learned a lot about where we are strong, and where we can be stronger. It reinforced to all of us what a terrific company OFX is and that our growth prospects are very promising.

OFX Culture

At the heart of OFX is the outstanding global team to whom we express our deep thanks and appreciation. It operates within an aligned and powerful client-centred culture. It encourages action and execution, as well as openness and transparency and places a high degree of importance in doing the right thing for clients, shareholders and our regulators.

I want to thank all of our team members for their commitment, effort and dedication. I also want to thank the exceptional leadership team, who strive for excellence in everything they do and are passionate about building an industry leading company. And finally, I want to thank my fellow Board members for their counsel, effort and commitment.

I would like to thank Melinda Conrad, our long serving Non-Executive Director who retired from the Board on 28 September 2018, for her contribution to OFX over 5 years. Melinda was a huge asset, and her counsel was always lucid, forward-looking, and highly valued.

On 1 April we welcomed Connie Carnabuci to the Board. As a highly respected international lawyer with excellent experience in commercial partnerships in the digital space, and M&A in Asia, she is already proving to be a valuable addition.

The management team and Board look forward to a very promising future.

Steven Sargent
Chairman
21 May 2019

CEO'S LETTER

FY19 was another good year for OFX – we grew revenue above the market, with excellent growth in North America and Asia, managed our costs well while increasing investment in key areas, and delivered significant improvements to our client experience.

Overview

FY19 was another good year for OFX – we grew revenue above the market, with excellent growth in North America and Asia, managed our costs well while increasing investment in key areas, and delivered significant improvements to our client experience. Our risk management approach is stronger than ever, with good results across our audit and regulatory engagements. Cash generation remained strong, and we invested significant capital expenditure in initiatives that will underpin our future growth. We added significant talent to our Executive and senior management teams.

However, we fell short of our own performance expectations. While the first half saw strong revenue growth, the second half saw market activity drop substantially, and whilst we delivered a solid operating performance, our growth rates slowed. In particular, we did not grow active clients in the second half, which we had hoped we would. Further, despite a lot of hard work, we were unable to execute an inorganic opportunity.

So what did we learn? I would summarise it into a few valuable lessons:

1. The fundamentals of the business remain sound, even in difficult markets. This is reassuring, especially if markets remain difficult for the next 12 months – we have a platform to operate the business sustainably.
2. Our people are highly capable, and hungry for more. We took on M&A, adopted new risk management approaches, executed significant improvements to our client experience, tested our pricing capability as well as new marketing techniques, delivered great technology enhancements, and achieved our biggest year ever of regional growth.
3. Our ability to leverage our platform – technology, risk management, service, and operations – is highly valued, particularly by Enterprise and Corporate clients.
4. The opportunities for us are significant, both organic and inorganic. We will continue to focus on organic, but feel much more confident to manage inorganic opportunities should they materialise.

FY19 Highlights

During FY19 we delivered a solid financial and operating performance.

- Revenue grew in every region. By business we saw Corporate grow revenue 16%, and Consumer grow by 4%. By region Asia was again very strong at 19%, and North America was also strong at 20%. Our UK Corporate business was a highlight in UK / Europe, growing at 14%.
- We invested to grow - underlying operating expenses increased from $80.1m to $86.5m. Importantly, we invested in areas directly correlated to growth, not administration. We split our operating expenses into 'revenue generating' expenses and 'revenue enabling' expenses. Last year our revenue generating expenses grew 3x faster than revenue enabling expenses – in other words, we spend to grow, not to stand still.

$118.7m

Net operating income grew from $109.9m to $118.7m

16%

Corporate fee & trading income growth

67.3

Net promoter score (NPS)

- Our Net Operating Income **(NOI)** margin, excluding International Payments Solutions **(IPS)**, remained stable at 55 basis points despite Corporate, which is typically lower margin, growing faster than Consumer.
- We delivered strong improvements in our technology capability, particularly in the client experience with updated app experiences by region, particularly in North America, and further enhancements to our desktop experience everywhere. Other technology investments in transaction monitoring, pricing, treasury, our payments engine, and security have all progressed well, and we are set to benefit from them in FY20.
- Our service delivery continues to be a great strength, with our overall global NPS score up from 59.8 to 67.3, and double digit increases in every region.
- Our risk management continues to be a key strength, with losses lower than forecast, strong results in our audits from regulators and bankers, and significant progress in our regulatory engagements generally.

Our Team

I am delighted with the talent we have added to the organisation at every level, including in our regions. Our ability to grow will be a function of us having the right leaders in place, supported by highly capable teams, and we are heading very positively in that direction.

During the year we hired Sarah Webb as President UK & Europe and Yung Ngo as President Asia Pacific. Together with Mike Kennedy, President of North America, we now have strong regional leaders in place.

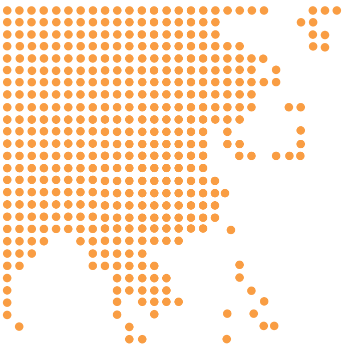
Their regional teams are well supported by strong global functions. These include Selena Verth our Chief Financial Officer, Mark Shaw, who is now the Chief Operating Officer, Wendy Glasgow our Chief Technology Officer, Jill Rezsdovics our Chief People & Culture Officer, and Freya Smith our Chief Legal Officer and Company Secretary. Since the end of the financial year, Elaine Herlihy joined us as our new Chief Marketing Officer. She brings a wealth of experience, especially from her most recent role as Head of Marketing at PayPal, Australia.

These leaders have inherited strong teams – people who work for OFX because they want to make a difference, because of their passion to deliver an exceptional client experience, and because they see the global opportunities. We now have over 360 staff, growing engagement scores, and a global operating model designed to help them deliver on the reasons they joined.

Outlook

For the year ahead our growth priorities are clear, building on our focus areas for FY19 – improving the client experience, continuing our geographic expansion, with emphasis on North America and Asia, and building partnerships to help us grow and execute better. In

19%



Revenue growth in Asia

20%

Revenue growth in North America

12%

Revenue growth in UK/Europe

particular, we will look to grow our base of Corporate and Enterprise clients in every region. This will be supported by an increased investment in expenses and capital expenditure, funded by strong cash generation. We see ourselves as delivering strong, sustainable growth, at attractive margins, not unsustainable growth.

We also expect further consolidation in the industry and are well placed to take advantage of opportunities that are financially attractive and align with our growth strategy.

We are grateful for the strong support from our clients, employees and investors. We appreciate the trust of our regulators, partners, and bankers, and know that this requires vigilance every day. My assessment of the size of the opportunity is unchanged – it is huge – and my enthusiasm to unlock it is undiminished.

Thank you also to the Board for their counsel, and support in building a stronger OFX.

Finally, a huge thank you to the OFX team. You have delivered a great client experience, you have worked tirelessly across the world to deliver better cost outcomes, you have been creative in accessing new growth. Your combination of high integrity and great team spirit has been inspirational. It's great to work with you all.

Skander Malcolm
Chief Executive Officer and Managing Director
21 May 2019

EXECUTIVE TEAM

01.

SKANDER MALCOLM

Chief Executive Officer and Managing Director

Skander joined OFX in February 2017 and has more than 25 years' experience in financial services across consumer payments, consumer finance, joint ventures, partnerships, commercial lending and leasing, and digital. He has worked in Australia & New Zealand, the UK, the US, the Middle East, Africa, and Eastern Europe. As President and CEO of GE Capital (A&NZ), he led a team of more than 4,500 employees in delivering Australia and New Zealand's largest consumer finance and commercial lending and leasing business. Before that, while in the UK, he helped launch the country's first and largest digital personal loan business, Hamilton Direct Bank, which grew to more than £3 billion in its first five years.

He holds a Bachelor of Economics from the University of Sydney and is a Member of the Australian Institute of Company Directors.

02.

SELENA VERTH

Chief Financial Officer

Selena joined OFX in October 2017 and has more than 20 years' experience in finance, analytics, M&A and risk across various roles. Her most recent role was Head of Finance – Platforms, Superannuation and Investments and Head of Wealth Analytics and Insight at BT Financial Group Australia. Prior to this, Selena held a number of senior finance roles within GE, including Leader, Financial Planning and Analysis and Commercial Finance for GE Global Growth and Operations, A&NZ; and Director of Business Development for GE Australia.

Selena has a Bachelor of Commerce, Executive MBA from the Australian Graduate School of Management, is a fellow of CPA Australia and is a Graduate of the Australian Institute of Company Directors.

03.

MARK SHAW

Chief Operating Officer

Mark joined OFX in January 2018 as Chief Risk Officer and was appointed Chief Operating Officer effective 1 March 2019. In his role Mark will be responsible for the Group's global operations and risk functions. Mark has over 16 years' experience in financial services including a solid track record in senior risk, compliance and regulatory affairs roles, gained at leading Australian and New Zealand banks. Most recently he led the Operational Risk & Compliance function for the Australia Division at ANZ. Mark held several other senior roles within ANZ including Head of Compliance in both Australia and New Zealand. Before joining ANZ in 2007, Mark worked at Suncorp managing the group's governance, policy and regulatory training frameworks, and overseeing compliance and operational risk teams across Australia.

Mark holds bachelor degrees in Computer Science and Law from the University of Queensland and has also completed all three levels of the Chartered Financial Analyst (CFA) program.

04.

WENDY GLASGOW

Chief Technology Officer

Wendy joined OFX in February 2018 and has over 16 years' experience in the technology industry, leading global teams to deliver business critical products to Australian and international markets.

Most recently, Wendy spent several years at Google, leading Data Platforms and Consulting across APAC markets. This included launching Google's advanced data products and working with top partners developing and implementing integrated data, analytics and marketing strategies to drive business growth.

In addition to a Bachelor of Information Technology, Wendy also holds a Bachelor degree and Graduate Certificate in Laws from the Queensland University of Technology.

Wendy is also currently a Director on the Barnardos Australia Technology Advisory Board.

05.

ELAINE HERLIHY

Chief Marketing Officer

Elaine commenced her role as Chief Marketing Officer at OFX in May 2019 and has 20 years' experience in strategic marketing, brand, communications and sales in FinTech, Banking, Superannuation and Media (B2C and B2B). Her most recent role was with PayPal Australia where she was the Marketing Director. In this role, Elaine was responsible for driving customer growth and engagement across both the consumer and merchant portfolios and building the PayPal brand in Australia. Prior to joining PayPal, Elaine spent eight years at Westpac Group leading brand and marketing functions across both Westpac Bank and BT Financial Group's Superannuation business. Prior to that, Elaine worked in a variety of marketing and communications roles over a nine-year period at Reuters in London.

Elaine holds a Bachelor of Commerce from University College Dublin and a Higher Diploma in Marketing Practice from the Smurfit Graduate School of Business in Dublin. Elaine is also an Independent Director of Mine Wealth and Wellbeing Services and the PayPal Giving Fund in Australia.

06.

MIKE KENNEDY

President, North America

Mike joined OFX in September 2017.

With 20 years' financial services and payments experience, Mike is an accomplished executive in both large corporate environments and early stage start-ups. Most recently, Mike was the co-founder and CEO of the high growth digital payments company, Zelle / clearXchange - the largest bank focused digital P2P payments network in the USA. Mike has also held a number of senior positions with McKinsey & Co and Wells Fargo, including Executive Vice President, Head of Innovation & Payments Strategy, and Senior Vice President, Head of Wealth Management Strategy and Implementation.

Mike has a Master of Business Administration, with distinction, from Harvard Business School and a Master of Science, Industrial Engineering and Bachelor of Science, Industrial Engineering, with distinction from Stanford University.

07.

SARAH WEBB

President, UK and Europe

Sarah Webb joined OFX in December 2018 as President, UK & Europe and has more than 20 years' experience in payments and a track record of developing client relationships, product initiatives and building profitable businesses. Most recently, Sarah held the role of Managing Director, Global Payments Networks at Barclays, where she led a team responsible for managing strategic partnerships across credit and debit portfolios globally as well as leading the Barclaycard PSD2 programme. Before joining Barclays, Sarah was Head of Global Product Management, Commercial Payments, at American Express.

Sarah holds a Bachelor of Science degree in Maths with Management from Imperial College, University of London.

08.

YUNG NGO

President, Asia Pacific

Yung joined OFX in March 2019 as President, Asia Pacific.

Yung has over 20 years' financial services experience having held senior management positions at Westpac, St George Bank and GE Capital leading large scale operations across retail banking, home lending and commercial finance. He has extensive experience driving growth across multiple channels including direct to consumer and businesses, business partnerships, third party as well as call centre distribution.

Prior to joining OFX, Yung led Westpac Premium's business in NSW, UK and Asia.

Yung holds a Bachelor of Jurisprudence and a Bachelor of Laws from UNSW and is also a graduate of the Australian Institute of Company Directors. He is also a Non-Executive Director of Settlement Services International Limited.

09.

JILL REZSDOVICS

Chief People & Culture Officer

Jill joined OFX in October 2018 and has 25 years' experience in human resources and operational roles largely in the financial services industry. Jill spent over 16 years at Morgan Stanley as the COO and Head of HR for Australia as well as regional and divisional roles in Asia, North America and Europe. Prior to joining OFX, Jill was the General Manager Human Resources Wealth at the Commonwealth Bank of Australia.

Jill holds a Master of Commerce (advanced specialisation in Human Resources) from the University of New South Wales and a Bachelor of Commerce from the University of Newcastle.

10.

FREYA SMITH

Chief Legal Officer and Company Secretary

Freya joined OFX in September 2015. She has over 12 years' experience in legal practice and governance. Freya holds a Bachelor of Commerce and Bachelor of Laws (Honours), a Master of Laws (High Distinction) and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Freya is admitted in the High Court of Australia, Federal Court of Australia and Supreme Court of New South Wales and is a member of the Association of Corporate Counsel and an Associate of the Governance Institute of Australia.

Freya is also currently Chair and a Non-Executive Director of the Sydney Fringe Festival.

Directors' Report and Financial Statements

FOR THE YEAR ENDED 31 MARCH 2019

OFX

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The Directors present their report on the consolidated entity consisting of OFX Group Limited (OFX or the Company) and the entities it controlled at the end of, or during, the year ended 31 March 2019 (the Consolidated Entity or the Group).

1. Directors

The Directors of the Company during the financial year and up to the date of this report are:

01.

STEVEN SARGENT

Chairman – BBus, FAICD, FTSE Member of the Audit, Risk and Compliance Committee and Remuneration and Nomination Committee

Age: 58
Appointed: 4 August 2016
Independent director
Residence: Sydney, Australia

Steve joined OFX in August 2016 and has over 36 years' global corporate experience in industries including financial services, mining and energy. Steve's prior professional experience includes 22 years at General Electric, including a number of leadership positions as President and CEO GE Australia and NZ and President and CEO GE Capital Asia Pacific.

Steve was appointed Vice President and Officer of General Electric Company in 2008 and was a member of GE's Global Corporate Executive Council, the first Australian to ever be appointed to such positions in GE's history.

CURRENT DIRECTORSHIPS

Director: Origin Energy Limited, Nanosonics Limited.

Other: The Great Barrier Reef Foundation, Chair of the Origin Foundation

INTEREST IN SHARES

100,000 ordinary shares

02.

JOHN ALEXANDER ('SKANDER') MALCOLM

Chief Executive Officer and Managing Director – BEcom

Age: 50
Appointed: 1 February 2017
Not independent
Residence: Sydney, Australia

Skander joined OFX in February 2017 and has more than 25 years' experience in financial services across consumer payments, consumer finance, joint ventures, partnerships, commercial lending and leasing, and digital. He has worked in Australia & New Zealand, the UK, the US, the Middle East, Africa, and Eastern Europe. As President and CEO of GE Capital (A&NZ), he led a team of more than 4,500 employees in delivering Australia & New Zealand's largest consumer finance and commercial lending and leasing business. Before that, while in the UK, he helped launch the country's first and largest digital personal loan business, Hamilton Direct Bank, which grew to more than £3 billion in its first five years.

CURRENT DIRECTORSHIPS

Director: Nil

Other: Member of the Australian Institute of Company Directors

INTEREST IN SHARES

2,623,979 ordinary shares (of which 2,568,769 have been issued under the Company's Executive Share Plan)

03.

GRANT MURDOCH

Non-Executive Director – MCom (Hons), FAICD, CAANZ. Chair of the Audit, Risk and Compliance Committee

Age: 67
Appointed: 19 September 2013
Independent director
Residence: Brisbane, Australia

Grant joined the OFX 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

Director: ALS Limited, Redbubble Limited, UQ Holdings Limited, Lynas Corporation 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 Australian Institute of Company Directors; Trustee of the Endeavour Foundation Disability Research Fund.

PREVIOUS DIRECTORSHIPS

Director: Cardno Limited (resigned 6 November 2015) QIC Limited (resigned 30 Sept 2017)

INTEREST IN SHARES

245,000 ordinary shares)

04.

DOUGLAS SNEDDEN

Non-Executive Director – BEC (ANU), MAICD. Chair of the Remuneration and Nomination Committee and Member of the Audit, Risk and Compliance Committee

Age: 61
Appointed: 16 March 2015
Independent director
Residence: Sydney, Australia

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

CURRENT DIRECTORSHIPS

Director: Chairman of Odyssey House NSW, Chairman of Chris O'Brien Lifehouse, Chairman of isentia Group Limited, and Securities Industry Research Centre of Asia-Pacific (Sirca) Limited
Other: Member of the National Library of Australia Council, Director of Frisk Pty Ltd, Member of the Australian Institute of Company Directors

INTEREST IN SHARES

100,000 ordinary shares

05.

LISA FRAZIER

Non-Executive Director – MBA, Bachelor of Chemical Engineering, GradDip Finance and Investment, GAICD. Member of the Audit, Risk and Compliance Committee. Lisa also serves as an independent director on the Company's wholly owned subsidiary boards in the US and Canada.

Age: 50
Appointed: 1 April 2018
Independent director
Residence: San Francisco, USA

Lisa joined OFX on 1 April 2018 and has 18 years' experience in digital and technology specialising in digital disruption, product innovation, customer experience, data analytics and marketing across the B2B and B2C sectors.

Lisa has founded her own startup and has held executive roles at multiple start-up companies in San Francisco. She has also led digital and agile transformation programs for large companies, such as the Commonwealth Bank of Australia. As a partner at McKinsey & Company in New York, Lisa focused on digital transformation and the development of new business models in Technology, Media and Telecom.

Lisa is currently the Head of Innovation for Wells Fargo focused on researching, developing and applying emerging technologies to Financial Services

CURRENT DIRECTORSHIPS

Director: Nil
Other: Graduate of the Australian Institute of Company Directors

INTEREST IN SHARES

54,645 ordinary shares

06.

CONNIE CARNABUCI

Non-Executive Director – Bachelor of Commerce (Marketing) (with Merit) and Bachelor of Laws. Member of the Remuneration and Nomination Committee, GAICD

Age: 55
Appointed: 1 April 2019
Independent director
Residence: Sydney, Australia

Connie joined OFX in April 2019 and has over 30 years' experience in legal practice, management and strategy, including significant private practice advice and deal experience in Asia in the technology, telecoms, new media (digital online), FMCG and renewable energy sectors. Connie is also currently the General Counsel for the ABC. Prior to her role at the ABC, Connie was a Partner at Freshfields Bruckhaus Deringer in Hong Kong leading the firm's IP/TMT practice in Asia. She also served as Co-head of the firm's global technology practice. Before moving to Hong Kong, Connie practiced in Australia for 11 years, including as a Partner at Mallesons Stephen Jacques (now King and Wood Mallesons). She began her career as Associate to the Honourable Justice Wilcox, Federal Court of Australia.

CURRENT DIRECTORSHIPS

Director: Nil
Other: Member of the UNSW Business School Advisory Council, Graduate of the Australian Institute of Company Directors

INTEREST IN SHARES

17,116 ordinary shares

07.

MELINDA CONRAD

MBA (Harvard), FAICD
Former Non-Executive Director and Chair of the Remuneration and Nomination Committee

Age: 50
Appointed: 19 September 2013
Ceased: 28 September 2018
Residence: Sydney, Australia

Melinda joined the OFX 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.

CURRENT DIRECTORSHIPS

Director: Melinda is a Director of ASX Limited, Caltex Australia Limited, Stockland Corporation Limited, the George Institute for Global Health and the Centre for Independent Studies.

INTEREST IN SHARES

100,000 ordinary shares (as at 28 September 2018)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The following persons were Directors of the Group either during the year and as at the date of this Report:

Steven Sargent
Chairman and Non-Executive Director

John Alexander ('Skander') Malcolm
Managing Director and Chief Executive Officer

Melinda Conrad
Non-Executive Director (resigned 28 September 2018)

Douglas Snedden
Non-Executive Director

Lisa Frazier
Non-Executive Director

Grant Murdoch
Non-Executive Director

Connie Carnabuci
Non-Executive Director (appointed 1 April 2019)

The background, qualifications and experience of each of the Directors as at the date of this Report is included on pages 14 and 15.

2. Company Secretaries

Freya Smith

Freya is the Chief Legal Officer and Company Secretary. Freya was appointed as Company Secretary on 11 October 2016. She has over 12 years' experience in legal practice and governance. Freya holds a Bachelor of Commerce and Bachelor of Laws (Honours), a Master of Laws (High Distinction) and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Freya is admitted in the High Court of Australia, Federal Court of Australia and Supreme Court of New South Wales and is a member of the Association of Corporate Counsel and an Associate of the Governance Institute of Australia. Freya is also currently a Non-Executive Director and Chair of the Sydney Fringe Festival.

Naomi Dolmatoff (resigned 31 May 2018)

Naomi was appointed as an additional Company Secretary in October 2017 to cover the period of maternity leave for Ms Smith. Naomi is an experienced Company Secretary and has worked with ASX-listed entities in the financial services and mining and resources industries. Naomi holds a Bachelor of Commerce (Finance) with distinction and a graduate Diploma in Applied Corporate Governance. Naomi is also an Associate of both the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators (UK).

3. Directors' meetings

The following table shows meetings held between 1 April 2018 and 31 March 2019 and the number attended by each Director or Committee member.

	Board		Audit, Risk and Compliance Committee		Remuneration and Nomination Committee	
Director	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
S Sargent	18	18	4	4	5	5
S Malcolm[1]	18	18	By invitation	4	By invitation	5
M Conrad	7	5	2	1	2	2
G Murdoch[2]	18	16	4	4	By invitation	2
D Snedden	18	18	4	4	5	4
L Frazier[3]	18	16	2	2	By invitation	2

1 Mr Malcolm is not a member; however he attended the Audit, Risk and Compliance Committee and the Remuneration and Nomination Committee meetings at the invitation of the committees.

2 Mr Murdoch is not a member; however he attended the Remuneration and Nomination Committee meetings at the invitation of the committee.

3 Lisa Frazier was appointed as a member of the Audit, Risk and Compliance Committee effective 28 September 2018. Ms Frazier also attended the Remuneration and Nomination Committee meetings at the invitation of the Committee.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. 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.

Director	Type	Opening balance	Issued[5]	Acquisition	Disposals/forfeitures	Closing balance
S Sargent	Ordinary	100,000	-	-	-	100,000
S Malcolm	Ordinary	1,904,136	691,603	28,240	-	2,623,979
M Conrad[4]	Ordinary	100,000	-	-	-	100,000
G Murdoch	Ordinary	245,000	-	-	-	245,000
D Snedden	Ordinary	100,000	-	-	-	100,000
L Frazier	Ordinary	-	-	54,645	-	54,645
C Carnabuci	Ordinary	17,116	-	-	-	17,116

There were no disposals of shares by the Directors during the year or share transactions up to the date of this report.

5. Principal activities

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

6. Dividend and distributions

Dividends paid or determined by the Company during and since the end of the year are set out in Note 19 to the Financial Statements.

	Final 2019	Interim 2019	Final 2018
Per share (cents)	**3.28**	2.64	3.00
Total amount ($'000)	**8,133**	6,403	7,230
Franked[6]	**100%**	100%	100%
Payment date	**21 June 2019**	14 December 2018	22 June 2018

7. Operating and financial review

A summary of financial results for the year ended 31 March 2019 is outlined below.

As required for statutory reporting purposes, the consolidated financial statements of the Consolidated Entity have been presented for the financial year ended 31 March 2019.

The Group's statutory financial information for the year ended 31 March 2019 and for the comparative year ended 31 March 2018 present the Group's performance in compliance with statutory reporting obligations.

To assist shareholders and other stakeholders in their understanding of the Group's financial information as a publicly listed entity, additional underlying financial information for the years ended 31 March 2019 and 31 March 2018 are provided in the Operating and Financial Review section of this Report.

The reconciliation and the underlying information have not been audited.

[4] As at 28 September 2018.

[5] Shares were granted in accordance with the Executive Share Plan and are restricted until performance measures have been met and the corresponding loan in respect of those shares has been repaid.

[6] All dividends are fully franked at the corporate tax rate of 30%.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

STATUTORY RESULTS

	$,000 2019	$,000 2018	% Growth
Net operating income[7]	**118,743**	109,923	8.0%
EBITDA[8]	**27,911**	29,825	(6.4%)
Less depreciation and amortisation	**(5,832)**	(4,919)	18.6%
Less income tax expense	**(4,468)**	(6,219)	(28.2%)
Net profit after tax	**17,611**	18,687	(5.8%)
EBITDA margin	**23.5%**	27.1%	-
Earnings per share (basic) (cents)	**7.28**	7.79	-

The results were impacted by a significant item. The table below sets out the underlying financial results for the year ended 31 March 2019 which has been adjusted for the significant item. An explanation of the significant item and reconciliation to statutory results is provided below.

UNDERLYING RESULTS

	$,000 2019	$,000 2018	% Growth
Net operating income	**118,743**	109,923	8.0%
Underlying EBITDA	**32,229**	29,825	8.1%
Less depreciation and amortisation	**(5,832)**	(4,919)	18.6%
Less income tax expense	**(5,433)**	(6,219)	(12.6%)
Underlying net profit after tax	**20,964**	18,687	12.2%
Underlying EBITDA margin	**27.1%**	27.1%	-
Underlying earnings per share (basic) (cents)	**8.67**	7.79	-

"Underlying" measures of profit exclude significant items of revenue and expenses in order to highlight the underlying financial performance across reporting periods. The Company incurred non-operating expenses of $4.3 million related to corporate action costs from discussions with Currencies Direct.

The following table reconciles underlying earnings measures to statutory results.

Year ended 31 March 2019	$,000 EBITDA	$,000 Profit before tax	$,000 Income tax	$,000 Profit after tax
Statutory profit	27,911	22,079	(4,468)	17,611
Corporate action costs	4,318	4,318	(965)	3,353
Underlying profit	32,229	26,397	(5,433)	20,964

[7] Net operating income is the combination of interest income and net income. The Group actively uses its cash balances as part of its hedging strategy making the interest income integral to its earnings.

[8] Earnings before interest expense, taxation, depreciation and amortisation (EBITDA) is a non-IFRS, unaudited measure.

Strong fee and trading income growth across all regions delivered an 8.0% increase in NOI for the year ended 31 March 2019. This growth was driven by increasing client engagement, with active clients dealing 12.6% more on an annualised basis resulting in an 8.8% increase in transactions and an 11.9% increase in turnover. NOI margins were stable at 55 basis points excluding International Payment Services. Although active clients declined 3.3% to 156,485, the Group delivered active client growth in North America, Asia and Corporate during the 12 months to 31 March 2019.

The Group invested in technology during the year to deliver a better client experience. The Group has delivered a streamlined localised website, a new award-winning mobile application, additional features for our Global Currency Account and continued investment in our API technology.

The Group saw good growth across all our regions. Australia and New Zealand continue to be the highest contributor to fee and trading income and grew at 5% in the year ended 31 March 2019.

North America fee and trading revenue increased 20% in the year ended 31 March 2019. Asia grew fee and trading income by 19%, whilst the European business saw good growth with fee and trading revenue up 12% for the year ended 31 March 2019.

The Group invested in additional revenue generating full time equivalent (FTE) resources and promotional expenses across all regions, executing good cost controls to achieve annual positive operating leverage for the year on an underlying EBITDA basis.

As at 31 March 2019	**$,000 2019**	$,000 2018
Cash and cash equivalents	**181,263**	203,078
Deposits due from financial institutions	**32,457**	10,189
Total cash	**213,720**	213,267
Cash held for subsequent settlement of client liabilities	**(155,151)**	(155,826)
Net cash held	**58,569**	57,441

The Group's financial position remains strong. The balance sheet consists predominantly of cash and client liabilities, with the cash position net of client liabilities remaining in line with FY18. The Group currently has no external debt. The financial position provides a good platform to pursue future growth opportunities and, coupled with our regulatory record, provides our banking partners with assurance on our ability and diligence.

8. Strategy

Our mission remains simple: to provide trusted international money services to consumers and businesses who value a seamless digital experience at a competitive price, with a personal 'always on' support team.

OFX's strategy relies on six key pillars of growth. We will continue to focus on delivery of critical initiatives against each of these pillars, including:

- Customer experience: strengthening our Corporate client experience.
- Geographic expansion: continuing to invest in the North American and Asian regions, as well as driving incremental growth from Corporates in the UK market.
- Partnerships: building a better Enterprise experience, working with existing Enterprise partners and prospects to drive stronger value propositions. In addition, we will be investing further in our APIs, partner referral program, and our partner Marketing.
- Reliable and scalable systems: continuing to improve our technology platform to enable operations at scale, lowering costs, and enhancing security for our clients and shareholders.
- Risk management: building trust through strong risk management across regulators, clients, bankers, and partners.
- People: greater emphasis to build our Global Operating Model so that our teams can serve customers locally and grow their global career with OFX.

9. Risks

The potential risks associated with the Group's business are outlined below. This list does not cover 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:

- **Regulatory compliance** – The international payments market is highly regulated. There is a risk that any new or changed regulations, for example, banking and financial services licensing 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. There is a risk that the Group may not comply with all applicable laws or have adequate compliance procedures in place to manage or prevent breaches of applicable laws. There is also a risk that the Group is required to pay significant penalties if it fails to maintain or follow adequate procedures in relation to on-boarding of clients or to detect and prevent money laundering, financing of terrorism, breaches anti-bribery laws or contravenes sanctions, as has been imposed on other companies by governmental authorities. In addition, there is a risk that evidence of a serious failure by the Group to comply with laws may cause one or more of the counterparty banks, partnerships or affiliates to cease business with the Group. Regulators, counterparty banks, partnerships and affiliates may interpret regulations differently to the way in which the Group interprets certain regulations.
- **Information technology (IT)** - The Group depends on the performance, reliability and availability of its technology platform and communications systems. There is a risk that these systems may be adversely affected by events including damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, external malicious interventions such as hacking, fire, natural disasters or weather interventions. Events of that nature may cause part of the Group's technology platform, apps or websites to become unavailable. The Group's operational processes or disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that the Group suffers as a result of a system failure. This in turn could reduce the Group's ability to generate income, impact client service and confidence levels, increase cost burden, impact the Group's ability to compete and cause damage to the Group's reputation and, potentially, have a material adverse effect on its financial position and performance. Further, there is a risk that potential faults in the Group's technology platform could cause transaction errors that could result in legal exposure from clients, damage to the Group's reputation or cause a breach of certain regulatory requirements (including those affecting any required licence) and, potentially, have a material adverse effect on the Group's financial position and performance.
- **Data security and Privacy** – The Group's business relies on the effective processing and storage of information using its core technologies and IT systems and operations. If the Group's data security controls are ineffective, the Group's IT systems could be exposed to cyber-attacks which may result in the unauthorised access to or loss of critical or sensitive data, loss of information integrity, breaches of obligations or client agreements and website and system outages. Any interruptions to these operations would impact the Group's ability to operate and could result in business interruption, the loss of customers and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect the Group's operating and financial performance. The Group is subject to privacy laws in Australia and other jurisdictions in which it conducts its business. Group operations in the European Union are required to comply with the European General Data Protection Regulation. These laws generally regulate the handling of personal information and data collection. Such laws impact the way the Group can collect, use, analyse, transfer and share personal and other information that is central to many of the services the Group provides. Any actual or perceived failure by the Group to comply with relevant laws and regulations may result in the imposition of fines or other penalties, client losses, a reduction in existing services, and limitations on the development of technology and services making use of such data. Any of

these events could adversely impact the Group's business, financial condition and financial performance as well as cause reputational damage.

- **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. The loss of a significant banking relationship, or the loss of a number of banking relationships at the same time, particularly as the Group grows, could prevent or restrict the Group's ability to offer foreign exchange and payment services in certain jurisdictions, increase operating costs for the Group, increase time taken to execute and settle transactions and reduce the Group's ability to internally net out transactions, all of which could materially impact profitability. In addition, there is a risk that a loss or reduction in the services provided by the Group's banks could restrict its ability to actively manage its foreign exchange and interest rate risk in certain jurisdictions. As a result, the Group may have to increase the level of foreign exchange and interest rate exposure within existing operations, reduce or withdraw certain services it offers to clients or change its business model to reduce the level of risk within the business to acceptable levels, all of which could also materially impact profitability.
- **Fraud** - There is a risk that, if the Group's services are used to transfer money in connection with a fraud or theft, the Group may be required to take steps to recover the funds involved and may in certain circumstances be liable to repay amounts that it accepted for transfer, even after it has made the corresponding international payment. The Group has a range of fraud prevention controls in place to mitigate this risk.
- **Foreign exchange rate fluctuations** - Changes in value in currencies can affect the average transaction size entered into by the Group's clients and, potentially, the number of transactions. The Group offers services in over 50 currencies and movements in any of them may adversely impact the Group's performance. In addition, as the Group reports in Australian Dollars, a strengthening of the Australian Dollar against other currencies will also have a negative impact on the reported earnings of the Group that relate to its income earned in geographies outside Australia (which may increase over time, potentially substantially).
- **Credit** – The Group enters into forward exchange contracts with some of its clients and its banking counterparties. There is a risk that, in the event a client or counterparties fail to make payment upon settlement of these contracts, the Group will be exposed to the mark-to-market value of the transactions.
- **Competition** - The market for the provision of foreign exchange and payment services is highly competitive. The major existing competitors of the Group include banks, money transfer organisations and other specialist providers. New competitors, services and business models which compete with the Group are likely to arise in the future. A substantial increase in competition for any of these reasons could result in the Group's services becoming less attractive to consumer or business clients and partnerships, 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, any of which could materially adversely affect the Group's profitability and financial condition. A key aspect of the Group's business model and competitive advantage is its ability to offer many clients more attractive exchange rates and transaction fees than they regularly receive from competitors such as many major banks. Competitors could potentially lower their spreads and transaction fees to compete with the Group, which could result in a reduction in, or slowing in the growth of, the Group's transaction turnover, a reduction in margins, increased marketing expense or a failure to capture or reduction in market share. Any of these outcomes could materially impact the Group's income and earnings.
- **Intellectual Property risk** - The Group relies on certain intellectual property (IP) such as trademarks, licences, software and proprietary technology to conduct its business. There is a risk that the actions taken by the Group to register and protect its IP may not be adequate, complete or enforceable, and may not prevent the misappropriation of the Group's IP and proprietary information. If the Group's IP has been compromised, the Group may need to protect its rights by initiating litigation such as infringement or administrative proceeds, which may be time consuming, unpredictable and costly. Any failure by the Group to protect its IP rights may adversely impact the Group's business, operations and future financial performance. There is a risk that the Group may infringe the IP rights of third parties. Third parties may enforce their IP rights and prevent the Group from using the IP, which may adversely impact the business and operations of the Group and damage the reputation of the Group.
- **Reputational damage** - Maintaining the strength of the Group's reputation is important to retaining and increasing the client base, preserving healthy relationships with its banks, partnerships, and other service providers, and successfully implementing the Group's business strategy. There is a risk that unforeseen issues or events may adversely affect the Group's reputation. This may impact on the future growth and profitability of the Group.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

10. State of affairs and significant changes in the state of affairs

In the Directors' opinion there have been no significant changes in the state of affairs of the Group during the year. A further review of matters affecting the Group's state of affairs is contained on pages 17 and 18 in the Operating and Financial Review.

11. Events subsequent to balance date

Ms Connie Carnabuci was appointed to the Board of OFX Group Limited effective 1 April 2019.

As at the date of this Report, the Directors are not aware of any other circumstance that has arisen since 31 March 2019 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.

12. Outlook

Our outlook remains positive. We can drive strong and consistent earnings growth by:

- Servicing 3 core segments being Consumers, Corporates and Enterprise Clients.
- Continued investment in the client experience focused on Corporates and Enterprise.
- Geographic expansion, with an emphasis on North America and Asia; and
- Focused effort on partnerships to discover new use cases.

We have a strong balance sheet, superior service delivery, an experienced and ambitious team, with a clear mandate from our Board and our shareholders to grow.

13. 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 2020 will increase versus the financial year ended 31 March 2019. The Group continues to focus on 3 core segments being Consumer, Corporate and Enterprise clients. Consumer growth will be driven by acquiring new customers and using our Client Relationship Marketing (CRM) to activate inactive customers.

We will continue to focus on growing our Corporate clients with a more focused acquisition spend and introducing a corporate CRM. In FY19 corporate revenue was up 16% and is a significant contributor to our lifetime revenue with each corporate generating 8x higher lifetime revenue than a consumer.

Enterprise is also a very valuable segment as it allows mass acquisition of consumer clients but it takes time to win and onboard new Enterprise clients. We are happy with how the pipeline is growing and expect a larger impact from Enterprise in FY20.

Our focus on geographic expansion remains consistent. We see strong growth coming from North America and Asia. Revenue in the United States was up 20% and revenue in Asia was up 19% in FY19. The growth in these regions is across all our key segments of Consumer and Corporate. We expect strong corporate growth out of the UK/Europe region and the Australia & New Zealand region will continue to be the largest single contributor of net profit for the Group.

While we grow top line growth, we are also investing in our future with our capital expenditure focused on improving our client experience and ensuring we have reliable and scalable systems. Client experience includes continued focus on our website, mobile app, Global Currency Account and investment in API technology to enable our Enterprise clients.

Accordingly, the Group's result for FY20 is expected to be up on the result in FY19. The Group's short-term outlook remains subject to the range of challenges outlined in Section 9 (Risks), including market conditions, the impact of volatility in the foreign exchange markets, the cost of its client acquisition through online channels, potential regulatory changes and tax uncertainties. OFX is well positioned to deliver continued growth in the short to medium term.

14. Environment, social and governance

OFX is an innovative, market leading online payments company that encourages sustainable business practices in all of its locations and despite its relatively small size, operates in many countries around the world with a diverse workforce of employees who are dedicated to our mission to be a trusted international money services provider. OFX is committed to being a responsible business and takes its corporate social responsibilities seriously. We recognise the environmental and social impacts of our activities and seek to manage them appropriately.

Environment

OFX is a service-based organisation, with an environmental footprint that is relatively small, primarily comprised of the energy used by our offices, as well as the typical consumables of an office-based business. OFX considers environmental sustainability in its office rental decisions. The offices OFX occupies have occupancy detection sensors which turn lights off when a space is not being used. The frequent use of virtualisation technologies in all offices and data centres minimises the need for travel to multiple sites reducing our reliance on commercial air travel. OFX promotes e-communications and investment through new applications and web-based reporting. This enables paper consumption to be cut, as well as reducing mail costs. We encourage our employees and stakeholders to use email, recycled or carbon-neutral paper, and recycle paper waste. We operate waste recycling bins in all our offices. We reduce our plastic consumption by using water dispensers or water filtered taps to replace plastic bottles. We understand that there is always room for improvement and continuously monitor our office activities to take steps towards a better and more environmentally friendly office.

Social Diversity and Inclusion

As a growing global organisation, OFX benefits from having a diverse mix of extraordinary individuals from diverse ethnic backgrounds, aged from 19 to 60 and with wide ranging experience and skills. Our future growth and innovation comes from the talent, motivation and enthusiasm of our people across the world. We work with our management teams and determine areas of interest to guide, build and motivate our teams with in-house training and conferences. Employees also participate in external training courses, conferences and tradeshows to grow our business and improve the leadership skills and knowledge of our employees.

OFX provides a safe and healthy workplace for its people and visitors. Employees are encouraged to observe and practice safe working methods to support a healthy and safe work culture and environment. A state-of-the-art, healthy workplace makes a significant contribution to the satisfaction and productivity of employees, as well as to their ability to engage with the needs of our clients. OFX also offers an Employee Assistance Program and subsidised health memberships. We adhere to the principles of good office design and ensure that our various locations have a similar look and feel – a strategy that maximises collaboration and growth.

In FY19 OFX held its first Hackathon (the Concept). The OFX Hackathon plays a critical role in fostering OFX's culture of innovation, empowerment and collaboration. The Hackathon provides employees with opportunities to collaborate cross-functionally and identify creative and innovative solutions to market opportunities, with products developed during Hackathons having potential long-term value to OFX. Various ideas that were 'hacked' were developed into prototypes, and then showcased at the conclusion of each event for potential implementation as future OFX products. The OFX Hackathon helped build employee engagement and deepened employee understanding of the needs of OFX's customers.

Governance and Conduct

OFX is committed to being ethical, transparent and accountable. We believe this is essential for the long-term performance and sustainability of the Company and supports the interests of shareholders. The OFX Board of Directors is responsible for ensuring that the Company has an appropriate corporate governance framework to protect and enhance company performance and build sustainable value for shareholders. This corporate governance framework acknowledges the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles and Recommendations) and is designed to support business operations, deliver on strategy, monitor performance and manage risk. The Corporate Governance Statement addresses the recommendations contained in the third edition of the ASX Principles and Recommendations and is available on the website at https://www.ofx.com/en-au/investors/corporate-governance/. This statement should be read in conjunction with OFX's website and the Directors' Report, including the Remuneration Report.

OFX has a Code of Conduct and Anti-Bribery and Corruption Policy (**ABC Policy**) which outlines the Group's commitment to appropriate and ethical corporate practices. The Code of Conduct and the ABC Policy cover matters such as compliance with laws and regulations, responsibilities to shareholders and the community, sound employment practices, confidentiality, conflicts of interest, giving and accepting business courtesies and the protection and proper use of OFX's assets. All directors, officers and employees are required to comply with the Code of Conduct and the ABC Policy.

OFX also has a Whistleblower Policy that documents OFX's commitment to maintaining an open working environment which enables employees and contractors to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal. OFX also provides an external confidential Online Reporting Portal which can be used for reporting unacceptable conduct.

Privacy and Data Security

Ensuring the privacy and security of our customers' data and our corporate data is paramount for our business. At OFX, we all have a responsibility to protect customer and corporate information from misuse, loss, unauthorised disclosure or damage.

OFX recognises the importance of data privacy and we have a number of strategies to manage our privacy risks, including compliance with relevant global data privacy regulations, including the EU General Data Protection Regulation (**GDPR**), mandatory training on privacy awareness for all employees, and the ongoing maintenance and development of policies and procedures.

We take the security of our customers' data seriously. We have a dedicated security specialist team and we design, build and manage the security for our global data via:

- **Technology**: We use a range of technologies and security controls to minimise the threat, likelihood and impact of unauthorised access to our networks and systems. Such technologies and controls include logging and monitoring capabilities to pre-empt and proactively prepare for internal and external threats and industry-standard infrastructure configuration. We continuously invest in our security capabilities, including maintaining and enhancing our existing technologies to ensure we stay ahead of new security threats.
- **Process**: We employ an information asset-focused approach to cyber security risk management, ensuring appropriate ownership and oversight of systems, data and risks. Cyber security subject matter experts provide oversight, and our risk and internal audit functions independently assure. We also have security processes that include technical reviews of projects, and due diligence of third parties to ensure the presence and assess the effectiveness of security controls at critical points.
- **People**: Cyber security is as much about people as it is about technology. We deliver programs designed to foster a strong cyber security culture including regular cyber security drills.

15. 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 (Cth).

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 (Cth). 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 (Cth). The terms of the policies prohibit disclosure of the details of the liability and premium paid.

16. 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.

17. Non-audit services

PricewaterhouseCoopers **(PwC)** continues in office as the external auditor in accordance with section 327 of the Corporations Act 2001 (Cth).

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

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

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

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

Details of the amounts paid or payable to PwC for audit and non-audit services provided during the year are set out in Note 24 to the Financial Statements.

Year ended 31 March 2019	2019	2018
Taxation services	101,962	338,920
Other professional services	430,605	-
Total remuneration for non-audit services	532,567	338,920

18. Auditors' independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 (Cth) in relation to the audit for the year ended 31 March 2019 is on page 46 of this Report.

19. 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 (Cth).

20. Rounding off

The Company is of the kind referred to in Australian Securities and Investments Commission Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the Directors' Report. In accordance with that Instrument, amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise stated.

REMUNERATION REPORT

LETTER FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

AS AT 31 MARCH 2019

DEAR SHAREHOLDER

On behalf of the Board and as the new Chair of the Remuneration and Nomination Committee, I am pleased to present the OFX Group Limited (OFX or the Company) FY19 Remuneration Report.

The Remuneration Report sets out the remuneration information for OFX's KMP and describes OFX's remuneration framework.

FY19 Remuneration Outcomes

As foreshadowed in the Chairman's letter and CEO's letter, while the OFX Executive team has delivered strong results in FY19; continuing to deliver revenue growth above the market while also achieving performance improvements across key non-financial areas; performance is below expectations. Remuneration outcomes for FY19 are appropriately reflective of this performance, including Short-Term Incentive **(STI)** outcomes for Executive KMP.

The Company's STI plan was amended in FY19. The plan now features a Company multiplication factor, driven by four Company performance measures **(Company Performance Measures).** FY19 Company Performance Measures were set at Underlying EBT (40%); NOI (20%); Active Clients (20%); and Leadership and Culture (20%). With this model, weight has been given to key financial metrics with a heavier EBT weighting. The Leadership and Culture metric was incorporated to ensure there is a measure to reflect alignment around customer as well as talent management, risk management outcomes and culture. All staff, including Executive KMP, also have individual performance measures to be equally weighted.

OFX has retained the amended Executive Share Plan **(ESP)** as approved by shareholders at the 2018 AGM as its Long-Term Incentive plan **(LTI)**. Key elements within the ESP were redesigned in FY18 to focus on growth in the Company's share price and to align the interests of Executive KMP with shareholders. No shares vested under the ESP in FY19.

OFX also introduced a global employee share plan in FY19 to encourage greater share ownership across the Company and to align employees at all levels with the shareholder experience (Employee Share Scheme). The Employee Share Scheme has been recognised as a leading global plan by Employee Ownership Australia, winning the 2018 Award for Best New Employee Share Plan. OFX also undertook a comprehensive review of wider Company incentive schemes, including global commission plans.

OFX has strengthened its Board with the appointment of Connie Carnabuci as a Non-Executive Director. We also welcomed Sarah Webb, President, UK and Europe, Yung Ngo, President, APAC, Elaine Herlihy, Chief Marketing Officer and Jillian Rezsdovics, Chief People & Culture Officer to the Executive team. With these new Executive hires, the Board believes that OFX has an Executive Team capable of driving and delivering OFX's strategic growth objectives.

Looking Ahead to FY20

The Board remains cognisant of the need to ensure that the remuneration mix for Executive KMP is appropriately balanced, as well as to ensure that OFX's approach to remuneration is transparent and simple, while continuing to drive alignment to shareholder value creation.

The Board believes the current structure for "at risk" STI and LTI creates a clear alignment of Executive KMP interests with that of shareholders and will also ensure that, over the medium term, Executive KMP are encouraged to think and act like shareholders.

The Board will continue to set incentive targets which reflect OFX's focus on delivering superior risk adjusted returns for investors and sustained performance over the long term. The Board will also monitor OFX's culture to ensure that behaviours reflect our values and that decisions are made in the best interests of all stakeholders.

There is no planned increase to Non-Executive Director remuneration in FY20.

Yours sincerely

Douglas Snedden
Remuneration and Nomination Committee Chair
21 May 2019

INTRODUCTION

The Directors of OFX Group Limited (the **Company**) present the Remuneration Report for the Company and its controlled entities (collectively the **Group** or **OFX**) for the financial year ended 31 March 2019 prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (the **Corporations Act**) and audited as required by section 308(3C) of the Corporations Act.

THE REMUNERATION REPORT IS DIVIDED INTO THE FOLLOWING SECTIONS:

1. Key Management Personnel

The Remuneration Report outlines the remuneration arrangements in place for the Key Management Personnel **(KMP)** of the Group, 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. In this report "Executive KMP" refers to members of the Group Executive Team that are KMP and includes Mr Skander Malcolm, as an Executive Director.

The following table details the Group's KMP during FY19 and up to the date of this report. On 20 November 2018, the Company announced the resignation of Mr Adam Smith as the Company's Chief Operating Officer and the appointment of Mr Mark Shaw to the role effective 1 March 2019. In his new role Mr Shaw has taken responsibility for all Group operations as well as oversight of the Group's risk function. The composition of Executive KMP was accordingly reviewed and amended effective 1 April 2019 to include the roles of CEO, CFO and COO.

Name	Roles
Non-Executive Directors	
Steven Sargent	Chairman and Non-Executive Director
Melinda Conrad	Non-Executive Director, retired 28 September 2018
Grant Murdoch	Non-Executive Director
Douglas Snedden	Non-Executive Director
Lisa Frazier	Non-Executive Director
Connie Carnabuci	Non-Executive Director, appointed 1 April 2019
Executive Director	
Skander Malcolm	Managing Director and Chief Executive Officer (CEO)
Executive KMP	
Selena Verth	Chief Financial Officer (CFO)
Adam Smith	Chief Operating Officer (COO) (ceased 28 February 2019)
Mark Shaw	Chief Operating Officer (COO) (effective 1 March 2019)
Craige Pendleton-Browne	Chief Technology Officer (CTO) (ceased 30 April 2018)
Wendy Glasgow	Chief Technology Officer (CTO) (ceased to be Executive KMP on 31 March 2019)

2. Remuneration Philosophy and Link to Business Strategy

2.1 Remuneration Strategy

OUR MISSION

To become the trusted international money services provider by consumers and businesses, who value a seamless digital experience at a competitive price; with a personal, always on support team

OUR STRATEGY

Our strategy remains simple: to deliver a competitively priced and well supported product in the markets in which we operate. Our team will be focused on critical initiatives in our 6 key pillars of growth:

- Customer experience
- Geographic expansion
- Partnerships
- Reliable and scalable systems
- Risk Management
- People

OUR REMUNERATION STRATEGY

To attract, retain and motivate the best people to drive a great culture that delivers on our business strategy and contributes to sustainable long-term returns

2.2 Remuneration principles

CULTURE

Align reward to our strong risk, high performance and diverse and inclusive culture

ALIGNMENT TO PERFORMANCE

Reward performance aligned with business strategy and align Executive and shareholder interests

COMPETITIVE

Attract, retain and motivate appropriately qualified and experienced individuals who will contribute to the Group's financial and operational performance

SIMPLE AND TRANSPARENT

Simple structures with clear expectations

SUSTAINABLE

Motivate Executives to deliver results with both short and long-term horizons at the same time meeting OFX's values

2. Remuneration Philosophy and Link to Business Strategy (Continued)

2.3 Executive KMP Remuneration Components

Total Fixed Remuneration (TFR)

Performance Conditions	Remuneration Strategy
TFR takes into account the size and complexity of the role, as well as skills and experiences of the Executive KMP. Includes cash, non-financial benefits, and superannuation for Australian based Executive KMP. Outside Australia TFR is base salary only.	Set to attract, retain and motivate the right talent to deliver on the Group's strategy and contribute to the Group's financial and operational performance.

Short Term Incentive (STI)

Delivered as a combination of a cash award and deferred equity issued as performance rights.

Performance rights are issued under the Global Equity Plan as approved by shareholders at the 2018 Annual General Meeting.

Performance Conditions	Remuneration Strategy
Calculated using: • Company Performance Measures; • Individual performance measures; and • Percentage of TFR. There is no overall Company financial gateway, however, the Board maintains absolute discretion as to whether any STI awards will be paid. Company Performance Measures are reviewed and reset by the Board annually with Threshold/Target/Maximum levels set for each measure. **Company Performance Measures for FY19:** • Underlying Earnings Before Tax (EBT) (40%) • Net Operating Income (NOI) (20%) • Active Clients[1] (20%) • Leadership and Culture (20%) Underlying EBT has been used as it represents a more accurate reflection of business performance. Assessment for Threshold/Target/Maximum levels to follow a straight line from 90% to 110%, with the vesting scale ranging from 50% (for 90% of Target) through to 110% (for 110% or more of Target). Individual performance measures to be equally weighted.	Annual "at risk" incentive opportunity awarded on the achievement of performance conditions over a 12-month period. Performance conditions are clearly defined and measurable and designed to support the financial and strategic direction of the Group and in turn translate to shareholder return. For FY19 the Company Performance Measures are largely determined by financial metrics with one KPI set for Leadership and Culture based on measurements including talent management and delivery, risk management outcomes, Net Promoter Score **(NPS)** outcomes and employee engagement scores. Individual performance measures are specific to the Executive KMP's role. Threshold/Target/Maximum targets for each measure are set by the Board to provide a challenging but purposeful incentive. The Board also has the discretion to adjust STI outcomes up or down to be satisfied that individual outcomes are appropriate. The part allocation of STI into a deferred equity encourages Executive KMP to behave like shareholders from the grant date. Performance rights vest after 12 months with a further 12 month holding lock. Full share ownership will occur 12 months earlier than in FY18, but inability to sell for a further 12 months will deliver the full shareholder experience. The fair value of the performance rights is determined based on the market price of the Company's shares at the grant date, with an adjustment made to account for the vesting period over two years and expected dividends during that period that will not be received by the participants.

[1] Active Clients is the number of clients who have transacted at least once in the prior 12 months.

Long Term Incentive (LTI)

Executive Share Plan (**ESP**)

Three-year incentive opportunity delivered through restricted Company shares – allocated upfront, pursuant to a non-recourse company loan.

Performance Conditions	Remuneration Strategy
Vesting condition: Underlying EBITDA "Gateway"where EBITDA over the 3-year performance period must be accretive for shares to vest. Performance condition: Absolute Total Shareholder Return (**TSR**) Compound Annual Growth Rate (**CAGR**). Loan forgiveness is then granted as follows: • 10% forgiveness for 10% TSR CAGR; • 20% forgiveness for 15% TSR CAGR; and • 30% forgiveness for 20% TSR CAGR. Loan forgiveness is capped at 30%. Executive KMP must either settle their loan at the end of the loan period, or surrender all shares in full settlement of the loan. Grants made to Executive KMP under the ESP for FY19 will be tested on an underlying EBITDA basis.	Designed to encourage sustainable, long-term value creation and align Executive KMP with shareholders. This form of incentive delivers immediate share ownership, linking a significant portion of remuneration to OFX's share price and returns generated for shareholders. Allocation of shares upfront encourages Executive KMP to behave like shareholders from the grant date. The shares are restricted and subject to risk of forfeiture during the vesting/performance periods and while the loan remains outstanding and links remuneration to Underlying EBITDA performance over three years and Absolute TSR. The Underlying EBITDA Gateway and Absolute TSR CAGR performance condition are designed to encourage Executive KMP to focus on the key performance drivers which underpin sustainable growth in shareholder value. The Underlying EBITDA Gateway provides a 'counterbalance' to the Absolute TSR CAGR performance condition, designed to check that the quality of the share price growth is supported by the Group's earnings performance, and not market factors alone. Substantial benefit from the ESP is only achieved through loan forgiveness. If the Absolute TSR CAGR threshold of 10% is not achieved there is no loan forgiveness and the Executive KMP has to repay the full loan amount, less any after-tax dividend payments applied against the loan.

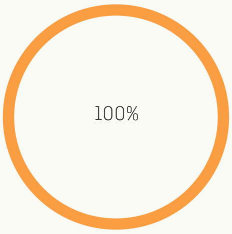
2.4 Remuneration delivery and mix

The Executive KMP remuneration mix is structured so that a substantial portion of remuneration is delivered as OFX securities through either deferred STI or LTI. The total remuneration correlates to performance.

The following diagram (which is not to scale) sets out the remuneration structure and delivery timing for Executive KMP.

Year 1 | **Year 2** | **Year 3**

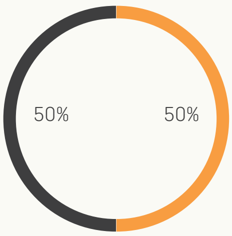
1. FIXED REMUNERATION



Year 1: Salary and other benefits (including statutory superannuation)

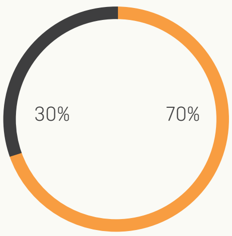
2. STI (Target is 115% of TFR for CEO and 60% of TFR for other Executive KMP)

CEO



CEO: 50% cash. 50% deferred into performance rights.

EXECUTIVE KMP



KMP: 70% cash. Executive KMP: 30% deferred into performance rights.

Year 1: Cash STI

Year 1: 12 months deferred vesting

Years 1–2: 12 month holding lock post vesting

3. LTI (92% of TFR for CEO and 40% of TFR for each other Executive KMP)

Subject to 3-year performance period.

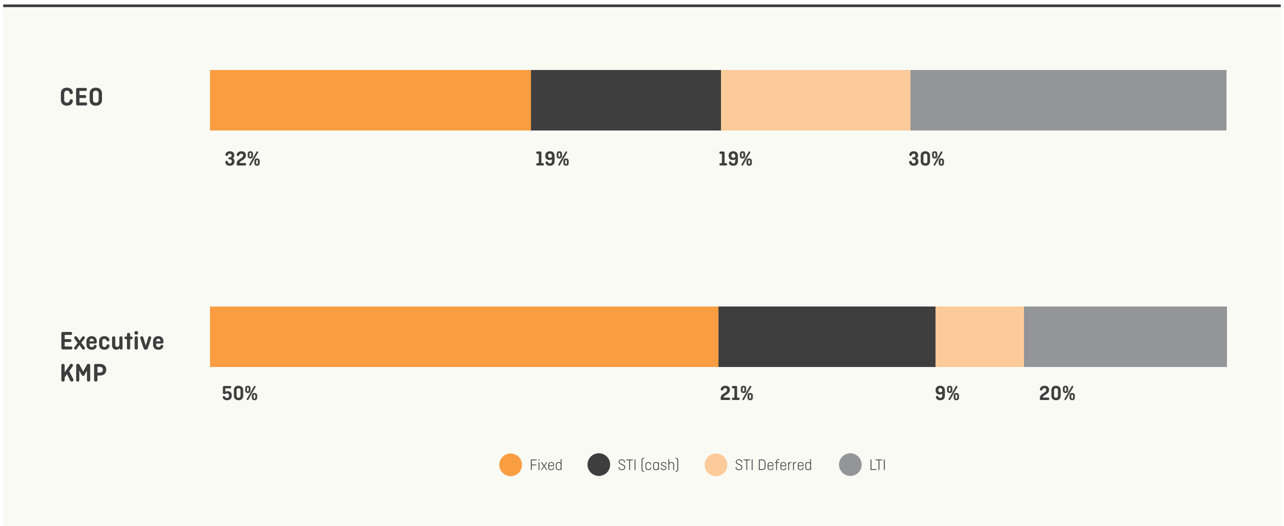
Portion of loan may be forgiven at the end of the 3-year performance period according to the schedule below:

- 10% forgiveness for 10% Absolute TSR CAGR;
- 20% forgiveness for 15% Absolute TSR CAGR; and
- 30% forgiveness for 20% Absolute TSR CAGR.

Years 1–3: Subject to 3-year performance period.

Remuneration mix

TARGET[2]



3. Changes in FY19

The Company's STI plan was amended for FY19. The minimum earnings before tax (**EBT**) gateway has been removed and replaced with a Company pool, driven by four Company performance measures to be reviewed and reset annually with Threshold/Target/Maximum levels for each metric (**Company Performance Measures**).

FY19 Company Performance Measures were set at:

- Underlying EBT (40%);
- NOI (20%);
- Active Clients (20%); and
- Leadership and Culture (20%).

With this model, more weight has been given to financial measures and with the combination of heavier EBT weighting and other aligned financial measures, the Board considered there was no longer a requirement for a plan gateway.

All staff, including Executive KMP, also have individual performance measures to be equally weighted. The STI opportunity is communicated at target, that is, the amount that would be awarded if the overall STI pool generated by the Company Performance Measures were to equal 100%, and an individual performance rating of 'Meets Expectations' is achieved. Individual performance measures are capped at 120% for performance deemed by the Company to have substantially exceeded expectations. The maximum STI opportunity that may be awarded is 132% of target (110% for Company Performance Measures) multiplied by individual performance (120%). The minimum STI opportunity is zero where Company Performance Measures are 0%; and/or an individual performance of 'Does Not Meet Expectations'.

Notwithstanding individual performance, or that of the Company, the Board may determine, in its discretion not to award any STI award in respect of a financial year if the Board determines that the Company or any of the Company's employees has been involved in a serious compliance breach, whether of any laws, regulations, internal policies or procedures or the Company's Code of Conduct.

For certain employees, including Executive KMP, there will be a component of the total STI award that is deferred. The purpose of the STI deferral is to drive further alignment between employee and shareholder interests, and to provide a clear focus on long-term sustainable growth.

The design methodology of the new STI plan seeks to:

- Offer a simple program that works for all stakeholders including Executives and employees.
- Reflect the key financial drivers of business success.
- Align how the Executive team and other employees are assessed and rewarded.
- Provide an opportunity for all employees to share in the success of the Company while protecting shareholders if results fall below expectations.
- Deliver a vehicle to provide ownership of Company stock to senior employees in addition to Executives.
- Provide both immediate rewards and deferred rewards to protect the Company over time.

[2] Target mix accounts for partial loan forgiveness under the ESP for 'on target' performance.

4. Company Performance FY19

5-year Group Performance

The Group's FY15-FY19 annual financial performance measures compared with short term and long term remuneration outcomes is set out below.

Performance metrics[3]	2015	2016	2017	2018	2019
Net operating income[4]	$90.1m	$103.9m	$105.1m	$109.9m	**$118.7m**
EBITDA	$34.5m	$33.1m	$27.8m	$29.8m	**$27.9m**
Underlying EBITDA	$34.5m	$36.1m	$27.8m	$29.8m	**$32.2m**
Active Clients	142,500	150,900	156,700	161,900	**156,500**
Basic earnings per share[5]	10.11cps	9.09cps	8.17cps	7.79cps	**7.28cps**
Underlying basic earnings per share[6]	10.11cps	9.95cps	8.17cps	7.79cps	**8.67cps**
Dividend per share[7]	$0.05875	$0.07184	$0.05900	$0.05800	**$0.05640**
Closing share price	$2.41	$2.02	$1.48	$1.69	**$1.67**

3. These are not calculations based on constant currency.
4. Net operating income, a non-IFRS measure, is the combination of 'Fee and trading income' and "Fee and commission expense' and 'Interest income'.
5. For the calculation of EPS refer to Note 6 of the financial statements.
6. Underlying basic earnings per share is the basic earnings per share calculation utilising the underlying NPAT of the Group.
7. This represents dividends distributed in the period.

5. Performance and Remuneration Outcomes for FY19

Actual remuneration earned during FY19 for Executive KMP is set out below. This information has not been prepared in accordance with accounting standards but has been provided to ensure shareholders are able to clearly understand the remuneration outcomes for Executive KMP over the financial year, albeit derived from prior years.

5.1 Fixed Remuneration

Regular reviews of remuneration levels are a key element of the Board's role, and a comprehensive market review was conducted for each Executive KMP in FY19 which resulted in the below amendments to base salary for Executive KMP.

Name	% increase
S Malcolm	2.4
A Smith[8]	2.4
S Verth	2.4
W Glasgow[9]	-
C Pendleton-Browne[10]	-
M Shaw[11]	3.0

The Board believes that these changes result in appropriate, market-competitive fixed remuneration.

In addition to Fixed Remuneration and the cash component of STI, actual pay received includes equity that has vested from equity made in prior periods, whether from Deferred STI or from LTI vesting.

The value of the Deferred STI that vests, depends on the company share price at the time of vesting.

The actual STI is dependent on OFX and individual performance.

With respect to LTI, the table below shows no value was crystallised in FY19 from previous year allocations.

Remuneration paid in FY19

Name	Fixed remuneration	Non monetary benefits (if any)	Cash bonus	Deferred STI (vested over 2019)	LTI (vested over 2019)	Actual FY19 remuneration paid
S Malcolm	665,261	-	210,543	-	-	875,804
A Smith[8]	349,393	-	-	-	-	349,393
S Verth	377,287	-	96,140	-	-	473,427
W Glasgow[9]	308,796	-	80,861	-	-	389,657
C Pendleton-Browne[10]	60,883	-	-	-	-	60,883
M Shaw[11]	28,634	-	7,781	-	-	36,415

[8] Ceased to be KMP 28 February 2019.
[9] Ceased to be KMP on 31 March 2019.
[10] Ceased to be KMP on 30 April 2018.
[11] Commenced KMP on 1 March 2019.

5.2 STI

The STI Plan is aligned to shareholder interests by:

Encouraging Executive KMP to achieve year-on-year performance in a balanced and sustainable manner through a mix of financial and non-financial performance measures.	Mandatory deferral of STI award into performance rights acting as a retention mechanism (50% deferred for CEO and 30% deferred for other Executive KMP).

COMPANY PERFORMANCE MEASURES

4 Company Performance Objectives reviewed and set by the Board annually

	Payout
Threshold	50%
Target	100%
Max	110%

X

INDIVIDUAL PERFORMANCE MEASURES

Does not meet	1	0%
Mostly meets	2	75%
Meets	3	100%
Exceeds	4	110%
Outstanding	5	120%

X

TARGET STI %

X

TFR

(TFR is base salary outside Australia)

=

STI

Min = 0%

Max = 132%

FY19 STI outcomes

STI achieved by Executive KMP for FY19 is set out in the table below:

Executive KMP	STI at target	Company Performance Measures	Individual Performance	STI achievement	STI achievement $	Cash $	STI portion deferred $
S Malcolm	765,612	55%	100%	55%	421,086	210,543	210,543
S Verth	227,013	55%	110%	61%	137,343	96,140	41,203
A Smith	-	-	-	-	-	-	-
M Shaw	18,372	55%	110%	61%	11,115	7,781	3,334
C Pendleton-Browne	-	-	-	-	-	-	-
W Glasgow	210,030	55%	100%	55%	115,516	80,861	34,655

Bonus Pool Calculation	FY19 Actual	% Achieved	Payout rate	Funding	FY18 Actual	YOY %
Underlying EBT	26.4	97%	86%	34.5%	24.9	6.1%
NOI	118.7	94%	72%	14.5%	109.9	8.0%
Active Clients	156,485	0%	0%	0%	161,906	-3.3%
Leadership and Culture	-	-	See commentary	6.0%	-	-
TOTAL		-	-	**55.0%**	-	-

As Active Clients decreased during the period, pay out on this metric was determined at 0%. The Leadership and Culture metric was considered and the Board determined it appropriate to allocate an appropriate % achievement to this metric based on demonstrated performance in talent management, risk management outcomes, Net Promoter Score (NPS) outcomes and employee engagement scores with appropriate reduction in pay out for failure to meet growth targets.

Mr Malcolm's individual performance was assessed by the Board on the Company Performance Measures as set out in the table above and the following Individual performance measures:

- Yearly transaction number increase by 18%; and
- Structured Talent Management Program development and implementation, initially for the top 40 leadership at OFX globally. This includes identifying top 40 roles, building clear succession plans for Executives and driving Board visibility to Top 40 roles and succession planning.

5.3. LTI (Executive Share Plan)

How performance translates into LTI outcomes

The LTI Plan is aligned to shareholder interests by:	
Encouraging Executive KMP to make sustainable business decisions with allocation of shares upfront encouraging Executive KMP to behave like shareholders from the grant date. Shares are restricted and subject to risk of forfeiture during the vesting/performance periods and while the loan remains outstanding.	The EBIDTA Gateway and Absolute TSR CAGR performance condition encourage Executive KMP to focus on the key performance drivers which underpin sustainable growth in shareholder value with potential loan forgiveness (on a sliding scale to a maximum of 30%) for growth in Absolute TSR CAGR.

LTI Outcomes for FY19

No shares under the ESP vested in FY19, however Executive KMP were issued grants under the ESP for FY19 as outlined in the table below.

From FY19, as approved by shareholders at the Company's AGM in August 2018, in order to reward good performance, part of the loan may be forgiven at the end of the 3-year performance period upon the achievement of specified performance conditions.

For FY19 Executive KMP were offered a single grant of shares. The value of the grants was determined by reference to a set % of TFR. The number of shares that each Executive KMP received was determined using the following formula:

Fixed Remuneration x Grant % x Gross-up Factor (2) divided by the share acquisition price (being the 5 day VWAP for the period prior to and including 22 June 2018).

The Gross-up Factor replaced the previously used Fair Value Factor (Black Scholes).

Australian Accounting Standards require the ESP awards be treated as options for accounting purposes due to the structure of the plan. The number and value of notional options held by Executive KMP under the ESP during the financial year ended 31 March 2019 is set out in the table below.

Issuance	Grant date	Vesting date	Expiry date	Price per share at grant date	Performance achieved	% vested
Share-based loan (tranche 1)	30 Sept 2016	7 June 2019	6 June 2021	0.74	To be determined	–
Share-based loan (tranche 2)	30 Sept 2016	7 June 2020	6 June 2022	0.81	To be determined	–
Share-based loan (tranche 3)	30 Sept 2016	7 June 2021	6 June 2023	0.87	To be determined	–
FY18 share-based loan	22 Sept 2017	7 June 2020	6 June 2022	0.65	To be determined	–
FY19 share-based loan	22 June 2018	7 June 2021	6 June 2023	0.53	To be determined	–

Current KMP	Held at 1 April 2018	Granted during the year	Exercised during the year	Forfeited during the year	Held at 31 March 2019	Value of options at grant date $
S Malcolm	1,877,166	691,603	-	-	2,568,769	1,649,362
S Verth	220,370	170,985	-	-	391,355	248,868
W Glasgow	-	158,209	-	-	158,209	84,687
M Shaw	-	158,209	-	-	158,209	84,687
Former KMP						
A Smith[12]	500,000	161,910	-	(661,910)	-	471,318

[12] A Smith ceased to be KMP and an employee on 28 February 2019. Shares forfeited following A Smith ceasing to be an employee will be dealt with in accordance with the terms of the ESP.

6. Loans to Executive KMP

The details of non-recourse loans provided to Executive KMP under the ESP during FY19 are set out below.

Under the ESP, Executive KMP acquire shares in the Company funded by a non-recourse loan from the Company. These loans are provided for the sole purpose of Executive KMP acquiring shares in the Company. The amount of the loan is equal to the issue price multiplied by the total number of shares issued. The loan is 'interest free' in that there is no annual interest charge to the participant on the loan. However, the notional value of this interest is taken into account in the overall structure of the program. The participant is obliged to pay a portion of the post-tax value of any dividends received during the loan term toward repayment of the loan amount. To access the shares, participants must repay their loan in full. Following the end of the vesting period, assuming the EBITDA 'gateway' is achieved, the participant can either repay the loan directly or sell some or all of their shares and apply the proceeds to repay the loan. Shares remain restricted until the loan is repaid, and it is important that the loan obligation is always taken into account alongside the face value of shares under the ESP awards.

Name	Held at 1 April 2018 $	Advances during the year $	Loan forgiveness during the year $	Repayments during the year $	Held at 31 March 2019 $	Interest free value $	Highest indebtedness during the year $
Current KMP							
S Malcolm	3,373,792	1,225,866	-	(65,880)	4,533,778	350,237	4,599,659
S Verth	396,067	303,071	-	(9,002)	690,136	48,214	699,138
W Glasgow	-	280,425	-	(2,235)	278,191	12,507	280,425
M Shaw	-	280,425	-	(2,235)	278,191	12,507	280,425
Former KMP							
A Smith	1,044,105	286,985	(1,313,858)	(17,233)	-	127,131	1,331,090

7. Legacy LTI Plans

OFX's LTI changed in FY17 from the Legacy LTI Plan to the ESP to align with market practice, while continuing to support the Group's strategy. The Legacy LTI Plan remains a legacy plan. The Legacy LTI Plan issued performance rights, service rights and share options to Executive KMP. The Legacy LTI Plan will continue to operate until all issuances on foot vest or lapse in accordance with relevant vesting conditions as determined by the Board.

Legacy performance rights, service rights and options as vested and on foot as at 31 March 2019 are set out below.

Issuance	Grant date	Vesting date	Price per share at grant date	Performance achieved	% vested
Retention rights tranche 1	20 October 2014	7 June 2019	2.21	No	–
Retention rights tranche 2	20 October 2014	7 June 2019	2.21	No	–
Retention rights tranche 3	20 October 2014	7 June 2019	2.21	No	–
FY15 performance rights	26 June 2015	7 June 2018	1.84	No	–
FY16 performance rights	14 June 2016	7 June 2019	1.94	No	–
Service rights Executive A	16 October 2015	7 June 2017	2.51	N/A	100%
Service rights Executive B	20 Nov 2015	20 Nov 2018	2.42	N/A	0%
Share options tranche 1	1 June 2015	30 June 2018	0.52	No	–
Share options tranche 2	1 June 2015	30 June 2019	0.50	To be determined	–

The grants under the Legacy LTI Plan have the following vesting conditions:

Performance rights

		Vesting Level (EBITDA CAGR)			
Issuance	EPS CAGR	100%	25%-100%	0%	Performance Period
Retention rights tranche 1[13]	14%	19%	14%-19%	<14%	54 Months
Retention rights tranche 2[13]	14%	19%	14%-19%	<14%	54 Months
Retention rights tranche 3	14%	19%	14%-19%	<14%	54 Months
FY15 performance rights	17%	22%	17%-22%	<17%	36 Months

		Vesting Level (NOI CAGR)			
Issuance	EPS CAGR	100%	25%-100%	0%	Performance Period
FY16 performance rights[13]	17%	22%	17%-22%	<17%	36 Months

Service rights

Service rights are issued in certain circumstances as part of the initial employment arrangements for employees. The only vesting condition is ongoing employment at the vesting date. On vesting, each service right is convertible into one ordinary share of the Company. No exercise price is payable.

Share options

On vesting, each share option is convertible into one ordinary share of the Company. An exercise price of $2.49 is payable in order for the options to vest and must be exercised within 12 months of the vesting date. There were no share options issued during the year ended 31 March 2019.

Further information on share-based payments is set out in Note 22 of the Financial Statements.

[13] The performance period of these tranches was modified in the 2017 financial year to align with tranche 3.

8. Executive KMP Service Agreements

Contractual arrangements for Executive KMP

The main employment terms and conditions for Executive KMP as at 31 March 2019 are set out below.

Contract Components	CEO	Other Executive KMP
Basis of contract	Ongoing (no fixed term)	Ongoing (no fixed term)
Notice period	6 months	6 months
Post-employment restraints	Maximum 6 month post-employment non-compete and non-solicitation restraint	Maximum 12 months post-employment non-compete and non-solicitation restraint
Treatment of STI and LTI	Upon termination, if the CEO is considered a good leaver, the CEO will be entitled to a pro-rata STI award. Board discretion applies to the treatment of any unvested LTI.	Upon termination, if the Executive KMP is considered a good leaver, the Executive KMP may be entitled to a pro-rata STI award. Board discretion applies to the treatment of any unvested LTI

9. Remuneration Governance

9.1 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 Company's remuneration packages for Non-Executive Directors, the CEO, and Executives. It is also responsible for reviewing the Company's recruitment policies, superannuation arrangements, Board and Executive succession planning and performance evaluations. The Charter of the Remuneration and Nomination Committee is available on the Group's website at www.ofx.com/en-au/investors/corporate-governance/.

To assist in performing its duties, 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.

In FY19, Watkins Group Consulting was engaged as an independent specialist to provide data and scenarios on the Company's remuneration framework. Watkins Group Consulting did not make any remuneration recommendations, as defined by the Corporations Act 2001 (Cth).

9.2 Board discretion

The Company has a structured and objective approach to remuneration. However, the Remuneration Committee and the Board are able to exercise judgement and discretion as is required to provide remuneration outcomes for Executive KMP that appropriately reflect the performance of the Group and the achievement of real and tangible results that are consistent with the Group's strategic priorities, are in line with Group values, and enhance shareholder value.

9.3 Cessation of employment

Participants are not eligible for any STI cash payment or any deferred STI which are subject to restriction if they are terminated due to misconduct or poor performance, nor in general, if they resign or retire without a managed transition approved by the Board. In certain appropriate circumstances allowed for under Executive Service Agreements, the Board may deem an Executive KMP to be a "good leaver" and exercise discretion to allow eligibility for a pro-rata cash payment in respect of the current performance year and may determine that deferred STI previously awarded is retained.

In general, all ESP shares are forfeited and surrendered in full settlement of the loan if a participant ceases employment prior to the end of the performance period. The Board, however, has absolute discretion in appropriate circumstances to deem an Executive KMP to be a "good leaver" and determine that some or all of a participant's ESP share awards be retained.

9.4 Malus and Clawback

The STI and LTI arrangements are subject to malus and clawback provisions that enable the Company to reduce or claw back awards where it is appropriate to do so. The Board retains wide discretion to adjust formulaic incentive outcomes up or down (including to zero) prior to their finalisation. Malus refers to the exercise of downward discretion. Clawback refers to the Board's power to recover awards or payments that have been made, granted or vested (including the forfeiture of vested equity awards, or the demand of the return of shares or the realised cash value of those shares) where the Board determines that the benefit obtained was inappropriate (for example, as a result of fraud, dishonesty or breach of employment obligations by the recipient or any employee of the Group). The Board has not encountered circumstances in this or prior periods that have required the application of the clawback provisions.

9.5 Change of Control

If a change of control occurs prior to the vesting of share rights that are not subject to performance hurdles the Board has discretion to bring forward vesting dates where it considers it appropriate to do so. If a change of control occurs prior to the vesting of STI or LTI that is subject to performance hurdles, the Board has discretion to determine that some or all of the unvested shares will vest. In exercising this discretion, the Board may have regard to any matter the Board considers relevant, including the extent to which the vesting conditions have been satisfied (or estimated to have been satisfied) at the time the change of control occurs or the proportion of the performance period during which the vesting conditions are tested has passed at the time the change of control occurs.

9.6 Other Equity/Share Plans

The Company introduced a global employee share plan in FY19 in which all employees can be awarded shares on an annual basis (Employee Share Scheme). The Employee Share Scheme was introduced to encourage greater share ownership across the company. For FY19 eligibility for the award was subject to a service requirement. For the FY19 award, shares were allocated to employees on a restricted basis (the shares cannot be traded until the earlier of cessation of employment or three years). Directors and Executives are not eligible for the Employee Share Scheme.

OFX's Employee Share Scheme has been recognised as a leading global employee share plan by Employee Ownership Australia, winning the 2018 Award for Best New Employee Share Plan.

9.7 Minimum shareholding requirements for Non-Executive Directors

A minimum shareholding requirement for Non-Executive Directors was introduced in FY19. The minimum shareholding requirement seeks to align the interests of the Board and shareholders with a minimum shareholding requirement for Non-Executive Directors. Each Non-Executive Director must establish and maintain a level of share ownership equal to one times the Non-Executive Director annual base fee. For the purposes of calculating the minimum holding, this does not include any higher fee for acting as Chair or for membership of any Board Committees. The minimum holding must be reached within three years of appointment. At the date of this Remuneration Report, all Non-Executive Directors either met the minimum requirement or were on track to meet it within the required time.

9.8 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 General Meeting. In addition, Directors and certain restricted employees may only trade during the trading windows with prior written clearance as set out in the Policy. The Policy prohibits employees who participate in any equity-based plan from entering into any transaction in relation to unvested securities which would have the effect of limiting the economic risk of an unvested security.

10. Non-Executive Director Remuneration

10.1 Fee framework

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

Non-Executive Director fees will be reviewed from time to time and they may seek the advice of external remuneration advisors for this purpose. There were no changes in fees during FY19.

10.2 Fee pool

The maximum payable to be shared by all Non-Executive Directors is currently set at $1,000,000 per annum, which was approved by shareholders in General Meeting prior to the Company's listing on the ASX in 2013. To preserve independence, Non-Executive Directors do not receive any equity as part of their remuneration and do not receive any performance related compensation. Non-Executive Directors receive superannuation contributions where required by Superannuation Guarantee legislation.

Fees applicable for FY19

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

Statutory Non-Executive Director fees for the year ended 31 March 2019

Details of the fees paid to the Non-Executive Directors for the year ended 31 March 2019 are outlined below:

	Short-term employee benefits Cash salary and fees		Post-employment benefits Superannuation		Total	
Non-Executive Director	2018	2019	2018	2019	2018	2019
S Sargent	210,130	**210,046**	19,870	**19,954**	230,000	**230,000**
M Conrad[14]	127,854	**63,927**	12,146	**6,073**	140,000	**70,000**
G Murdoch	114,155	**114,155**	10,845	**10,845**	125,000	**125,000**
D Snedden[15]	118,721	**123,288**	11,279	**11,712**	130,000	**135,000**
L Frazier[16]	–	**111,872**	–	**10,628**	–	**122,500**
Total Non-Executive Director	570,860	**623,288**	54,140	**59,212**	625,000	**682,500**

Director shareholdings

Details of the Directors' and their affiliates' shareholdings in OFX Group Limited are set out below:

	Type	Opening balance	Issued	Acquisition	Disposals/ forfeitures	Closing balance
S Sargent	Ordinary	100,000	-	-	-	100,000
S Malcolm	Ordinary	1,904,136	691,603[17]	28,240	-	2,623,979
M Conrad[18]	Ordinary	100,000	-	-	-	100,000
G Murdoch	Ordinary	245,000	-	-	-	245,000
D Sneddon	Ordinary	100,000	-	-	-	100,000
L Frazier	Ordinary	-	-	54,645	-	54,645
C Carnabuci	Ordinary	17,116	-	-	-	17,116

[14] Resigned effective 28 September 2018.
[15] Appointed Chair of the Remuneration and Nomination Committee effective 28 September 2018.
[16] Appointed as a Member of the Audit, Risk and Compliance Committee effective 28 September 2018. Ms Frazier was also paid a fee of AUD15,000 for FY19 for her service as an independent director of the Company's wholly owned subsidiaries in the US and Canada.
[17] Shares were granted in accordance with the Executive Share Plan and are restricted until performance measures have been met and the corresponding loan in respect of those shares has been repaid.
[18] As at 28 September 2018.

11. Statutory Disclosures

The table below details the remuneration paid to Executive KMP and has been prepared in accordance with the accounting standards.

		Short-term employee benefits			Post-employment benefit	Long-term benefits	Share-based payments			
Current KMP	**Year**	**Cash salary and fees**	**Cash bonus**	**Other**	**Superannuation**	**Long service leave**	**Deferred STI[25]**	**Performance rights**	**Share loan**	**Total**
S Malcolm	**2019**	**642,713**	**210,543**	**-**	**20,415**	**2,133**	**59,091**	**-**	**(147,114)**	**787,781**
	2018	630,059	306,375	-	19,941	545	30,271	-	304,259	1,291,450
S Verth	**2019**	**356,488**	**96,140**	**-**	**20,411**	**388**	**9,922**	**-**	**(12,951)**	**470,398**
	2018	161,987	120,587	-	10,024	-	3,990	-	35,719	332,307
W Glasgow[19]	**2019**	**289,505**	**80,861**	**-**	**19,291**	**-**	**5,497**	**-**	**22,171**	**417,325**
	2018	38,500	-	-	3,658	-	-		-	42,158
M Shaw[20]	**2019**	**28,333**	**7,781**	**-**	**-**	**301**	**45**	**-**	**1,883**	**38,343**
	2018	-	-	-	-	-	-		-	-
Former KMP										
A Smith[21]	**2019**	**328,982**	**-**	**-**	**20,411**	**-**	**3,207**	**-**	**(73,343)**	**279,257**
	2018	330,059	115,188	-	19,940	889	3,778	26,192	10,443	506,489
C Pendleton-Browne[22]	**2019**	**58,271**	**-**	**-**	**2,612**	**-**	**-**	**-**	**-**	**60,883**
	2018	330,136	3,000	-	19,940	860	-	(77,293)	(65,749)	210,894
M Ledsham[23]	**2019**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2018	251,375	-	-	11,122	(37,087)	-	(208,272)	(65,749)	(48,611)
Total KMP remuneration										
	2019	**1,704,292**	**395,325**	**-**	**83,140**	**2,822**	**77,762**	**-**	**(209,354)**	**2,053,987**
	2018	1,742,116	545,150	-	84,625	(34,793)	38,039	(259,373)	218,923	2,334,687

Transactions of KMP

Shares held in the Company by Executive KMP at the end of the financial year, excluding shares granted under the ESP, are set out below.

Current KMP	**Held at 1 April 2018**	**Exercise of share options or rights during the period**	**Other movements**	**Held at 31 March 2019**
S Malcolm	26,970	-	28,240	**55,210**
S Verth	5,800	-	-	**5,800**
W Glasgow	-	-	-	**-**
M Shaw	52,222	-	-	**52,222**
Former KMP				
A Smith[24]	92,829	-	-	**92,829**

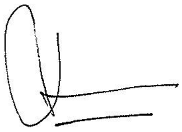
[19] W Glasgow ceased to be a KMP on 31 March 2019.
[20] M Shaw commenced to be a KMP on 1 March 2019.
[21] A Smith ceased to be a KMP on 28 February 2019.
[22] C Pendleton-Browne ceased to be a KMP on 30 April 2018.
[23] M Ledsham ceased to be a KMP on 13 April 2017.
[24] A Smith ceased to be a KMP on 28 February 2019. The balance above is reflective of the known balance at resignation date.
[25] The amounts for deferred STI payments reflect the accounting expense on a fair value basis.

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.

This Directors' Report is made in accordance with a resolution of the Directors. On behalf of the Board 21 May 2019.

Steven Sargent
Chairman
21 May 2019



Skander Malcolm
Chief Executive Officer and Managing Director
21 May 2019

Auditor's Independence Declaration

As lead auditor for the audit of OFX Group Limited for the year ended 31 March 2019, 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 OFX Group Limited and the entities it controlled during the period.

Elizabeth O'Brien
Partner
PricewaterhouseCoopers

Sydney
21 May 2019

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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	$,000 2019	$,000 2018
Fee and trading income	2	**128,744**	119,022
Fee and commission expense	2	**(11,487)**	(10,662)
Net income		**117,257**	108,360
Interest and other income	2	**1,486**	1,563
Net operating income		**118,743**	109,923
Employment expenses	3	**(50,314)**	(46,104)
Promotional expenses		**(17,562)**	(16,127)
Information technology expenses[1]		**(5,134)**	(5,177)
Occupancy expenses	3	**(4,429)**	(4,018)
Other operating expenses[1]	3	**(13,393)**	(8,672)
Earnings before interest expense, tax, depreciation and amortisation (EBITDA)		**27,911**	29,825
Depreciation and amortisation expense	3	**(5,832)**	(4,919)
Net profit before income tax		**22,079**	24,906
Income tax expense	4	**(4,468)**	(6,219)
Net profit attributable to ordinary shareholders		**17,611**	18,687
Other comprehensive income			
Other comprehensive income that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations, net of hedging		**107**	(29)
Total comprehensive income attributable to ordinary shareholders		**17,718**	18,658
Earnings per share attributable to ordinary shareholders:		**CENTS**	CENTS
Basic	6	**7.28**	7.79
Diluted	6	**7.10**	7.69

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

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	$,000 2019	$,000 2018
ASSETS			
Cash held for own use	7	**26,112**	47,252
Cash held for settlement of client liabilities	7	**155,151**	155,826
Deposits due from financial institutions	7	**32,457**	10,189
Derivative financial assets	9	**9,118**	12,930
Prepayments		**3,346**	2,874
Other receivables	8	**3,585**	1,882
Property, plant and equipment	12	**3,202**	3,874
Intangible assets	13	**11,019**	7,246
Current tax assets		**2,796**	–
Deferred income tax assets	5	**206**	215
Total assets		**246,992**	242,288
LIABILITIES			
Client liabilities	8	**157,194**	156,867
Derivative financial liabilities	9	**6,419**	10,690
Other creditors and accruals	14	**6,162**	6,133
Provisions	15	**5,474**	4,562
Current tax liabilities		**-**	944
Deferred income tax liabilities	5	**379**	98
Total liabilities		**175,628**	179,294
Net assets		**71,364**	62,994
EQUITY			
Ordinary share capital	18	**29,113**	24,360
Retained earnings		**41,586**	37,608
Foreign currency translation reserve		**291**	184
Share-based payments reserve		**374**	842
Total equity attributable to shareholders		**71,364**	62,994

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	$,000 Ordinary share capital	$,000 Retained earnings	$,000 Foreign currency translation reserve	$,000 Share-based payments reserve	$,000 Total equity
Balance at 1 April 2017		24,360	31,636	213	1,264	57,473
Net profit		–	18,687	–	–	18,687
Other comprehensive income		–	–	(29)	–	(29)
Total comprehensive income		–	18,658	(29)	–	18,658
Transactions with shareholders in their capacity as shareholders:						
Dividends paid	19	–	(12,715)	–	–	(12,715)
Expenses related to share-based payments	22	–	–	–	(422)	(422)
		–	(12,715)	–	(422)	(13,137)
Balance at 31 March 2018		24,360	37,608	184	842	62,994
Net profit		**–**	**17,611**	**–**	**–**	**17,611**
Other comprehensive income		**–**	**–**	**107**	**–**	**107**
Total comprehensive income		**–**	**17,611**	**107**	**–**	**17,718**
Transactions with shareholders in their capacity as shareholders:						
Forfeited Executive Share Plan shares		**4,753**	**–**	**–**	**–**	**4,753**
Dividends paid	19	**–**	**(13,633)**	**–**	**–**	**(13,633)**
Expenses related to share-based payments	22	**–**	**–**	**–**	**(468)**	**(468)**
		4,753	**(13,633)**	**–**	**(468)**	**(9,348)**
Balance at 31 March 2019		**29,113**	**41,586**	**291**	**374**	**71,364**

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	$,000 2019	$,000 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from ordinary activities after income tax		17,611	18,687
Adjustments to profit from ordinary activities			
Depreciation and amortisation		5,832	4,919
Movement in share-based payment reserve		(468)	(422)
Foreign exchange revaluation		(37)	(665)
Fair value changes on financial assets and liabilities through profit or loss		(459)	4,563
Movement in foreign currency translation reserve		107	(29)
Operating cash flow before changes in working capital		22,586	27,053
CHANGES IN ASSETS AND LIABILITIES			
(Increase) in prepayments and other receivables		(2,175)	(221)
Decrease in deferred tax assets		9	4
Decrease/(increase) in cash held for client liabilities		675	(39,902)
Increase in amounts due to clients		327	39,973
Increase/(decrease) in accrued charges and creditors		29	(914)
Increase/(decrease) in deferred tax liabilities		281	(22)
Increase in provisions		912	2,799
(Decrease)/increase in tax provision		(3,740)	3,182
Net cash flows from operating activities		18,904	31,952
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	12	(1,137)	(243)
Payments for intangible assets	13	(7,826)	(4,867)
Cash deposited with financial institutions		(22,268)	(75)
Net cash flows from investing activities		(31,231)	(5,185)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of shares		4,753	-
Dividends paid	19	(13,633)	(12,715)
Net cash flows from financing activities		(8,880)	(12,715)
Net (decrease)/increase in cash held for own use		(21,207)	14,052
Cash held for own use at the beginning of the year		47,252	32,535
Exchange gains on cash held for own use		67	665
Cash held for own use at the end of the year	7	26,112	47,252
Including cash held for settlement of client liabilities (classified as operating activities)			
Cash held for settlement of client liabilities at the beginning of the year		155,826	115,924
Cash inflows from clients		23,710,122	21,160,084
Cash outflows to clients		(23,706,516)	(21,122,033)
Exchange gain on cash held for client liabilities		(4,281)	1,851
Cash held for settlement of client liabilities at the end of the year	7	155,151	155,826
Total cash and cash equivalents	7	181,263	203,078

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

NOTES TO THE FINANCIAL STATEMENTS

ABOUT THIS REPORT

FOR THE YEAR ENDED 31 MARCH 2019

About this Report

OFX Group Limited (the Group or the Company) is a company limited by shares, incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange. This financial report presents the consolidated performance, position and cash flows of the Company and its subsidiaries. The Group is for-profit for the purpose of preparing the financial statements. The accounting policies explained in this report are consistent for all the periods presented unless otherwise stated. The Directors have the power to amend and reissue the financial report.

The financial report is a general purpose financial report which:

- Is prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001 (Cth). Consequently, this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB.
- Has been prepared under the historical cost convention except for derivatives and share-based payments which are measured at fair value.
- Presents reclassified comparative information where required for consistency with the current year's presentation.
- Is presented in Australian dollars with all values rounded to the nearest thousand dollars in accordance with ASIC Legislative Instrument 2016/191 unless otherwise indicated.

AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers are mandatory on or after 1 January 2018, and were adopted by the Group in the current year but did not have a material impact on the Group.

Critical estimates and judgements

Preparing the financial report requires judgement in applying the accounting policies and calculating certain critical accounting estimates. The Group's critical accounting estimates and significant judgements are:

- Fair value of certain financial instruments (Note 10),
- Share-based payments (Note 22), and
- Intangible Assets (Note 13).

Basis of consolidation

The consolidated financial report comprises the assets and liabilities of all subsidiaries of OFX Group Limited as at 31 March 2019 and the results of all subsidiaries for the year then ended. A list of controlled entities at year end is contained in Note 21.

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.

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

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

Investments in subsidiaries are accounted for at cost in the separate financial statements of OzForex Limited in accordance with AASB 127 Separate Financial Statements.

New accounting standards and interpretations

AASB 16 Leases

AASB 16 Leases will replace the current standard on lease accounting, AASB 117. AASB 16 introduces a single lessee accounting model and requires the lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. An assessment of the impact of the standard has been undertaken by the Group. Based upon current leases, adopting the standard would result in the recognition of a right of use asset with a value of $12 million and a corresponding liability of $13.7 million at 31 March 2019, and reduce 2019 net profit after tax by $0.4 million. The standard is mandatory for financial years commencing on or after 1 January 2019 and the Group will adopt the standard commencing 1 April 2019.

Functional and presentation currency

Foreign operations are measured in the Group's financial statements using the currency of the primary economic environment in which the foreign operation operates (the functional currency). The functional currencies of overseas subsidiaries are listed in Note 21.

The Group's financial statements are presented in Australian dollars, which is the Group's presentation currency.

GST

Revenues, expenses and fixed assets are recognised net of the associated GST, unless the GST is not recoverable from the relevant taxation authority. Receivables and creditors are presented including the GST. The net GST recoverable from, or payable to, each taxation authority is presented in other receivables or other payables.

Cash flows are presented including GST. 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.

NOTES TO THE FINANCIAL STATEMENTS

SEGMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1. SEGMENT INFORMATION

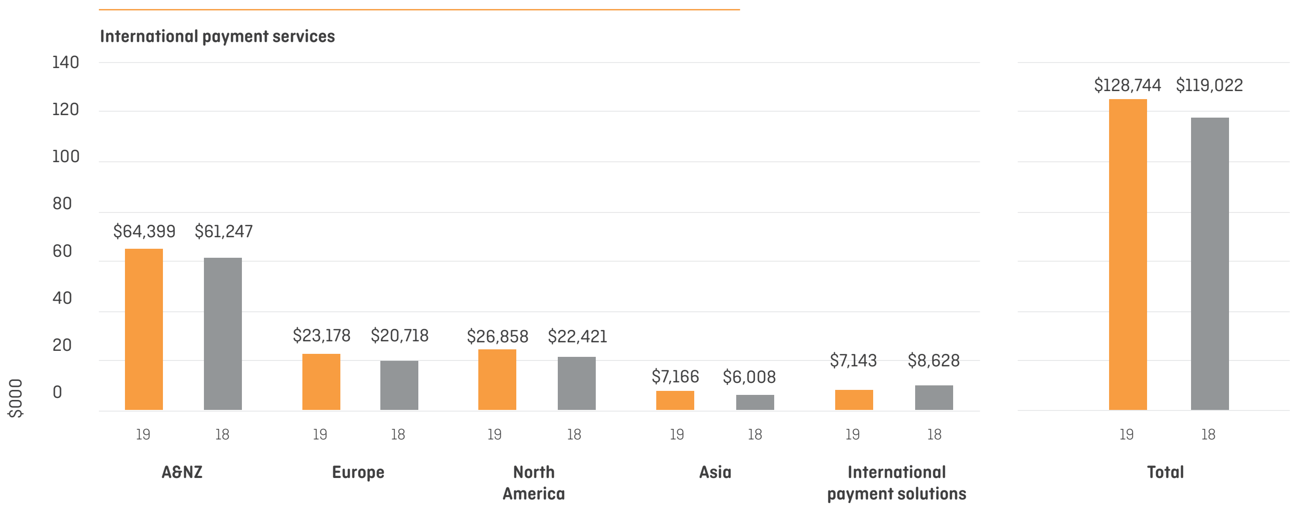
The operating segments presented below reflect how senior management and the Board of Directors (the chief operating decision makers) allocate resources to the segments and review their performance. The chief operating decision makers examine the performance both from a product and geographic perspective and has identified five reportable segments.

The two products are international payment services and international payment solutions:

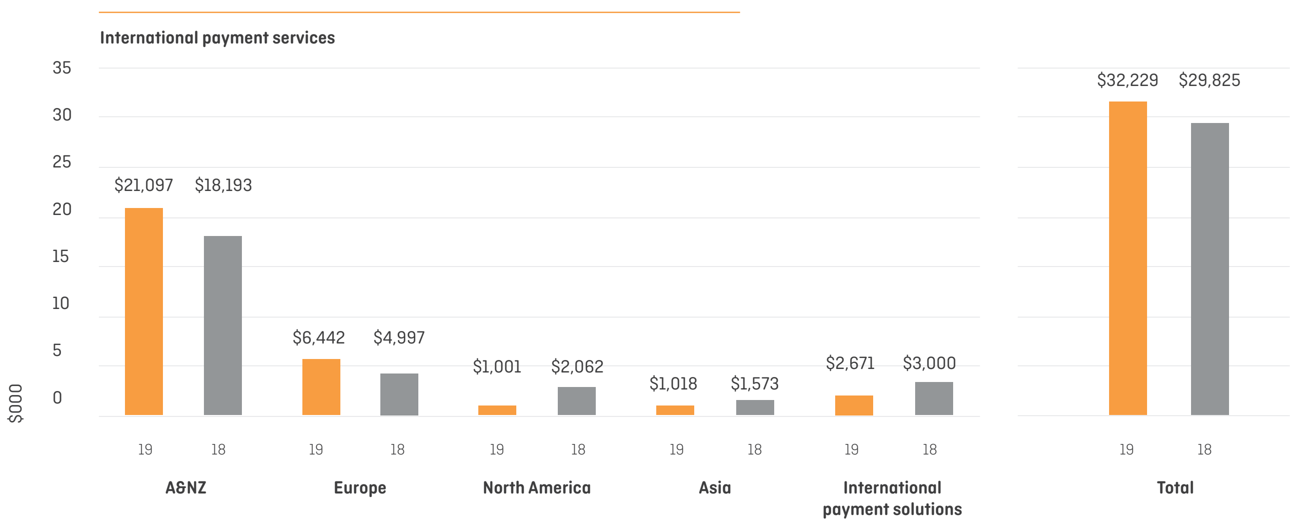
- International payment services are monitored by geographic region (based on client location) and provide bank to bank currency transfers servicing businesses and consumers.
- International payment solutions are monitored globally and provide strategic partners with a package which includes: OFX IT platform; client service; compliance sophistication; banking relationships; and payments capabilities.

Segments are managed on an underlying basis. Segment EBIDTA excludes $4.3 million of corporate action costs.

SEGMENT FEE AND TRADING INCOME – 2019 V 2018 ($'000)



SEGMENT EBITDA – 2019 V 2018 ($'000)



NOTES TO THE FINANCIAL STATEMENTS

SEGMENT INFORMATION (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

	$,000 2019	$,000 2018
SEGMENT EBITDA	32,229	-
Corporate action costs	(4,318)	-
GROUP EBITDA	27,911	29,825
Depreciation and amortisation	(5,832)	(4,919)
Net profit before income tax	22,079	24,906
Income tax expense	(4,468)	(6,219)
NET PROFIT	17,611	18,687

	International payment services					
2019	Australia & New Zealand	Europe	North America	Asia	International payment solutions	Consolidated
Segment assets	139,381	40,398	56,031	29,582	–	265,392
Intergroup eliminations	-	(3,946)	(6,541)	(8,119)	–	(18,606)
Deferred tax assets						206
Total assets						246,992
Segment liabilities	(111,649)	(30,183)	(38,506)	(13,517)	–	(193,855)
Intergroup eliminations	18,606	–	-	–	–	18,606
Deferred tax liabilities						(379)
Total liabilities						(175,628)
2018						
Segment assets	161,832	32,546	56,049	17,550	–	267,977
Intergroup eliminations	(4,937)	(12,081)	–	(8,886)	–	(25,904)
Deferred tax assets						215
Total assets						242,288
Segment liabilities	(118,444)	(28,144)	(47,883)	(10,629)	–	(205,100)
Intergroup eliminations	-	–	25,904	-	–	25,904
Deferred tax liabilities						(98)
Total liabilities						(179,294)

NOTES TO THE FINANCIAL STATEMENTS

RESULTS FOR THE YEAR

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 2. NET OPERATING INCOME

Fee and trading income

Fee and trading income consists of the foreign currency transaction margins, fees charged on low-value transactions and changes in exchange rates between the time when a client rate is agreed and a subsequent hedge transaction is entered into by the Group.

Fee and trading income is presented inclusive of realised and unrealised income earned from the sale of foreign currency contracts to clients.

Fee and commission expense

Fee and commission expenses are transactional banking fees and commissions paid to strategic and referral partners.

Interest income

Interest income is recognised using the effective interest rate method, which spreads fees and costs associated with an interest bearing receivable across its life.

	$,000	$,000
	2019	2018
Realised margin and fees on foreign exchange contracts	127,481	122,501
Unrealised gains/(losses) on foreign exchange contracts	1,251	(4,204)
Revaluation of foreign exchange assets and liabilities	12	725
Fee and trading income	128,744	119,022
Fee and commission expense	(11,487)	(10,662)
Net income	117,257	108,360
Interest and other income	1,486	1,563
Net operating income	118,743	109,923

NOTES TO THE FINANCIAL STATEMENTS

RESULTS FOR THE YEAR

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 3. EXPENSES

Refer to Note 22 for details of the Group's share-based payments, Note 15 for details of the employee provisions and Notes 12 and 13 for details on property, plant and equipment and intangible assets.

	$,000 2019	$,000 2018
EMPLOYMENT EXPENSES		
Salaries and related costs including commissions	(42,528)	(38,657)
Employee short-term incentives	(2,041)	(2,833)
Share-based payments	53	202
Defined contribution plan	(2,972)	(2,283)
Total employee compensation expense	(47,488)	(43,571)
Other employment expenses (on-costs, recruitment and staff training)	(2,826)	(2,533)
Total employment expenses	(50,314)	(46,104)
OCCUPANCY EXPENSES		
Operating lease rentals	(2,979)	(2,652)
Other occupancy expenses	(1,450)	(1,366)
Total occupancy expenses	(4,429)	(4,018)
OTHER OPERATING EXPENSES		
Professional fees	(5,839)	(2,047)
Communication	(588)	(665)
Compliance	(2,135)	(1,995)
Insurance	(1,041)	(822)
Travel	(1,379)	(862)
Bad and doubtful debts	(816)	(663)
Non-recoverable GST	(244)	(224)
Other expenses	(1,351)	(1,394)
Total other operating expenses[1]	(13,393)	(8,672)
DEPRECIATION AND AMORTISATION		
Depreciation of furniture, fittings and leasehold improvements	(1,255)	(1,261)
Depreciation of computer equipment	(524)	(581)
Amortisation of acquired software	(3,293)	(2,295)
Amortisation of internally generated software	(760)	(782)
Total depreciation and amortisation	(5,832)	(4,919)

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

NOTES TO THE FINANCIAL STATEMENTS

RESULTS FOR THE YEAR (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 4. INCOME TAXES

Income tax expense is the tax payable on the current period's taxable income adjusted for changes in deferred income tax. Changes in deferred tax assets and liabilities are due to temporary timing differences and unused tax losses.

Current income tax is based on tax laws enacted or substantively enacted in each jurisdiction of the Group's operations at the end of the reporting period. If required, provisions are established for the amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method at the tax rates expected to apply when the assets are recovered or the liabilities are settled. Deferred tax assets and liabilities arise on temporary differences between the tax base of assets and liabilities and their carrying amounts. In addition, deferred tax assets may be recognised due to unused tax losses. Amounts are only recognised to the extent it is probable future taxable amounts will be available to use those temporary differences or tax losses.

Deferred tax assets and liabilities are offset when:

- There is a legally enforceable right to offset current tax assets and liabilities; and
- 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
- There is an intention to settle on a net basis.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

The tax consolidation legislation was adopted by the Group as of 15 October 2013. As a consequence, OzForex Limited and its wholly-owned Australian controlled entities are taxed as a single entity. The Group has a tax year ending on 30 September.

Offshore Banking Unit

OzForex Limited, a subsidiary of OFX Group Limited, was declared an Offshore Banking Unit (OBU) on 10 October 2015. In accordance with Australian income tax legislation, assessable offshore banking (OB) income derived by the OBU is taxable at a concessional rate of 10%. OB income includes revenue earned on foreign exchange transactions with offshore counterparties, excluding those with any AUD component.

a) Income tax expense

	$,000	$,000
	2019	2018
Current tax expense	**4,273**	6,237
Adjustments to current tax of prior years	**(97)**	-
Total current tax expense	**4,176**	6,237
Deferred income tax expense/(benefit)	**292**	(18)
Total income tax expense	**4,468**	6,219

b) Reconciliation of income tax expense to prima facie tax payable

	$,000	$,000
	2019	2018
Net profit before income tax	**22,079**	24,906
Prima facie income tax expense at 30% (2018: 30%)	**6,624**	7,472
Effect of different offshore tax rates[1]	**(446)**	(235)
Decrease in tax expense as a result of operating as an OBU in the current period	**(1,007)**	(995)
Entertainment	**(27)**	-
Research and Development tax credits	**(276)**	(149)
Other items[1]	**(400)**	126
Total income tax expense	**4,468**	6,219

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

NOTES TO THE FINANCIAL STATEMENTS

RESULTS FOR THE YEAR (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 5. DEFERRED INCOME TAX ASSETS/(LIABILITIES)

	$,000 2019	$,000 2018
DEFERRED INCOME TAX ASSETS		
The balance comprises temporary differences attributable to:		
Provisions and accrued expenses	1,552	1,241
Corporate action costs deemed capital for taxation	844	348
Tax credit carry forward	144	174
Unrealised foreign exchange loss	68	–
Property, plant and equipment	7	13
Total deferred income tax assets – before offset	2,615	1,776
Offset deferred income tax liabilities (refer Note 4 for accounting policy)	(2,409)	(1,561)
Net deferred income tax assets – after offset	206	215
DEFERRED INCOME TAX LIABILITIES		
The balance comprises temporary differences attributable to:		
Intangible assets	(1,979)	(966)
Financial instruments	(731)	(635)
Property, plant and equipment	(78)	(58)
Total deferred income tax liabilities – before offset	(2,788)	(1,659)
Offset deferred income tax assets (refer Note 4 for accounting policy)	2,409	1,561
Net deferred income tax liabilities – after offset	(379)	(98)
Net deferred income tax (liabilities)/assets	(173)	117

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL ASSETS AND LIABILITIES

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 6. EARNINGS PER SHARE

Earnings per share

Basic earnings per share shows the profit attributable to each ordinary share. It is calculated as the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in each year.

Diluted earnings per share shows the profit attributable to each ordinary share if all the dilutive potential ordinary shares had been ordinary shares.

There are no discontinued operations of the Group.

(a) Earnings per share

	Cents	Cents
	2019	2018
Basic	**7.28**	7.79
Diluted	**7.10**	7.69

(b) Earnings

	$,000	$,000
	2019	2018
Net profit attributable to ordinary shareholders used to calculate basic and diluted earnings per share	**17,611**	18,687

(c) Weighted average number of shares

	Number	Number
Weighted average number of ordinary shares used to calculate basic earnings per share	**241,805,920**	240,000,000
Dilutive potential ordinary shares	**6,324,297**	3,032,889
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**248,130,217**	243,032,889

NOTE 7. CASH AND CASH EQUIVALENTS, CLIENT LIABILITIES, AND DEPOSITS DUE FROM FINANCIAL INSTITUTIONS

Cash and cash equivalents includes cash on hand and deposits held at short call with financial institutions with an original maturity of less than 3 months (together, 'cash held for own use') and cash held for subsequent settlement of client liabilities.

Cash held for subsequent settlement of client liabilities represents transactions in progress where amounts have been received by the Group but the corresponding payment has not yet occurred. They are unsecured and short term in nature and are recognised initially at their fair value. Client liabilities are initially measured at amortised cost using the effective interest method and are shown in cash net of client receivables, which are recognised in other receivables (refer Note 8). Gross client liabilities total $157,194,000 as at 31 March 2019 (2018: $156,867,000).

Deposits due from financial institutions are primarily short-term deposits with an original maturity of greater than 3 months, but less than 12 months, are accounted for at the gross value of the outstanding balance and are held at amortised cost.

	$,000	$,000
	2019	2018
Cash held for own use	**26,112**	47,252
Cash held for settlement of client liabilities	**155,151**	155,826
Cash and cash equivalents	**181,263**	203,078
Deposits due from financial institutions	**32,457**	10,189
Cash held for subsequent settlement of client liabilities	**(155,151)**	(155,826)
Net cash held[1]	**58,569**	57,441

[1] Includes $31,103,417 (2018: $28,552,027) which is held as collateral by counterparties for over-the-counter derivative transactions and as bank guarantees for property leases.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 8. OTHER RECEIVABLES (CURRENT ASSETS)

Other receivables include client receivables, GST receivables and other debtors. Other debtors includes rental deposits and interest receivable. Client receivables includes amounts settled on behalf of OFX Group customers that are yet to be received. All receivables are recognised at amortised cost, less any impairment. Interest is recognised in the Statement of Comprehensive Income using the effective interest method.

	$,000	$,000
	2019	2018
Client receivables	**2,043**	1,041
GST receivables	**502**	283
Other debtors	**1,040**	558
Other receivables	**3,585**	1,882

NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

Derivative instruments entered into by the Group include forward foreign exchange contracts. They are principally used to offset foreign currency contracts with clients and as hedges over the Group's net investment in foreign operations.

Derivatives are recognised at trade date and are initially and subsequently measured at fair value. Movements in the carrying amounts of derivatives are recognised in net fee and trading income within the Consolidated Statement of Comprehensive Income.

	$,000	$,000
	2019	2018
Value of forward contracts – assets	**9,118**	12,930
Value of forward contracts – liabilities	**(6,419)**	(10,690)
Net financial instruments at fair value	**2,699**	2,240

NOTE 10. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

OFX Group has categorised its financial instruments that are either measured in the Statement of Financial Position at fair value or of which the fair value is disclosed, into a three-level hierarchy based on the priority of the inputs to the valuation.

A financial instrument's categorisation within the valuation hierarchy is based on the lowest level input that is significant to the fair value measurement. Cash and cash equivalents, deposits due from financial institutions, other receivables, client liabilities, other creditors and accruals are excluded from the fair value hierarchy as these instruments are held at amortised cost. Their fair value approximates the carrying value as they are short term in nature.

Level	**Instruments**	**Valuation process**
LEVEL 1 - Traded in active markets and fair value is based on recent unadjusted quoted prices.	None – the Group does not hold any of these instruments.	Not applicable.
LEVEL 2 - Not actively traded and fair value is based on valuation techniques which maximise the use of observable market prices.	Over-the-counter derivatives.	Forward foreign exchange contract valuations are based on observable spot exchange rates and the yield curves of the respective currencies.
LEVEL 3 - Not actively traded and fair value is based on at least one input which is not observable in the market due to illiquidity or complexity.	None – the Group does not hold any of these instruments.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL ASSETS AND LIABILITIES

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 11. FINANCIAL RISK MANAGEMENT

Risk management

The Group is exposed to the following risks, and manages this in the following ways:

Type of risk	How the risk is managed
MARKET RISK – Market risk is comprised of both foreign currency risk and interest rate risk. **FOREIGN CURRENCY RISK** – Arises from exposure to changes in foreign exchange rates between the time of agreeing rates with a client and either a corresponding hedge being taken out with a counterparty or an international payment settlement. Settlement typically occurs between 12 to 24 hours after the deal is entered or up to 12 months later for forward contracts with clients. The Group is also exposed to the interest rate risk embedded in forward contracts offered to its clients to lock in exchange rates up to 12 months in advance. **INTEREST RATE RISK** – Exposure to non-traded interest rate risk results from cash and term deposits held in different currencies.	To manage the movement in foreign exchange rates, the Group aggregates transactions and nets out buy transactions against sell transactions. The Group then enters into forward foreign exchange hedging contracts with counterparty banks once exposure to a single currency reaches or exceeds a defined threshold. Settlement of client liabilities between 12 and 24 hours of receipt of client cash results in low exposure to non-traded interest rate risk.
CREDIT RISK – The risk that creditors (clients and financial institutions) will not make payments on their receivables and derivatives respectively, when they fall due.	The Group typically does not payout client deals until associated funds have been received. In exceptional circumstances, senior management have the discretion to authorise same-day payments, which can result in funds being paid prior to clearance of customer funds. These transactions would only be approved for clients with a low risk of default and are pro-actively monitored to ensure timely settlement. For forward deals part payments are required to be made by clients. Active monitoring of client balances ensures that adequate collateral is held. The Group sets credit limits and obtains collateral with well-rated banking counterparties as security (where appropriate).
LIQUIDITY RISK – The risk that the Group is unable to meet the obligations of its financial liabilities when they are due	Regular forecasts of the Group's liquidity requirements. Surplus cash is maintained in highly liquid instruments. Continuous review of currency requirements in operating jurisdictions. Active maintenance of cash balances in currencies and geographical locations necessary to fund these requirements.

Risk is managed on a globally consolidated basis for the Group. Risks in subsidiaries are subject to the same risk acceptance policies as the parent entity.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

The main component of the Group's market risk is exposure to foreign exchange rate fluctuations.

The Group's sensitivity to foreign exchange fluctuations risk by major currency held on the Consolidated Statement of Financial Position is shown below:

Movement in exchange rate (basis points)[1]	**$,000** **31 March 2019** **+/-500** **Sensitivity of profit before tax**	**$,000** **31 March 2019** **+/-500** **Sensitivity of equity after tax**	$,000 31 March 2018 +/-500 Sensitivity of profit before tax	$,000 31 March 2018 +/-500 Sensitivity of equity after tax
CAD	**(2)**	**6**	(15)	(11)
EUR	**(3)**	**252**	(15)	159
GBP	**38**	**42**	6	(14)
NZD	**(5)**	**(10)**	(51)	(43)
SGD	**(4)**	**4**	(1)	(4)
USD	**(18)**	**(134)**	72	(174)
Other	**42**	**46**	37	60
Total	**48**	**206**	33	(27)

(b) Interest rate risk

The Group's sensitivity to movements in interest rates is as follows.

Movement in interest rate (basis points)[1]	**$,000** **31 March 2019** **+/-50** **Sensitivity of profit before tax**	**$,000** **31 March 2019** **+/-50** **Sensitivity of equity after tax**	$,000 31 March 2018 +/-500 Sensitivity of profit before tax	$,000 31 March 2018 +/-500 Sensitivity of equity after tax
AUD	**460**	**345**	421	316
CAD	**31**	**23**	36	27
EUR	**130**	**102**	85	67
GBP	**97**	**74**	90	67
NZD	**43**	**31**	50	36
SGD	**15**	**12**	17	12
USD	**199**	**134**	278	184
Other	**94**	**74**	89	70
Total	**1,069**	**795**	1,066	779

[1] Impact of positive movement shown. The impact of a negative movement is the inverse.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 11. FINANCIAL RISK MANAGEMENT CONTINUED

(c) Credit risk

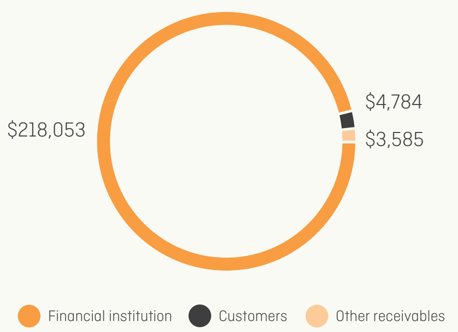
MAXIMUM EXPOSURE TO CREDIT RISK AND CREDIT QUALITY OF FINANCIAL ASSETS

The amounts shown represent the maximum exposure of the Group to credit risk at the end of the reporting period. This is equal to the carrying amount of each class of financial assets in the table below.

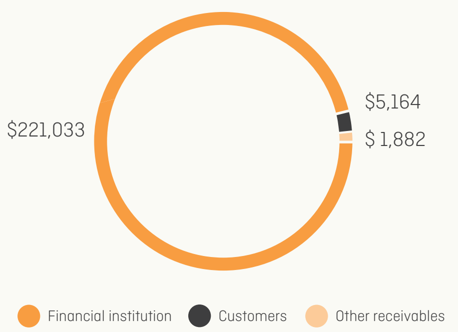
The Group uses internal credit ratings to manage the credit quality of its financial assets. The Group's financial assets held with financial institutions are investment grade (between Aaa-Baa3). There are no balances that are past due or impaired as at 31 March 2019 (2018: nil).

	Rating	**$,000 2019**	$,000 2018
Cash and cash equivalents	Investment grade	**181,263**	203,078
Deposits due from financial institutions	Investment grade	**32,457**	10,189
Derivative assets - with financial institutions	Investment grade	**4,333**	7,766
Derivative assets - with clients	Unrated[1]	**4,784**	5,164
Other receivables	Unrated	**3,585**	1,882
Total gross credit risk		**226,422**	228,079

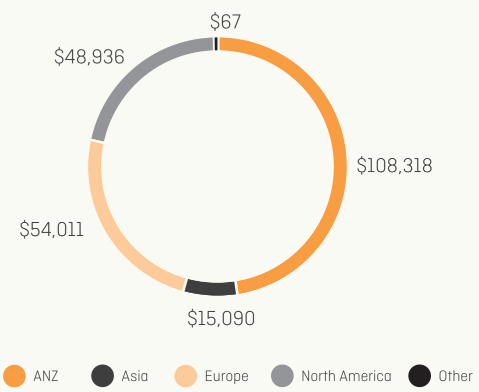
2019 CREDIT RISK EXPOSURE - ($'000)



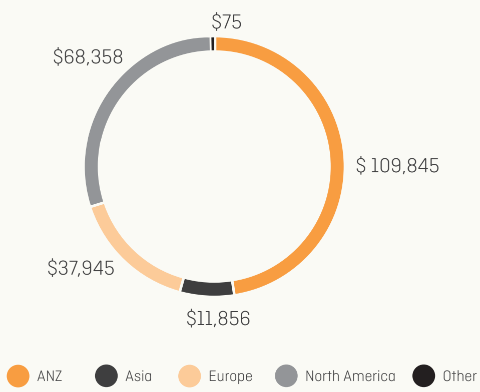
2018 CREDIT RISK EXPOSURE - ($'000)



2019 CREDIT RISK EXPOSURE BY GEOGRAPHY - ($'000)



2018 CREDIT RISK EXPOSURE BY GEOGRAPHY - ($'000)



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

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

(c) Credit risk (continued)

For trading credit risk, the Group assesses the credit quality of the customer, taking into account its financial position, past experience, external credit agency reports and credit references. Individual customer risk limits are set based on internal approvals in accordance with delegated authority limits set by the Board. The compliance with credit limits by credit approved customers is regularly monitored by line credit management. Sales to non-account customers are settled in cash, mitigating credit risk.

The Group applies historical lifetime past due information to provide for expected credit losses prescribed by AASB 9, which permits the use of past due information to determine the lifetime expected loss provision for all client receivables arising from a financial instrument. The loss allowance provision as at 31 March 2019 is determined as set out below, which incorporates past experience and forward-looking information about the client, including the likelihood of recovery.

2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate (%)	3.5%	1.7%	15.9%	25.4%	97.8%	
Gross carrying amount ($'000)	1,059	152	368	11	453	2,043
Provision ($'000)	37	3	58	3	443	544

The loss allowance for client receivables as at 31 March 2018 reconciles to the opening loss allowance on 1 April 2018 and to the closing loss allowance as at 31 March 2019 as follows:

	$,000
	2019
Closing loss allowance as at 31 March 2018 (calculated under AASB 139)	**482**
Amounts restated through opening retained earnings[1]	**-**
Opening loss allowance as at 1 April 2018 (calculated under AASB 9)	**482**
Increase in loss allowance recognised in profit or loss during the year	**62**
Closing loss allowance as at 31 March 2019	**544**

(d) Liquidity risk

MATURITY PROFILE OF OBLIGATIONS

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2019 based on contractual undiscounted repayment cash flows. Derivatives are included in the less than 3 months column at their fair value, as they are frequently settled in the short term. 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.

$,000	On demand	3 months or less	3 to 12 months	1 to 5 years	Over 5 years	Total
2019						
Other liabilities[2]	**(1,725)**	**(162,236)**	**-**	**(814)**	**–**	**(164,775)**
Derivative financial instruments						
Inflows	**–**	**948,457**	**72,173**	**2,291**	**–**	**1,022,921**
(Outflows)	**–**	**(945,353)**	**(72,560)**	**(2,310)**	**–**	**(1,020,223)**
Total	**(1,725)**	**(159,132)**	**(387)**	**(833)**	**–**	**(162,077)**
2018						
Other liabilities[2]	(1,618)	(160,013)	(944)	(388)	–	(162,963)
Derivative financial instruments						
Inflows	–	860,691	290,924	45,810	–	1,197,425
(Outflows)	–	(860,348)	(289,247)	(45,590)	–	(1,195,185)
Total	(1,618)	(159,670)	733	(168)	–	(160,723)

[1] The restatement on transition to AASB 9 as a result of applying the expected credit risk model was immaterial.
[2] Excludes items that are not financial instruments and non-contractual accruals and provisions.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Financial instruments, derivatives and hedging activity

The Group adopted AASB 9 Financial Instruments from 1 April 2018 and implemented the expected credit loss model for the impairment of its financial assets measured at amortised cost. Under hedge accounting, changes in the fair value of qualifying instruments during the hedging period are recognised in other comprehensive income, consistent with the previous policy of the Group. Information about the Group's hedging activities can be found in (iii) below.

Information about the impairment of client receivables, their credit quality and the Group's exposure to credit risk can be found in (c) above. The change to expected credit loss provisioning is undertaken prospectively, with losses incurred by the Group prior to the change accounted for in accordance with the previous policy.

The change in accounting policy results in the Group recognising credit losses earlier as the measurement of expected credit losses is based on reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions, rather than on specific loss events.

Accounting policy – financial instruments

The Group classifies its financial assets in the following categories: financial assets at amortised cost and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired, which is determined at initial recognition based upon the business model of the Group.

(i) Financial assets at amortised cost

The Group classifies its financial assets at amortised cost if the asset is held with the objective of collecting contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. These include client receivables and bank term deposits. Bank term deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are financial assets at amortised cost. Refer to Note 8 for details relating to client receivables.

(ii) Financial assets through profit or loss

The Group holds forward foreign exchange contracts within a business model where collecting contractual cash flows while holding the asset is incidental to achieving the business model's objective of managing performance on a fair value basis as determined by prevailing and expected foreign currency exchange rates. The Group is primarily focused on fair value information to assess the assets' performance and make decisions, resulting in derivative financial instruments being measured at fair value through profit or loss.

(iii) Hedging activity

Financial instruments entered into by the Group for the purpose of managing foreign currency risk associated with its net investment in foreign operations qualify for hedge accounting. Instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The full fair value of hedging derivatives is classified as an asset or liability.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within unrealised gains/(losses).

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

The effects of applying hedge accounting on the Group's financial position and performance are as follows:

	$,000	$,000
	2019	2018
Hedging instrument – forward foreign exchange contracts		
Carrying amount	**(1,198)**	(281)
Notional amount British Pounds	**3,327**	2,241
Notional amount US Dollars	**6,073**	4,855
Notional amount Canadian Dollars	**1,626**	1,472
Notional amount New Zealand Dollars	**2,001**	1,552
Notional amount Hong Kong Dollars	**31,755**	30,000
Maturity date	**Apr 2019 – Oct 2020**	Apr 2018-Feb 2019
Hedge ratio	**1:1**	1:1
Change in value of outstanding hedge instruments since 1 April	**(1,198)**	(281)
Change in value of hedged item used to determine hedge effectiveness	**1,198**	281

NOTES TO THE FINANCIAL STATEMENTS

OTHER ASSETS AND LIABILITIES

FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
Weighted average hedge rate		
– British Pounds	A$1 : GBP 0.5406	A$1 : GBP 0.5693
– US Dollars	A$1 : US$0.7252	A$1 : US$0.7741
– Canadian Dollars	A$1 : CA$0.9443	A$1 : CA$0.9887
– New Zealand Dollars	A$1 : NZ$1.0512	A$1 : NZ$1.0684
– Hong Kong Dollars	A$1 : HK$5.5400	A$1 : HK$6.0511

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Assets are depreciated on a straight-line basis over their estimated useful lives, as follows:

Asset class	Useful life
Furniture and fittings	5 to 10 years
Leasehold improvements	Up to 5 years
Computer equipment	3 years

	$,000 Furniture, fittings and leasehold improvements	$,000 Computer equipment	$,000 Total
YEAR ENDED 31 MARCH 2018			
Cost	7,488	3,665	11,153
Less accumulated depreciation	(4,324)	(2,955)	(7,279)
Net carrying amount	3,164	710	3,874
MOVEMENT			
Balance at 31 March 2017	4,396	1,077	5,473
Additions	29	214	243
Depreciation	(1,261)	(581)	(1,842)
Balance at 31 March 2018	3,164	710	3,874
YEAR ENDED 31 MARCH 2019			
Cost	8,240	4,020	12,260
Less accumulated depreciation	(5,579)	(3,479)	(9,058)
Net carrying amount	**2,661**	**541**	**3,202**
MOVEMENT			
Balance at 31 March 2018	3,164	710	3,874
Additions	757	380	1,137
Disposals	(5)	(25)	(30)
Depreciation	(1,255)	(524)	(1,779)
Balance at 31 March 2019	**2,661**	**541**	**3,202**

NOTES TO THE FINANCIAL STATEMENTS

OTHER ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 13. INTANGIBLE ASSETS

Costs directly incurred in acquiring and developing certain software are capitalised and amortised on a straight-line basis over the estimated useful life, three years. Costs incurred on software maintenance are expensed as incurred.

	$,000 Internally generated software	$,000 Acquired separately software	$,000 Total
YEAR ENDED 31 MARCH 2018			
Cost	2,423	10,680	13,103
Less accumulated amortisation	(167)	(5,690)	(5,857)
Net carrying amount	**2,256**	**4,990**	**7,246**
MOVEMENT			
Balance at 1 April 2017	-	5,456	5,456
Additions	2,423	2,444	4,867
Amortisation	(167)	(2,910)	(3,077)
Balance at 31 March 2018	**2,256**	**4,990**	**7,246**
YEAR ENDED 31 MARCH 2019			
Cost	9,147	11,782	20,929
Less accumulated amortisation	(1,189)	(8,721)	(9,910)
Net carrying amount	**7,958**	**3,061**	**11,019**
MOVEMENT			
Balance at 1 April 2018	2,256	4,990	7,246
Additions	6,724	1,102	7,826
Amortisation	(1,022)	(3,031)	(4,053)
Balance at 31 March 2019	**7,958**	**3,061**	**11,019**

NOTE 14. OTHER CREDITORS AND ACCRUALS (CURRENT LIABILITIES)

	$,000 2019	$,000 2018
Accrued charges and sundry liabilities	**4,435**	4,601
Trade creditors	**7**	181
Other liabilities	**1,720**	1,351
Total other liabilities	**6,162**	6,133

NOTES TO THE FINANCIAL STATEMENTS

OTHER ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 15. PROVISIONS

Employee provisions

The Group has a Short Term Incentive Plan available to all employees including Executive KMP. The Short Term Incentive Plan is accrued as a liability and expensed over the annual service period until it is paid.

When the long service leave is not expected to be settled within 12 months of year end, the liabilities are measured as the present value of expected future payments using the projected unit credit method.

Leasehold makegood provision

The Group holds a provision for makegood costs anticipated to be incurred in respect of office leases in Australia, Hong Kong, London, and Canada. The provision is being accrued on a straight-line basis over the lease terms.

	Employee provisions				
	Annual leave	Short term incentives	Long service leave	Leasehold makegood	Total
Carrying amount at beginning of the period	1,418	2,655	351	138	4,562
Additional provisions made	3,044	3,315	82	138	6,579
Release of provisions	(2,918)	(2,655)	(65)	(29)	(5,667)
Carrying amount at the end of the period	**1,544**	**3,315**	**368**	**247**	**5,474**

All employee provisions are current liabilities apart from $181,426 (2018: $199,559) of long service leave which is non-current. All leasehold makegood provisions are current.

NOTE 16. OPERATING LEASE COMMITMENTS

The Group leases offices under non-cancellable operating leases with original terms expiring within one to seven years. The leases have various escalation and extension clauses. The Group has no other commitments.

	$,000	$,000
	2019	2018
Within one year	**3,065**	2,817
Between one and five years	**6,147**	6,284
After more than five years	**–**	-
Total operating lease commitments	**9,212**	9,101

NOTES TO THE FINANCIAL STATEMENTS

CAPITAL STRUCTURE

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 17. CAPITAL MANAGEMENT

The Group's capital management strategy is to maximise shareholder value by optimising the level and use of capital, defined as share capital plus reserves. The Group's capital management objectives are to:

- Support the Group's business and operational requirements
- Meet externally imposed capital requirements
- Safeguard the Group's ability to continue as a going concern.

The Group has continued to meet its internal and externally imposed capital requirements this year and no breaches have occurred.

NOTE 18. ORDINARY SHARE CAPITAL

Ordinary shares are classified as equity and measured based on the proceeds from issuing the shares less the directly attributable incremental costs, net of tax.

There are 242,522,677 fully paid ordinary shares (2018: 240,000,000). Ordinary shares entitle the holder to vote and to receive dividends and the proceeds of the Company if it is liquidated in proportion to the number of shares held.

There are 6,064,717 (2018: 3,303,088) restricted ordinary shares issued to KMP in connection with the Executive Share Plan. Refer to Note 22 for further information.

NOTE 19. DIVIDENDS

Dividends are recognised as a liability and a reduction to retained earnings when declared. All dividends recognised in the year were fully franked (2018: all).

	$,000	$,000
	2019	2018
Final dividend from the preceding year $0.030 (2018: $0.029) per share	**(7,230)**	(6,960)
Interim dividend $0.0264 (2018: $0.024) per share	**(6,403)**	(5,755)
Total dividends recognised and paid	**(13,633)**	(12,715)

On 21 May 2019, the Board determined a dividend of $0.0328 per share ($8,133,000) as the final dividend for 2019. This dividend was determined after 31 March 2019 and so is not reflected in this financial report. As the Company is a holding company with no trading profits, this dividend will be funded through the profits of the subsidiaries.

Ex-dividend date	6 June 2019
Record date	7 June 2019
Payment date	21 June 2019

	$,000	$,000
	2019	2018
Franked dividends		
Franking credits available for subsequent financial years based on a tax rate of 30% (2018: 30%)	**3,214**	775[1]

The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for the franking credits that will arise from paying the current tax liability, but before taking account of the final declared dividend for 2019.

[1] A review of the franking account comparative information has been restated resulting in a reduction in the franking account balance. OFX is currently in the process of updating relevant filings with the ATO.

NOTES TO THE FINANCIAL STATEMENTS

OTHER ITEMS

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 20. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Other than the dividends presented in Note 19, there were no material post balance sheet events occurring after the reporting date requiring disclosure in these financial statements

NOTE 21. RELATED PARTY INFORMATION

Subsidiaries

The following entities are wholly owned subsidiaries of the Group and all have a 31 March year end:

Entity	Country of incorporation	Functional currency
CanadianForex Limited	Canada	CAD
OzForex (HK) Limited	Hong Kong	HKD
OFX (Shanghai) Co. Ltd	China	CNY
OzForex Limited	Australia	AUD
OFX Australia Pty Limited	Australia	AUD
OFX Group Pty Limited	Australia	AUD
OFX Singapore PTE. Limited	Singapore	SGD
NZForex Limited	New Zealand	NZD
UKForex Limited	United Kingdom	GBP
OFX Payments Ireland Limited	Ireland	EUR
USForex Incorporated	United States	USD

NOTES TO THE FINANCIAL STATEMENTS

OTHER ITEMS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 22. SHARE-BASED PAYMENTS

The Group has a number of employee share-based payment plans including the Legacy LTI Plans; the Executive Share Plan (ESP), the Global Equity Plan; and the Employee Share Scheme. The nature of the issuances under the Plans are listed below:

Issuance	Description
Executive Share Plan	Executives are provided with an interest free, non-recourse loan from the Group for the sole purpose of acquiring shares in the Company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. Executives are entitled to exercise the voting rights attached to the shares from the date of allocation. If the Executive leaves the Group within the vesting period the shares allocated are returned to the Group, subject to discretion retained by the Directors.
Performance Rights	Performance rights were issued under the Group's Legacy LTI Plan and are currently issued under the Group's Global Equity Plan. Performance rights are issued to employees eligible to received deferred STI awards and also to eligible employees as reward for performance. Performance rights are granted at no cost and are settled in shares on a one-for-one basis.
Employee Share Scheme	The Board has discretion to gift shares to Employees and/or to offer a matching plan. Shares, where issued, are issued under the Group's Global Equity Plan and are held in a holding lock for the earlier of, 3 years or when the employee ceases employment.
Service rights (legacy)	Service rights are issued to employees at the discretion of the Board. The service rights vesting condition is ongoing employment at the vesting date. There are no performance hurdles. Service rights are granted at no cost and are settled in shares on a one-for-one basis.
Share options (legacy)	Share options are issued at the discretion of the Board. Share options vesting condition is ongoing employment at the vesting date. There are no performance hurdles. Share options are subject to an exercise price and are settled in shares on a one-for-one basis.

For details on the vesting conditions of share issuances, refer to the Remuneration Report.

The share based payment expense/(income) within employee benefits expenses is as follows:

	$	$
	2019	2018
Legacy LTI Plan – Performance rights	**-**	(731,642)
Legacy LTI Plan – Service rights	**-**	16,192
Legacy LTI Plan – Share options	**(91,999)**	30,936
ESP – Share loan	**(107,894)**	192,002
STI – Performance rights	**38,407**	291,008
ESS - Employee Share Scheme	**108,425**	-
Total share based payment expense	**(53,061)**	(201,504)

NOTES TO THE FINANCIAL STATEMENTS

OTHER ITEMS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 22. SHARE BASED PAYMENTS (CONTINUED)

Accounting for share based payments

The fair value determined at the grant date of the award is recognised as a share based payment expense in the income statement with an offsetting increase in equity over the relevant performance period. The expense recognised is reduced to take account of the expense attributable to participating employees who do not remain in the employment of the Group throughout the vesting period.

Shares issued under the ESP are accounted for as options and as such the amounts receivable from employees in relation to these loans are not recognised in the financial statements. Settlement of share loans upon vesting is recognised as contributed equity.

The options are measured at fair value at the date of grant using the Black-Scholes option pricing model. The fair values include assumptions in the following areas: risk free rate, volatility, estimated service periods and expected achievement of hurdles. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily reflect the actual outcome.

Executive Share Plan

The ESP was established to incentivise Executives to deliver on the business strategy and contribute to sustainable long term returns. Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report.

Under the ESP, eligible Executives are provided with an interest free, non-recourse loan from the Group for the sole purpose of acquiring shares in the company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. Executives are entitled to exercise the voting rights attached to the shares from the date of allocation. If the Executive leaves the Group within the vesting period the shares allocated are returned to the Group, subject to discretion retained by the Directors.

For the FY19 share based loan the Board has implemented a gateway level of minimum performance below which no benefit accrues, being accretive underlying EBITDA over the three-year performance period.

Where the gateway EBITDA level of performance is met, there is a target measure being absolute TSR (Total Shareholder Return). There is a set performance matrix that determines loan forgiveness.

The assumptions underlying the options' valuations issued during the year are outlined in the table below.

Performance period (years)	Vesting date	Grant date share price	Fair value at grant date	Dividend yield	Risk free interest rate	Share price volatility
3	7 June 2021	$1.77	$0.54	4.19%	2.11%	47.82%

Short Term Incentive performance rights

The fair value of the performance rights is determined using the Black-Scholes option pricing model with the following assumptions:

Deferral period (years)	Vesting date	Grant date share price	Fair value at grant date	Dividend yield	Risk free interest rate	Share price volatility
1	13 June 2019	$1.77	$0.18	4.19%	2.11%	28.52%
1	23 May 2019	$1.78	$0.18	4.35%	2.05%	27.95%

Estimated future proposed performance rights issues

Deferral period (years)	Vesting date	Grant date share price	Fair value at grant date	Dividend yield	Risk free interest rate	Share price volatility
1	To be determined	$1.65	$0.23	4.19%	1.31%	34.92%

NOTES TO THE FINANCIAL STATEMENTS

OTHER ITEMS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Legacy LTI Plan

PERFORMANCE RIGHTS

There were no new issuances of performance rights under the legacy LTI plan during the year ended 31 March 2019.

There were no cancellations during the year ended 31 March 2019.

SERVICE RIGHTS

There were no new issuances of service rights under the legacy LTI plan during the year ended 31 March 2019.

There were no cancellations during the year ended 31 March 2019.

SHARE OPTIONS

There were no share options issued during the year ended 31 March 2019.

Share based payments outstanding

	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year
Legacy LTI Plan – Performance rights	748,336	-	-	(193,840)	554,496
Legacy LTI Plan – Share options	205,193	-	-	(117,988)	87,205
ESP – Share loan	3,303,088	2,761,629	-	(661,910)	5,402,807
STI – Performance rights	-	456,679	-	-	456,679

NOTE 23. KEY MANAGEMENT PERSONNEL

In accordance with the requirements of AASB 124 Related Party Disclosures, the KMP include Non-Executive Directors and members of the Group Executive Team who have authority and responsibility for planning, directing and controlling the activities of OFX Group Limited. A summary of KMP compensation is set out in the table below

Key management personnel remuneration

	$	$
Remuneration	**2019**	2018
Short-term employee benefits	**2,722,904**	2,858,126
Post-employment benefits	**142,352**	138,765
Long-term employee benefits	**2,822**	(34,793)
Share-based payments	**(131,592)**	286,488
Total remuneration paid to key management personnel	**2,736,486**	3,240,586

Detailed remuneration disclosures of individual KMP are provided in the Remuneration Report.

Shareholdings

The total number of shares in the Company held during the year by the Directors and other KMP, including their personal related parties, are set out below.

	Number	Number
	2019	2018
Number of options and rights for fully paid ordinary shares	**641,701**	953,529
Number of fully paid ordinary shares	**715,706**	698,099
Number of restricted ordinary shares	**6,064,717**	3,303,088

NOTES TO THE FINANCIAL STATEMENTS

OTHER ITEMS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 23. KEY MANAGEMENT PERSONNEL (CONTINUED)

Outstanding loans

The total loan amount outstanding from KMP in relation to the ESP is $5,780,451

Other transactions with KMP

All transactions with KMPs are made on normal commercial terms and conditions and in the ordinary course of business. There were no transactions during the financial year nor balances owing to or from KMP as at 31 March 2019.

In the normal course of business, the Group occasionally enters into transactions with various entities that have Directors in common with the Group. Transactions with these entities are made on commercial arm's length terms and conditions. The relevant Directors do not participate in any decisions regarding these transactions.

NOTE 24. REMUNERATION OF AUDITORS

	$ 2019	$ 2018
(A) PWC		
Audit and review of financial statements	397,007	397,145
Taxation services	101,962	338,920
Other professional fees	430,605	–
Total remuneration of PwC	929,574	736,065
(B) NON-PWC AUDITORS		
Audit and review of financial reports	40,122	32,533
Taxation services	104,010	79,745
Total remuneration of non-PwC auditors	144,132	112,278

NOTE 25. PARENT ENTITY FINANCIAL INFORMATION

Dividends are recognised as income when the Company becomes entitled to the dividend. The ultimate parent entity is OFX Group Limited.

Summary financial information	$ 2019	$ 2018
STATEMENT OF FINANCIAL POSITION		
Investment in subsidiaries	29,487	25,202
Total assets	29,487	25,202
Share based payments reserve	374	842
Ordinary share capital	29,113	24,360
Total equity	29,487	25,202
Profit or loss for the year (intercompany dividends received)	13,633	12,715
Total comprehensive income	13,633	12,715

Earnings per share attributable to ordinary shareholders:	Cents	Cents
Basic earnings per share	5.64	5.30
Diluted earnings per share	5.49	5.23

DIRECTORS' DECLARATION

IN THE DIRECTORS' OPINION:

(a) the financial statements and notes for the year ended 31 March 2019 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 2019 and of its performance for the financial year ended on that date, and

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

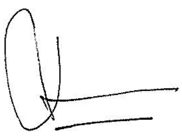
(c) 'About this Report' on page 51 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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:

Steven Sargent
Chairman
21 May 2019



Skander Malcolm
Chief Executive Officer and Managing Director
21 May 2019

Independent auditor's report

To the members of OFX Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of OFX Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the Group's financial position as at 31 March 2019 and of its financial performance for the year then ended
2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 March 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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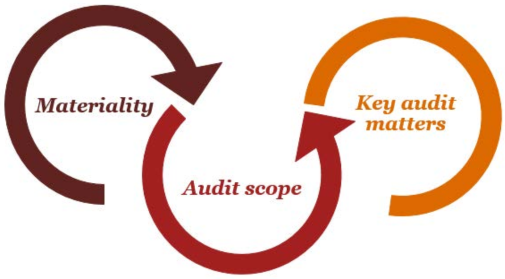
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $1.106 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the key financial statement metric used in assessing the performance of the Group.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group comprises multiple legal entities globally. Most of the Group's accounting systems are centralised in the corporate head office located in Sydney, where our audit was predominantly undertaken.
- Our overall audit approach considered each legal entity's contribution to the Group's financial report balances.

pwc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit, Risk and Compliance Committee.

Key audit matter	***How our audit addressed the key audit matter***
Recognition of fee and trading income	
Fee and trading income consists of the margin generated from foreign currency spreads, fees charged on low-value transactions and changes in exchange rates between the time when a client rate is agreed and a subsequent hedge transaction is entered into by the Group. Fee and trading income is presented inclusive of realised and unrealised income earned from the sale of foreign currency contracts to customers. This was a key audit matter because it represents the most significant element of revenue in the Consolidated Statement of Comprehensive Income. *See Note 2 to the financial statements for further information.*	Our audit procedures included, among others, evaluating the design and performing tests over the operating effectiveness of relevant revenue controls, including reconciliation controls between the transaction recording system, general ledger and bank statements. In addition, we: • Performed data assurance techniques to recalculate realised margin on foreign exchange contracts recognised within fee and trading income; • Compared a sample of foreign exchange rates utilised within the Group's transaction recording system to independently obtained foreign exchange rates; • Agreed a sample of individual foreign exchange transactions recorded by the Group throughout the financial year to underlying deal tickets and bank statements; • Tested material reconciling items in cash account reconciliations at 31 March 2019; • Agreed the dates of a sample of foreign exchange transactions to the corresponding deal ticket and bank statements to determine whether the relevant transactions were recorded in the correct period; • Compared the valuations of approximately 99% of derivative financial instruments at balance date to our own independently derived valuations. This involved sourcing independent inputs from market data providers; • Examined supporting documentation for a sample of manual journals related to fee and trading income.

Key audit matter	*How our audit addressed the key audit matter*
Capitalisation of internally generated intangible assets During the year the Group capitalised $7.8m in intangible assets, comprising $6.7m in internally generated assets. The amounts capitalised related predominantly to employment expenses for website, application and software development. The capitalisation of internally generated costs was a key audit matter due to the magnitude of amounts capitalised and judgement applied by the Group in assessing whether the criteria for capitalisation as set out in the Australian Accounting Standards had been met. In particular, the technical feasibility of the project and the likelihood of the project delivering sufficient future economic benefits. The Group's judgements also included determining whether capitalised costs were of a developmental nature rather than research nature (the latter which would result in the costs being expensed), and whether costs including employment expenses, were directly attributable to the relevant projects. *See Note 13 to the financial statements for further information.*	Our testing of capitalised internally generated intangible assets included, amongst others: • Discussing project plans with management and project leaders to develop an understanding of the nature and feasibility of key projects and activities performed; • Reviewing management's assessment in support of the recognition and measurement of these as intangible assets, and the likelihood of the projects delivering sufficient future economic benefits; • Inspecting business cases of key projects and analysing the assumptions applied to determine the feasibility of the projects and assumed future economic benefits; • On a sample basis, agreeing capitalised payroll costs to supporting payroll records and assessing the Group's determination of these costs as capitalised or expensed with reference to the requirements of Australian Accounting Standards.
Client liabilities The client liabilities balance consists of cash received from customers in relation to foreign exchange transactions which await settlement. There are amounts within this balance that have been static for an extended period of time and they comprise part payments awaiting full payment from clients prior to remittance and cash received where the client has not yet been identified. This was a key audit matter due to the magnitude of client liabilities which represents 90% of the Group's total liabilities at balance date. We have also considered the inherent uncertainties associated with the static transactions and the manual nature of the process to determine the balance at year-end. *See Note 7 to the financial statements for further information.*	Our testing of client liabilities included an assessment of the design and testing of the operating effectiveness of key reconciliation controls between the transaction recording system, general ledger and bank statements. In addition, we performed the following procedures amongst others: • Agreed a sample of client liabilities to individual deal tickets and cash receipts; • Considered the post year-end settlement rates of the total balance between 1 April 2019 and 30 April 2019; • Inspected the customer complaints log to identify significant matters raised concerning client liabilities; • Tested material reconciling items in cash account reconciliations at 31 March 2019; • Analysed the breakdown of client liabilities at 31 March 2019 to consider the age profile of unallocated client liabilities; • Considered the appropriateness of the Group's policy to derecognise certain unidentified client liabilities that date back 5 years or more.

Key audit matter	*How our audit addressed the key audit matter*
Taxation	
The Group is liable for tax in a number of jurisdictions, and in some cases, the final tax treatment is uncertain until it is resolved with the relevant tax authority. Consequently, the Group has made judgements about the occurrence and quantum of tax exposures, and associated liabilities, which are subject to the future outcome of assessments by relevant tax authorities and in certain instances, legal processes. In addition, OzForex Limited, a subsidiary of OFX Group Limited, is deemed an Offshore Banking Unit (OBU) meaning that eligible transactions recorded in the OBU are subject to a concessional tax rate of 10%. The subsidiary is also eligible for Research and Development tax credits (R&D Credits) on eligible expenditure which further reduces the Group's tax expense. The Group made adjustments during the financial year to estimate the amount of concessional credits, however, because the relevant self-assessment tax claims are filed with the Australian Tax Office in arrears, the exact amount of the claims are not known with certainty at year-end. *See Notes 4 and 5 to the financial statements for further information.*	Together with our tax specialists, our procedures over taxation related balances included, amongst others, evaluating the analysis conducted by the Group for judgements made in respect of the ultimate amounts expected to be paid to tax authorities. This was made in the context of our understanding of the business, and assessing the appropriateness of the tax provisions in light of the requirements of Australian Accounting Standards. We also considered the Group's OBU arrangements, tested the classification of OBU and non-OBU transactions on a sample basis against guidance provided in relevant tax legislation, and reviewed and assessed the projects and expenses that are eligible for concessional treatment together with our tax specialists.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 March 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 26 to 45 of the directors' report for the year ended 31 March 2019.

In our opinion, the remuneration report of OFX Group Limited for the year ended 31 March 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Elizabeth O'Brien

Elizabeth O'Brien
Partner

Sydney
21 May 2019

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW IS CURRENT AS AT 30 APRIL 2019

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3 and the 3rd edition ASX Corporate Governance Council's Principles and Recommendations, the 2019 Corporate Governance Statement, as approved by the Board, is available on the Company's website at: https://www.ofx.com/en-au/investors/corporate-governance/. The Corporate Governance Statement sets out the extent to which OFX has followed the ASX Corporate Governance Council's 29 Recommendations during the 2019 financial year.

Substantial Shareholders

The number of securities held by substantial shareholders (holding not less than 5%) and their associates as shown in substantial shareholder notices received by the Company pursuant to Section 671B of the Corporations Act 2001 as at 30 April 2019 are shown below.

Name	Number Held	% of Issued Capital
Pendal Group Limited (formerly BT Investment Management Limited)	24,154,772	9.96%
Microequities	20,931,883	8.72%
Renaissance Smaller Companies Pty Ltd	15,710,057	6.55%
Selector Funds Management Limited	18,361,957	7.57%

Distribution of Security Holders

The table below includes ordinary shares issued under the Company's Executive Share Plan.

Number of shares	Total holders of ordinary shares	Number of ordinary shares	% of issued capital
1 – 1,000	920	510,739	18.64
1,001 – 5,000	1,934	5,737,999	39.18
5,001 – 10,000	940	7,399,207	19.04
10,001 – 100,000	1,074	27,597,092	21.76
100,001 – 999,999,999	68	207,342,357	1.38
Total	**4,936**	**248,587,394**	**100**

There were 257 holders of less than a marketable parcel of ordinary shares, based on the Company's closing market price of $1.53 on 30 April 2019.

Twenty largest security holders of ordinary shares as at 30 April 2019

The table below includes ordinary shares issued under the Company's Executive Share Plan.

Rank	Name	Units	% of Units
1.	HSBC Custody Nominees (Australia) Limited	66,402,808	26.71
2.	JP Morgan Nominees Australia Pty Limited	49,862,709	20.06
3.	National Nominees Limited	15,901,045	6.40
4.	Citicorp Nominees Pty Limited	12,510,197	5.03
5.	Mr Matthew Gilmour	9,245,200	3.72
6.	G and A Lord Pty Ltd	9,100,000	3.66
7.	Microequities Asset Management Pty Ltd	8,563,641	3.44
8.	BNP Paribas Nominees Pty Ltd	6,988,164	2.81
9.	BNP Paribas Noms Pty Ltd	4,102,387	1.65
10.	Bond Street Custodians Limited	4,003,594	1.61
11.	Solium Nominees (Australia) Pty Ltd	2,661,394	1.07
12.	Bond Street Custodians Limited	2,625,000	1.06
13.	Mr John Alexander Malcolm	1,932,376	0.78
14.	M & J Gilmour Pty Ltd	1,610,000	0.65
15.	Solium Nominees (Australia) Pty Ltd	671,485	0.27
16.	Powerwrap Limited	630,526	0.25
17.	Bond Street Custodians Limited	550,000	0.22
17.	SM & RW Brown Pty Ltd	550,000	0.22
18.	Citicorp Nominees Pty Limited	447,880	0.18
19.	Richard Kimber	433,218	0.17
20.	Invia Custodian Pty Limited	367,013	0.15
	Totals: Top 20 holders of fully paid ordinary shares	**199,158,637**	**80.12**
	Total remaining holders balance	**49,428,757**	**19.88**

Unquoted Equity Securities

Securities issued under OFX's Long Term Incentive Plan and/or Executive Share Plan are subject to vesting conditions which, if met, entitle the holder to ordinary fully paid shares in the Company.

	Number held	Number of holders
Fully paid ordinary shares (unquoted)	6,064,717	10
Performance rights	814,076	10

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW IS CURRENT AS AT 30 APRIL 2019

Voting Rights

Ordinary fully paid shares

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

Performance rights

Performance right holders do not have any voting rights attached to the performance rights issued under the Company's Global Equity Plan or legacy incentive plans.

Service rights

Service rights holders do not have any voting rights attaching to service rights.

Share options

Option holders do not have any voting rights attaching to options.

Buyback

There is no current on market buy-back.

Review of operations and activities

A review of the Company's operations and activities during the reporting period is available within the Directors' Report.

CORPORATE INFORMATION

DIRECTORS

Mr Steven Sargent (Chairman)

Mr John ("Skander") Malcolm (Chief Executive Officer and Managing Director)

Mr Grant Murdoch

Mr Douglas Snedden

Ms Lisa Frazier

Ms Connie Carnabuci

COMPANY SECRETARY

Ms Freya Smith

ANNUAL GENERAL MEETING

13 August 2019

Room III, Establishment Hotel,
252 George Street, Sydney

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Email: investors@ofx.com.au

SHARE REGISTER

LINK MARKET SERVICES LIMITED
Level 12, 680 George Street
Sydney NSW 2000
Australia

Ph: 1300 554 474

Email:registrars@linkmarketservices.com.au

AUDITOR

PRICEWATERHOUSECOOPERS
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000 Australia

SECURITIES EXCHANGE LISTING

OFX Group Limited shares are listed on the Australia Securities Exchange: OFX

WEBSITE ADDRESS

www.ofx.com

NOTES