



Shareholder Update

(Un-audited results 1st Half Fiscal Year 2011/12)

Summary

The company continued its growth trajectory with transaction volume growth of 50 per cent on the previous corresponding period (pcp). The fee revenue grew by 44 per cent versus the pcp. Fee revenue of \$12.7 million was achieved acquiring a credit and debit card transaction volume of \$1.4 billion for the half year.

The normalised operational results improved month-on-month. Tyro made the deliberate decision to invest further into the engineering, operations and sales capacity.

The net half year loss decreased to \$911,077 compared with \$1,131,297 in the previous corresponding period.

Further highlights are:

- The half year result included the increased commission from a partner agreement that resulted in an additional commission of \$0.4 million being paid and a foreign exchange gain of \$72K.
- The normalised half year operating result was at break-even.
- In the month of December 2011, a total of 4.3 million transactions with a value of \$302 million were authorised, cleared and settled.
- In the six months to 31 December 2011, 5 million Medicare Easyclaim transactions were processed.
- The number of active merchant EFTPOS facilities (MIDs) increased by 42% since December 2010 from 3,884 MIDs to 5,521 MIDs.
- Shareholder equity increased to \$11.3 million in December 2011 from \$9.8 million in December 2010. A fully exercised option program added \$3.04 million in equity.
- Net tangible assets (NTA) increased to 5.3 cents per share from 4.6 cents in December 2010.

Balance Sheet and Capital Management

Total assets increased to \$22.3m in 31 December 2011 from \$16.1m in the prior year.

To provide the liquidity required for the increased settlement volumes, Tyro initially used a \$2.5 million loan facility followed by a \$1 million loan facility from shareholders, as no bank facility was available.



	1HFY12	1HFY11	1HFY10
Revenue	\$13.4m	\$9.4m	\$7.1m
AIFRS (loss) after tax ¹	(\$911,077)	(\$1,131,297)	(\$746,752)
Normalised operating loss after tax ²	\$0.0m	\$0.2m	\$1.3m
Closing share capital & reserves	\$11.4m	\$9.9m	\$11.1m
Closing NTA per share	5.3 cps	4.6 cps	5.2 cps
Closing active EFPOS facilities (MIDs)	5,521	3,884	2,452
Gross value of merchant transactions	\$1,407.8m	\$941.2m	\$618.9m
Closing cash on hand ³	\$19.7m	\$13.8m	\$10.0m

Strategic Development

With its fully redundant acquiring platform, Tyro delivered 100% availability. The Tyro integration architecture was PCI PA-DSS certified. Tyro expanded its partnerships to fifty POS software vendors.

Tyro continued to serve an estimated 40 per cent of the HCN general and specialist practices franchise. HCN plans to deliver the Medicare Easyclaim function for their BlueChip specialist practices.

Tyro launched with H&L, a leading software provider to the hospitality industry, an integrated “tip, split and pay at table” solution and implemented with Pacific Island an integrated EFTPOS solution supporting mobile POS (iPhone and iPad).

The banks have introduced a new eftpos interchange fee. In its fight against this unjustified and untimely cost increase, Tyro received significant media attention.

Outlook

The medium term outlook for Tyro has further improved. We expect that with technological change driving POS software solutions into the cloud and with mobile payment solutions introducing new industry participants, Tyro will benefit in its effort to build the position as acquirer of choice for the software industry and the small business community.

Please refer to the accompanying half year unaudited financial statements for the 1st half ended 31 December 2011.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jost Stollmann'.

Jost Stollmann, CEO

¹ Inclusive of share based payments

² Adjusted for commission income/expense effects, Medicare subsidy, foreign exchange loss, share based payments and executives' bonus 2010/11 booked in the half year

³ Includes minimum capital required by APRA

TYRO PAYMENTS LIMITED

ABN 49 103 575 042

INCOME STATEMENT

FOR THE HALF FISCAL YEAR ENDED 31 DECEMBER 2011

(unaudited)

	Notes	2011 \$	2010 \$	2009 \$
Revenue				
Fees and commission income		12,680,749	8,830,395	5,828,299
Fees and commissions expense	1	<u>(7,935,576)</u>	<u>(5,540,478)</u>	<u>(3,521,136)</u>
Net fees and commissions income		4,745,173	3,289,917	2,307,163
Terminal and accessories sale		245,555	345,260	517,919
Terminal and accessories COGS		<u>(175,974)</u>	<u>(271,096)</u>	<u>(428,794)</u>
Net Terminal and Accessories Sale Income		69,581	74,164	89,125
Medicare Subsidy	2	-	-	573,012
Interest Income		385,401	255,491	128,679
Foreign Currency Gain	3	71,985	-	30,435
Net gain on financial instruments		<u>425</u>	<u>329</u>	<u>2,261</u>
Total Operating income		5,272,565	3,619,900	3,130,675
<i>Less: Expenses</i>				
Medicare Rollout external expenses	2	7,355	12,420	260,962
Engineering expenses		1,422,892	1,064,481	914,970
Operations expenses		1,788,608	1,523,843	1,375,836
Sales and marketing expenses		851,794	467,772	375,507
Administrative expenses		1,817,802	1,102,888	786,597
Bad debt and chargeback loss expense		890	2,456	9,316
Total operating expenses		<u>5,889,342</u>	<u>4,173,859</u>	<u>3,723,188</u>
Interest Expense		209,797	30,695	-
Foreign Currency Loss	3	-	241,528	-
Operating loss before tax expense		(826,574)	(826,182)	(592,513)
Share based payments expense	4	84,503	305,115	154,239
Net loss for the half-year		<u>(911,077)</u>	<u>(1,131,297)</u>	<u>(746,752)</u>
Normalised operating loss for the half year	5	14,556	(243,047)	(1,286,617)

Notes

- 1 2011: This figure has been normalised for heightened commissions paid of 402K
2010: This figure has been normalised for heightened commissions paid of 329K
2009: This figure has been normalised for commissions forfeited of 351K in lieu of heightened commissions in future periods.
- 2 One-off Medicare subsidy and expenses relating to rollout
- 3 Foreign currency gains and losses relating to Mastercard collateral placed in USD
- 4 2011: The executives' bonus and directors' compensation was paid in cash and not in options as in prior years.
The executives' bonus and directors' compensation was accrued with \$388k in the half year ended 31 December 2011
The executives' bonus for FY2010/11 amounted to a total cost of \$505k expensed in the half year ended 31 December 2011
- 5 Normalised for effect of the increased commission, Medicare subsidy, foreign currency and share based payments and executives' bonus expense 2010/11

TYRO PAYMENTS LIMITED

ABN 49 103 575 042

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 \$	2010 \$	2009 \$
ASSETS				
Current Assets				
Cash and cash equivalents	1	19,690,257	13,816,216	10,026,047
Trade and other receivables		621,541	506,363	415,075
Prepayments		129,240	99,179	75,719
Inventories		144,195	107,640	503,395
Total Current Assets		<u>20,585,234</u>	<u>14,529,398</u>	<u>11,020,237</u>
Non-current Assets				
Available-for-sale investment		120,399	127,380	117,745
Property, plant and equipment		1,617,447	1,410,435	1,513,728
Total Non-current Assets		<u>1,737,846</u>	<u>1,537,815</u>	<u>1,631,473</u>
TOTAL ASSETS		<u>22,323,080</u>	<u>16,067,213</u>	<u>12,651,710</u>
LIABILITIES				
Current Liabilities				
Trade payables and other liabilities	1	6,959,163	3,213,884	1,311,887
Interest bearing loan		2,487,759	2,500,000	-
Provisions		1,500,823	500,134	226,254
Total Current Liabilities		<u>10,947,745</u>	<u>6,214,018</u>	<u>1,538,141</u>
TOTAL LIABILITIES		<u>10,947,745</u>	<u>6,214,018</u>	<u>1,538,141</u>
NET ASSETS		<u>11,375,335</u>	<u>9,853,195</u>	<u>11,113,568</u>
EQUITY				
Contributed equity		30,401,219	30,401,219	30,395,023
Reserves		9,708,608	6,516,299	5,835,488
Retained earnings		(28,734,492)	(27,064,323)	(25,116,943)
TOTAL EQUITY		<u>11,375,335</u>	<u>9,853,195</u>	<u>11,113,568</u>

Notes

- 1 Comparatives for prior period 2010 have been restated due to the derecognition of scheme receivables and the related merchant payables