



## Shareholder Update

(Based upon un-audited results 1<sup>st</sup> Half Fiscal Year 2012/13)

### Summary

The company continued its growth trajectory in transaction volume with a growth rate of 42 per cent on the previous corresponding period (pcp).

\$2 billion in credit and debit card transactions were acquired during the half year to 31 December, 2012.

Revenue grew to \$18.6 million or 44 per cent versus the pcp.

The company passed the monthly profit break-even point in March 2012 and achieved a net profit of \$1.2 million in the half year compared with a loss of \$0.9 million in the pcp.

As Tyro is now cash positive, the Board has made a conscious decision to add additional human resources to Tyro's engineering, operations and sales capacity.

Further highlights include:

- In the month of December 2012, a total of 5.9 million transactions with a value of \$424 million were authorised, cleared and settled.
- In the six months to 31 December 2012, 5.6 million Medicare Easyclaim transactions were processed.
- Active merchant EFTPOS facilities (MIDs) increased by 32% to 7,310 MIDs at the end of December 2012 compared with 5,521 MIDs at the end of the prior year.
- Shareholder equity increased to \$13.2 million in December 2012 from \$11.3 million in December 2011.
- Shares on issue increased to 269.4 million and outstanding options declined to 78.6 million.
- Net tangible assets (NTA) decreased to 4.9 cents per share from 5.3 cents in December 2011.
- The company has no concerns with capital adequacy under Basel III regime and plans no capital raising under the most recent capital management plan lodged with APRA.
- 78 FTE staff were employed at the end of December 2012.



## Tyro in Numbers

	1HFY13	1HFY12	1HFY11	1HFY10
Revenue	\$18.6m	\$13.4m	\$9.4m	\$7.1m
AIFRS profit/(loss) after tax <sup>1</sup>	\$1.2m	(\$0.9)m	(\$1.1)m	(\$0.7)m
Closing share capital & reserves	\$13.2m	\$11.4m	\$9.9m	\$11.1m
Closing NTA per share	4.9 cps	5.3 cps	4.6 cps	5.2 cps
Closing active EFPOS facilities (MIDs)	7,310	5,521	3,884	2,452
Gross value of merchant transactions	\$2.0B	\$1.4B	\$0.9B	\$0.6B
Closing cash on hand <sup>2</sup>	\$25.9m	\$19.7m	\$13.8m	\$10.0m

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

## Balance Sheet and Capital Management

Total assets increased to \$28.9 million in 31 December 2012 from \$22.3 million in the prior year.

At the recent 2012 Shareholders' Meeting the Chairman noted that Tyro had again been unsuccessful in obtaining short term bank funding to provide the liquidity required for the increased settlement volumes of the Christmas and Easter extended trading period. This necessitated Tyro securing two loan facilities totalling \$5.5 million from shareholders.

## Strategic Development

Tyro's strategic concentration is to provide the most reliable acquiring platform on offer to Australian merchants, whilst concentrating its efforts on integration with leading POS software vendors currently catering to the healthcare, hospitality and general retail segments. Recently Tyro launched its 1<sup>st</sup> mobile device application.

Tyro was recognised by the Reserve Bank of Australia (RBA) for its "most reliable systems operated independently, but in parallel, on an 'active-active' basis." In 2012 this acquiring platform delivered 100% availability.

There was not one known data breach with Tyro merchants benefitting from Tyro's unique PCI PA-DSS certified integration architecture.

76 software vendors are now certified with Tyro integrated IP EFTPOS. The company has obtained the Medicare I-RAP re-Certification.

Further developments include:

- In the healthcare segment, Tyro launched integrated Medicare Easyclaim with HCN BlueChip, Practice 2000 and Medilink for general and specialist practices and integrated EFTPOS with Fred and minfos software for pharmacies.

<sup>1</sup> Inclusive of share based payments

<sup>2</sup> Includes minimum capital required by APRA



- In hospitality, Tyro has continued to build functions and features for table restaurants, bars and fast food outlets. It has launched its integrated solution with an increasing number of restaurant software providers.
- In general retailing, Tyro continues to target multiple segments including universities, newsagents, bookstores, fashion, auto accessories and fashion outlets and that in close partnership with software vendors.
- In the mobile device and cloud POS segment, Tyro has deployed first iPhone and iPad supporting solutions with Island Pacific, Lightspeed and others.

The RBA has renewed its regulation of the domestic debit card interchange and access regime. Tyro was not able to obtain rules reflecting its unique position as a sole-acquirer. As a consequence, Tyro will be subjected to an increase in eftpos interchange fee effective 1 July 2013.

### **Outlook**

We expect further growth with Tyro benefitting from new cloud and mobile solutions, software partnerships and its position in the small business community.

Please refer to the accompanying half year unaudited financial statements for the 1<sup>st</sup> half ended 31 December 2012.

A handwritten signature in blue ink, appearing to read 'Jost Stollmann', is positioned above the name.

Jost Stollmann, CEO

**TYRO PAYMENTS LIMITED**

**ABN 49 103 575 042**

**INCOME STATEMENT**

**FOR THE HALF FISCAL YEAR ENDED 31 DECEMBER 2012**

(unaudited)

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

**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

**TYRO PAYMENTS LIMITED**

**ABN 49 103 575 042**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2012**

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

**Notes**

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