Registered number 5356574

Travelex Holdings Limited

Report and consolidated interim financial information
for the half year ended 30 June 2014

Travelex Holdings Limited
Unaudited consolidated income statement
for the half year ended 30 June 2014

£m	Note	**Half year ended 30 June 2014**	Half year ended 30 June 2013
Continuing operations			
Revenue		**329.3**	301.3
Cost of sales		**(202.2)**	(189.9)
Gross profit		**127.1**	111.4
Net operating expense		**(93.0)**	(95.0)
Operating profit before depreciation, amortisation and exceptional items		**34.1**	16.4
Depreciation		**(6.1)**	(7.6)
Amortisation		**(3.3)**	(2.7)
Amortisation of intangibles relating to acquisitions		**(1.6)**	(0.3)
Operating profit before exceptional items		**23.1**	5.8
Operating exceptional items	3	**(7.4)**	4.3
Operating profit		**15.7**	10.1
Finance income	4	**0.9**	1.7
Finance costs	4	**(86.3)**	(81.1)
Exceptional finance (costs) income	3	**(12.7)**	5.3
Share of profit in equity accounted investments		**1.0**	3.8
Loss before tax		**(81.4)**	(60.2)
Tax charge		**(5.4)**	(2.2)
Loss for the period from continuing operations		**(86.8)**	(62.4)
Discontinued operations			
Exceptional items from discontinued operations	3	**0.6**	-
Loss for the period		**(86.2)**	(62.4)

Loss for the period attributable to			
Non controlling interests		**1.7**	2.7
Owners of the parent		**(87.9)**	(65.1)
		(86.2)	(62.4)

Travelex Holdings Limited
Unaudited consolidated statement of other comprehensive income
for the half year ended 30 June 2014

£m	Half year ended 30 June 2014	Half year ended 30 June 2013
Items that may be subsequently reclassified to the income statement		
Exchange differences on overseas subsidiaries	**2.8**	(9.7)
Movement on unrecognised gain on available for sale investments	**(0.2)**	0.4
Other comprehensive gain (loss) for the period	**2.6**	(9.3)
Loss for the period	**(86.2)**	(62.4)
Total comprehensive loss for the period	**(83.6)**	(71.7)
Attributable to		
Non controlling interests	**1.7**	1.0
Equity holders of the parent	**(85.3)**	(72.7)
Total comprehensive loss for the period	**(83.6)**	(71.7)
Total comprehensive loss attributable to equity shareholders arises from		
Continuing operations	**(84.2)**	(71.7)
Discontinued operations	**0.6**	-
	(83.6)	(71.7)

Travelex Holdings Limited
Unaudited consolidated statement of changes in equity
for the half year ended 30 June 2014

£m	Share capital	Share premium account	Retained earnings	Other reserves	Translation reserve	Non controlling interests	Total equity
At 1 January 2013	0.3	26.5	(644.6)	-	(10.8)	4.5	(624.1)
Total comprehensive loss	-	-	(191.6)	-	(37.4)	3.3	(225.7)
Acquisition of non controlling interest	-	-	-	-	-	10.5	10.5
Redemption liability	-	-	-	(36.1)	-	-	(36.1)
Exchange adjustment	-	-	-	-	2.6	(2.6)	-
At 31 December 2013	0.3	26.5	(836.2)	(36.1)	(45.6)	15.7	(875.4)
Total comprehensive loss	-	-	(88.1)	-	2.8	1.7	(83.6)
Net investment in own shares	-	-	1.1	-	-	-	1.1
Acquisition of non controlling interest	-	-	-	-	-	0.7	0.7
Dividends paid to non controlling interest	-	-	-	-	-	(1.7)	(1.7)
Exchange adjustment	-	-	-	-	0.7	(0.7)	-
At 30 June 2014	**0.3**	**26.5**	**(923.2)**	**(36.1)**	**(42.1)**	**15.7**	**(958.9)**

The notes form an integral part of these financial statements.

Travelex Holdings Limited
Unaudited consolidated balance sheet
as at 30 June 2014

£m	Note	30 June 2014	31 December 2013
Non current assets			
Intangible assets	5	**429.3**	399.8
Property, plant and equipment		**45.4**	45.2
Investments accounted for using the equity method		**10.3**	8.3
Investments		**24.4**	26.5
Financial assets		**112.4**	118.8
Trade and other receivables	6	**7.0**	7.9
Deferred tax asset		**10.5**	13.0
		639.3	619.5
Current assets			
Inventories		**0.4**	0.4
Tax receivable		**4.0**	2.5
Trade and other receivables	6	**226.8**	102.4
Investments		**2.2**	4.6
Available for sale investments		**5.6**	8.0
Financial assets		**8.5**	10.2
Derivative financial assets		**0.9**	2.2
Cash and cash equivalents	7	**573.9**	582.5
Restricted cash		**0.3**	0.3
		822.6	713.1
Current liabilities			
Trade and other payables	8	**(837.5)**	(693.3)
Borrowings	9	**(2.0)**	(1.4)
Other financial liabilities		**(81.7)**	(67.2)
Tax payable		**(3.1)**	(6.8)
Provisions	11	**(10.5)**	(16.2)
Derivative financial liabilities		**(1.6)**	(2.8)
Net current liabilities		**(113.8)**	(74.6)
Non current liabilities			
Trade and other payables	8	**(0.6)**	(0.9)
Borrowings	9	**(1,456.7)**	(1,391.2)
Provisions	11	**(21.6)**	(22.6)
Deferred tax liabilities		**(5.5)**	(5.6)
Non current liabilities		**(1,484.4)**	(1,420.3)
Net liabilities		**(958.9)**	(875.4)
Equity			
Share capital		**0.3**	0.3
Share premium account		**26.5**	26.5
Retained earnings		**(923.2)**	(836.2)
Translation reserve		**(78.2)**	(81.7)
Deficit attributable to equity holders of the parent		**(974.6)**	(891.1)
Non controlling interests		**15.7**	15.7
Total equity deficit		**(958.9)**	(875.4)

The interim financial information was approved by the Board of Directors on 27 August 2014 and was signed on its behalf by:

J P Jackson (Director) **M D Ball (Director)**

Travelex Holdings Limited
Unaudited consolidated cash flow statement
for the half year ended 30 June 2014

£m		**Half year ended 30 June 2014**	Half year ended 30 June 2013
Cash flows from operating activities			
Cash generated from operations	13	**65.4**	220.5
Taxation (paid) received		**(9.3)**	3.9
		56.1	224.4
Cash flows from investing activities			
Interest received		**0.2**	0.3
Purchase of property, plant, equipment, software and development expenditure		**(21.0)**	(28.8)
Sale of available for sale investments		**2.0**	-
Proceeds from sale of property, plant, equipment and software		**0.2**	0.1
Dividends received from joint venture		**0.5**	6.6
Proceeds on disposal of businesses net of costs		**-**	39.9
Net cash (paid for) acquired with subsidiary undertakings		**(21.5)**	49.3
Joint venture capital contribution		**(1.7)**	-
		(41.3)	67.4
Cash flows from financing activities			
Other interest paid		**-**	(0.9)
Interest paid on senior loans		**(13.0)**	-
Repayment of shareholder loans		**(4.5)**	-
Purchase of own shares for employee share schemes		**(0.4)**	-
Dividends paid to non-controlling interests		**(1.7)**	-
Capital element of finance lease payments		**(0.5)**	(0.3)
		(20.1)	(1.2)
Exchange (loss) gain on cash and cash equivalents and bank overdrafts		**(4.1)**	6.2
Net (decrease) increase in cash and cash equivalents and bank overdrafts		**(9.4)**	296.8
Cash, cash equivalents and bank overdrafts at the beginning of the period		**582.0**	495.8
Cash, cash equivalents and bank overdrafts at the end of the period		**572.6**	792.6
Comprising:			
Cash and cash equivalents		**573.9**	793.3
Bank overdrafts		**(1.3)**	(0.7)
		572.6	792.6

1. Accounting policies

General information

Travelex Holdings Limited (the Company) is the Group's ultimate parent company. It is incorporated and domiciled in the United Kingdom. The registered office and principal place of business is 65 Kingsway, London, WC2B 6TD.

Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with the Group's accounting policies as described herein and should be read in conjunction with the report and consolidated financial statements for the year ended 31 December 2013.

There have been no significant changes to accounting policies since the preparation of the report and consolidated financial statements for the year ended 31 December 2013, except as outlined below:

IFRS 8 'Operating Segments' (effective 1 January 2009). IFRS 8 provides guidance on the requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers.

New accounting standards interpretations and amendments to published standards

The following new accounting standards or revisions or amendments to IFRS issued by the Accounting Standards Board, relevant to and effective for the Group's financial statements for the annual period beginning 1 January 2014 have been fully adopted in these financial statements. Unless otherwise stated, these new standards and amendments do not have a significant impact on the financial statements.

IAS 28 (revised 2011), 'Investments in associates and joint ventures' (effective 1 January 2014). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

IAS 32 (amendment), 'Financial instruments: Presentation', on asset and liability offsetting (effective 1 January 2014). This amendment is to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

IAS 36 (amendment), 'Impairment of assets' (effective 1 January 2014). This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IFRS 10 'Consolidated Financial Statements' (effective from 1 January 2014). IFRS 10, which replaces parts of IAS 27, 'Consolidated and Separate Financial Statements and all of SIC-12, 'Consolidation – Special Purpose Entities', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The remainder of IAS 27, 'Separate Financial Statements', currently contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements and is therefore not applicable to the Group's consolidated financial statements.

IFRS 11 'Joint Arrangements' (effective from 1 January 2014). IFRS 11, which replaces IAS 31, 'Interests in Joint Ventures' and SIC-13, 'Jointly Controlled Entities – Non-monetary Contributions by Venturers', requires a single method, known as the equity method, to account for interests in jointly controlled entities which is consistent with the accounting treatment currently applied to investments in associates. The proportionate consolidation method is prohibited. IAS 28, 'Investments in Associates and Joint Ventures', was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in

1. Accounting policies (continued)

associates, it sets out the requirements for the application of the equity method when accounting for joint ventures.

IFRS 12 'Disclosure of Interests in Other Entities' (effective from 1 January 2014). IFRS 12 is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

Standards, amendments and interpretations to existing standards which are not yet effective or early adopted by the Group:

IFRS 9 'Financial Instruments' – The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities and hedge accounting have been issued. A further chapter dealing with impairment methodology is still being developed. Management have yet to assess the impact that this standard is likely to have on the financial statements of the Group. However, they do not expect to implement the changes until all chapters of IFRS 9 have been published and they can comprehensively assess the impact.

Significant management estimates and judgements in applying accounting policies

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Due to inherent uncertainty involved in making estimates and assumptions, actual outcomes could differ from those assumptions and estimates. The critical judgements that have been made in arriving at the amounts recognised in the Group's financial statements and the key sources of estimation and uncertainty that have a significant risk of causing material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

Basis of consolidation

In determining whether the Group has control, joint control, or significant influence over an entity, the Group considers whether other parties hold veto rights over significant operations and financial policies. In some instances, the Group has control of an entity where other parties own more than one half of the voting rights of an entity but the Group can control these voting rights through contractual arrangements. In such circumstances the Group considers in particular whether it obtains benefits including non-financial benefits, from its power to govern the financial and operating policies of the entity.

Impairment of goodwill

An impairment loss is recognised for the amount by which an asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and value in use. In order to calculate value in use, the Group estimates the discounted present value of future cash flows over a three year period, plus terminal value. In the process of measuring the recoverable amount of an asset or cash generating unit, management makes assumptions about future profits. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the carrying amount of the Group's assets within the next financial year. Refer to Note 4 Intangible assets for further information.

1. Accounting policies (continued)

Estimation of provisions for onerous contracts

The value of the Group's provisions for onerous contracts is based on the net present value of estimated future costs of fulfilling the contract exceeding the forecast income receivable. The provision is based on discounted cash flows to the end of the contract. Income and cost estimates can vary in response to many factors including changes in passenger numbers, average transaction values, hit rates, and changes in the relevant local/national government regulations. The selection of appropriate sources on which to base calculation of the discount rate used for this purpose also required judgment. As a result of all of the above factors, there could be significant adjustments to the provision for onerous contracts which could affect future financial results.

Insurance contract

On 31 May 2013, the Group took out an insurance policy to cover any shortfall resulting from any excess encashment of travellers' cheques. The insurance policy was recorded at cost as a financial asset and is revalued to fair value at each reporting date with any change in valuation recognised in the income statement. The fair value of the insurance premium asset is based on the expectations regarding the float write back. The float write back is the estimated value of Travellers' Cheques that will never be encashed. An independent actuarial valuation is performed by Lane Clark & Peacock LLP on an annual basis to determine the fair value of the float write back at year end.

The fair value of the insurance premium asset is primarily linked to the estimated level of the float write back and therefore the percentage change in fair value applied to the float write back is used to generate the change in fair value of the insurance premium asset.

Put and call option and redemption liability

On acquisition of the initial 49% shareholding in Grupo Confidence in 2013, the Group entered into a put and call option over the remaining 51%. This option was not exercised by 30 July 2014, and the Group is therefore obliged to purchase the 51% by 14 November 2014. These options and the obligation to purchase the shares are measured at fair value and are reassessed at the end of each reporting date with any change in valuation recognised in the income statement.

The value of the future payment is subject to the performance of the entities being acquired until June 2014. Provisional results have been used in determining the value of such instruments at expected date of closing, and discounted to the position as at 30 June 2014. The change in fair value of the redemption liability is recorded within finance income and costs (exchange adjustments).

Taxation

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest budget forecasts, which are adjusted for significant non taxable income and expenses and specific limits to the use of any unused tax loss or credit, and expectations regarding future financing costs. The tax rules in the numerous jurisdictions in which the Group operate are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

1. Accounting policies (continued)

Deferred taxation

Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. The Directors have made an assessment of how much is expected to be utilised against future taxable income based on future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

Employee share based remuneration

Awards to employees and others providing similar services under the employee share based remuneration scheme are measured at the fair value of the award at the date of grant. In the process of measuring fair value management makes assumptions about future performance and the value of the business, and discount rates.

The settlement method of the scheme for financial accounting purposes was changed from equity to cash following the cash settlement of some of the M Shares in 2011. The Directors estimated the fair value of the scheme at the point of transfer based on the period which has already vested and this amount was recognised as a liability at the date of change of settlement method. Subsequently the fair value of the liability is reassessed based on the expected vesting period, projected performance and value of the business and other factors. Any change in the fair value at the end of the period is reflected in the income statement.

Going concern assessment

After making enquiries and considering a range of scenarios, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has therefore prepared the consolidated financial information on a going concern basis.

2. Segment information

Core Group Income and Core Group EBITDA are summarised in the following table. A reconciliation to statutory reported results is also shown.

£m	**30 June 2014**	30 June 2013
Core Group Income		
Retail	**232.6**	234.9
Wholesale & Outsourcing	**51.1**	51.1
Payments & Technology	**11.0**	10.1
Brazil	**29.3**	16.4
Other Trade	**17.6**	15.4
Total Core Group Income	**341.6**	327.9
Core Group EBITDA		
Retail	**25.5**	16.7
Wholesale & Outsourcing	**21.5**	22.7
Payments & Technology	**1.3**	1.3
Brazil	**7.2**	3.2
Other Trade	**4.2**	3.5
	59.7	47.4
Central & Shared costs	**(23.0)**	(21.1)
Total Core Group EBITDA	**36.7**	26.3

Reconciliation of Core Group results to statutory reported results for the six months:

£m	**30 June 2014**	30 June 2013
Income		
Total Core Group	**341.6**	327.9
Joint venture adjustment	**(15.3)**	(30.8)
Travellers' Cheques business	**1.1**	3.2
Income within Central & Shared Costs	**1.9**	1.0
Statutory reported results - continuing operations	**329.3**	301.3
EBITDA		
Total Core Group	**36.7**	26.3
Joint venture adjustment	**(2.4)**	(8.4)
Travellers' Cheques business	**0.1**	1.8
Share based payments	**(1.1)**	(2.9)
Other adjustments	**0.8**	(0.4)
Statutory reported results*- continuing operations	**34.1**	16.4

*EBITDA Statutory reported results: Operating profit before depreciation, amortisation, impairment and exceptional costs

3. Exceptional items

£m	Half year ended 30 June 2014	Half year ended 30 June 2013
Net operating income (expenses)		
Global reorganisation costs[1]	**(2.3)**	(1.9)
Systems Development and Shared Services Migration costs[2]	**(0.1)**	(2.6)
Gain on closure and transfer of structured deposits to AmTrust	**-**	10.0
Other exceptional items[3]	**(5.0)**	(1.2)
	(7.4)	4.3
Finance income		
Redemption liability valuation adjustment[4]	**(10.5)**	-
Exchange (losses) gains on intercompany loans[5]	**(2.2)**	5.3
	(12.7)	5.3
Discontinued operations		
Residual income from Global Business Payments business[6]	**0.8**	-
Tax on residual income from Global Business Payments business	**(0.2)**	-
	0.6	-
	(19.5)	9.6

1. Costs associated with a Global Reorganisation initiative, principally redundancy costs.

2. Costs associated with the Systems Development and Shared Service Migration that do not meet the Group's criteria for capitalisation.

3. Other exceptional items of £5.0m primarily relate to one-off corporate projects. In the period ended 30 June 2013, other exceptional items primarily related to the restructure of our Travellers' Cheques business and an onerous property provision.

4. An exceptional charge of £10.5m has been recognised in relation to an increase in the valuation of the redemption liability for the final payment in respect of the 51% shareholding in Grupo Confidence. The redemption liability is based on a multiple of average earnings for an earn out period ending on 30 June 2014. As at this date, the redemption liability was revised with actual earnings and a negotiated adjustment instead of forecast earnings. The difference to the previous estimate of £10.5m is treated as an exceptional finance charge owing to its size.

5. Retranslation of structural intercompany loans that finance overseas subsidiaries. The retranslation in the overseas subsidiary of the structural intercompany loans is recognised in reserves.

6. Discontinued operations residual income of £0.8m relates to the sale of the Global Payments business.

4. Finance income and costs

£m	Half year ended 30 June 2014	Half year ended 30 June 2013
Finance income		
Interest receivable	**0.2**	1.7
Net exchange gain	**0.7**	-
	0.9	1.7
Finance costs		
Bank loans and overdrafts	**(0.1)**	(0.2)
Interest on shareholder loans and PIK notes	**(62.1)**	(55.0)
Interest on senior PIK notes	-	(12.8)
Interest on senior secured notes	**(12.9)**	-
Interest payable on currency swaps	**(0.2)**	(0.1)
Finance costs on preference shares classified as liabilities	**(7.4)**	(6.8)
Amortisation of transaction costs incurred on refinancing	**(1.7)**	(0.9)
Amortisation of discount on and re-estimation of redemption liability	**(1.3)**	(0.6)
Net exchange losses	-	(4.7)
Other finance costs	**(0.6)**	-
	(86.3)	(81.1)

In accordance with the Group's accounting policy, £0.7m (June 2013: £3.0m) of interest receivable on bank deposits and money market instruments from the investment of funds generated from travellers' cheque sales and Cash Passport sales is classified and disclosed within income.

Travelex Holdings Limited
Consolidated financial information
Unaudited notes to the financial information
for the half year ended 30 June 2014

5. Intangible assets

£m	Goodwill[2]	Computer software	Customer relationships	Assets in the course of development	Other[1]	Total
Cost						
At 1 January 2014	328.8	27.7	10.5	38.6	43.3	448.9
Additions	-	2.0	-	8.3	-	10.3
Acquisitions	22.5	-	-	-	-	22.5
Disposals	-	(4.9)	-	-	-	(4.9)
Exchange adjustments	1.0	0.1	0.4	-	0.1	1.6
At 30 June 2014	352.3	24.9	10.9	46.9	43.4	478.4
Amortisation and impairment						
At 1 January 2014	24.4	10.4	0.4	9.3	4.6	49.1
Charge for the year	-	3.1	0.2	-	1.5	4.8
Disposals	-	(4.8)	-	-	-	(4.8)
Exchange adjustments	-	-	-	-	-	-
At 30 June 2014	24.4	8.7	0.6	9.3	6.1	49.1
Net book value						
At 30 June 2014	327.9	16.2	10.3	37.6	37.3	429.3
At 1 January 2014	304.4	17.3	10.1	29.3	38.7	399.8

[1] The intangible asset for customer relationships and £40.3m of the other intangible assets cost relating to brand name and banking licences arose from the Grupo Confidence and Travelex Currency Services Limited acquisitions.
[2] The additions to goodwill relate to the 75% acquisition of the Arti Döviz Group (Arti Döviz) in May 2014, refer acquisitions note 12.

6. Trade and other receivables

£m	30 June 2014	31 December 2013
Current		
Trade receivables	**158.6**	56.2
Amounts due from travellers' cheques agents	**1.9**	1.8
Other receivables	**32.9**	29.1
Prepayments and accrued income	**31.8**	13.0
Amounts due from joint ventures and associates	**1.6**	2.3
	226.8	102.4
Non current		
Prepayments and accrued income	**7.0**	7.9
	233.8	110.3

Trade receivables at 30 June 2014 include £43.8m of customer prepayments in the Wholesale business (31 December 2013: £nil) and £48.3m of unsettled foreign exchange transactions in the Brazil payments and wholesale banknotes businesses (31 December 2013: £0.6m).

7. Cash and cash equivalents

£m	30 June 2014	31 December 2013
Cash at bank and in hand	**539.6**	539.7
Term deposits with original maturities of less than three months	**34.3**	42.8
	573.9	582.5

Included within the cash and cash equivalents balance of £573.9m (December 2013: £582.5m) are the following balances:

- £214.2m (December 2013: £179.2m) of cash held in tills and vaults;
- £0.3m (December 2013: £12.8m) of customer settlements received in advance;
- £169.4m (December 2013: £162.5m) of monies received from Cash Passport customers whose use is restricted to the settlement of associated liabilities;
- £38.6m (December 2013: £49.2m) of cash and term deposits with original maturities of less than three months which are ring fenced with its use restricted to the Travellers' Cheques business; and
- The remaining £151.4m (December 2013: £178.8m) is deposited in bank accounts throughout the Group and in certain jurisdictions, while available to the Group, is subject to regulatory and legal restrictions as to its use.

8. Trade and other payables

£m	30 June 2014	31 December 2013
Current		
Trade payables	**264.2**	101.0
Travellers' cheques awaiting redemption	**233.2**	248.5
Cash Passports awaiting redemption	**186.9**	186.7
Other tax and social security	**6.8**	8.4
Other payables	**40.5**	30.6
Accruals and deferred income	**105.9**	117.9
Amounts due to joint ventures and associates	**-**	0.2
	837.5	693.3
Non current		
Accruals and deferred income	**0.6**	0.9
	838.1	694.2

Trade payables at 30 June 2014 include amounts prepaid by Wholesale customers for banknotes of £44.3m (31 December 2013: £12.8m) and £68.6m relating to Brazil (31 December 2013 £10.6m), which is driven by an increase in Brazil payments and wholesale banknotes businesses. Travellers' cheques and Cash Passports awaiting redemption represent travellers' cheques and balances on Cash Passports issued but not encashed. These balances are presented in accordance with their contractual maturity dates, although the expected encashment profile of travellers' cheques awaiting redemption is not reflective of this contracted maturity date.

9. Borrowings

£m	30 June 2014	31 December 2013
Current		
Bank loans and overdrafts	1.3	0.5
Obligations under finance leases	0.7	0.9
	2.0	1.4
Non current		
Senior secured notes		
8% £200.0m due 2018 bond	195.4	195.0
Libor plus 6% £150.0m due 2018 bond	147.1	146.5
Borrowings from non-shareholders	342.5	341.5
Unsecured loan and PIK notes		
10% Loan and PIK notes due 2020	940.8	884.2
10% Preference certificates notes due 2035	15.0	14.2
Preference shares classified as liabilities	157.5	150.1
Borrowings from shareholders	1,113.3	1,048.5
Obligations under finance leases	0.9	1.2
	1,456.7	1,391.2
	1,458.7	1,392.6

Included in preference shares classified as liabilities is £96.2m (December 2013: £88.8m) relating to unpaid finance costs on preference shares that are not due to be paid within one year.

The legal maturity of the Group’s borrowings range from 2018 to 2035 (December 2013: 2018 to 2035). The Directors estimate the expected life of the unsecured loans and PIK notes to be October 2014 (December 2013: October 2014, June 2013: October 2014).

10. Preference share capital

	30 June 2014 Number	30 June 2014 £m	31 December 2013 Number	31 December 2013 £m
10.0% cumulative preference shares of £1 each	**61,287,636**	**61.3**	61,287,636	61.3

The 10.0% cumulative preference shares do not carry voting rights and are redeemable on 2 August 2020, on sale of the Company, or at any time upon the Company giving 10 days written notice to the holders. Shareholders are entitled to dividends at 10.0% per annum on the par value of these shares on a cumulative basis. Any preference dividend that is due and remains unpaid is entitled to 10.0% interest per annum until the date of actual payment. In the event of winding up, the preference shareholders rank above ordinary shareholders and are entitled to receive £1 per share and any dividends accrued but unpaid in respect of their shares.

11. Provisions

£m	Onerous contracts	Employee related provisions	Other	Total
At 1 January 2014	21.7	8.4	8.7	38.8
Exchange adjustments	(0.1)	(0.1)	0.1	(0.1)
Charged to income statement	0.2	0.2	-	0.4
Written back to income statement	(0.5)	-	(0.7)	(1.2)
Increase on acquisition	-	0.1	-	0.1
Utilised in the period	(2.1)	(3.8)	-	(5.9)
At 30 June 2014	**19.2**	**4.8**	**8.1**	**32.1**
Current	3.6	1.8	5.1	10.5
Non-current	15.6	3.0	3.0	21.6
At 30 June 2014	**19.2**	**4.8**	**8.1**	**32.1**

Onerous contract provisions are in respect of certain airport locations and office building lease contracts. Employee related provisions include redundancy costs. Other provisions include the fair value of a contingent liability arising on acquisition of Grupo Confidence, with the rest being individually small and are in respect of other contractual agreements and legal matters.

12. Acquisitions

On 14 May 2014, the Group acquired 75% of the Arti Döviz Group (Arti Döviz), based in Turkey. Arti Döviz offers foreign exchange services in three of Turkey's largest airports: Istanbul Atatürk, Ankara Esenboga and Izmir Adnan Menderes. The Group is deemed to have acquired control of Arti Döviz and as such has treated the transaction as an acquisition of a subsidiary with a 25% non-controlling interest.

In the period from acquisition to 30 June 2014, Arti Döviz contributed revenue of £1.0m and operating profit of £0.8m to the Group's results. If the acquisition had occurred on 1 January 2014, management estimates that contributed revenue and operating profit would have been £3.1m and £2.3m respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

The following table summarises the consideration paid for the shareholding in Arti Döviz and our preliminary assessment of the fair value of assets acquired and liabilities assumed and non-controlling interest at the acquisition date:

12. Acquisitions (continued)

£m	**Book value and fair value**
Non current assets	
Deferred tax assets	0.1
Current assets	
Cash and cash equivalents	3.1
Current liabilities	
Trade and other payables	(0.2)
Provisions	(0.2)
Net current assets	2.8
Net identifiable assets	**2.8**
Non controlling interest	(0.7)
Net assets acquired	**2.1**

£m	**Fair value**
Consideration paid in cash and cash equivalents during the year	24.6
Net assets acquired	(2.8)
Non controlling interest assumed	0.7
Goodwill	22.5
Net cash outflow arising on acquisition, excluding costs	
Consideration paid in cash and cash equivalents	(24.6)
Cash and cash equivalents acquired	3.1
	(21.5)

13. Cash generated from operating activities

£m	**Half year ended 30 June 2014**	Half year ended 30 June 2013
Operating profit	**15.7**	10.1
Depreciation and amortisation	**11.0**	10.6
Share based employee remuneration	**1.1**	2.9
Loss on disposal of property, plant and equipment	**-**	0.1
Difference between the net pension charge and cash contributions	**-**	1.2
	27.8	24.9
Increase in inventories	**-**	(0.1)
(Increase) decrease in trade and other receivables	**(120.4)**	7.0
Increase in trade and other payables	**162.3**	186.7
Decrease in travellers' cheques awaiting redemption	**(15.3)**	(5.0)
Increase in Cash Passports awaiting redemption	**2.0**	36.4
Decrease in structured deposits	**2.1**	98.5
Decrease in float deposits	**2.4**	20.8
Decrease (increase) in financial assets related to Travellers' Cheques	**8.0**	(144.3)
Foreign exchange translation differences	**(3.5)**	(4.4)
Cash generated from operating activities	**65.4**	220.5

14. Related party transactions

Transactions with entities with significant influence over Travelex Holdings Limited

During the period the Group paid fees amounting to £25,000 (June 2013: £25,000) to Apax Europe VI (Apax Partners) for the services of H Chagani and M Phillips.

During the period the Group was charged £85,275 by Sanctuary Aviation LLP, £20,317 by Esselco Office Properties Limited and £nil by Monitor Quest Limited for services provided to the group (June 2013: £94,000, nil and £12,500). L M Dorfman owns Sanctuary Aviation LLP, is a Director of Esselco Office Properties Limited, and he and Lord Stevens are Directors of Monitor Quest Limited. £300,000 (June 2013: £260,000) was paid to the Royal National Theatre of which L M Dorfman is a Trustee.

The Group has outstanding loans with certain related companies and key management. These loans are recorded as a component of term loans in these financial statements using an effective interest rate methodology. The loans and related interest are presented below based on contractual amounts due to be paid rather than the effective interest methodology within the financial statements.

14. Related party transactions (continued)

£m	30 June 2014	31 December 2013
Balance outstanding		
Funds advised and managed by Apax Partners	**520.3**	496.3
L M Dorfman	**367.7**	355.2
Other key management	**4.2**	4.0
	892.2	855.5

	30 June 2014	30 June 2013
Interest charged		
Funds advised and managed by Apax Partners	**24.0**	22.1
L M Dorfman	**17.0**	15.6
Other key management	**0.2**	0.2
	41.2	37.9

On 17 January 2014 £4.5m was repaid to key management in respect of the outstanding loans.

Transactions with joint ventures

Management fees of £1.2m to 30 June 2013 were charged to the Group by Travelex Currency Services Limited in the year, prior to it becoming a subsidiary on 31 December 2013.

Trading balances of £0.3m, £nil, £nil and (£0.1m) are owed to the Group by Travelex Emirates LLC, FX Africa Foreign Exchange Pty Limited, Travelex Malaysia Sdn BHD Limited and Travelex Qatar Q.S.C. respectively (December 2013: (£0.2m), £nil, £0.2m and £0.4m).

The Group has a loan receivable of £1.2m from FX Africa Foreign Exchange (Propriety) Limited, repayable at the discretion of the FX Africa board and bearing no interest. This loan is also repayable if there is an imbalance between amounts owed to shareholders in excess of ZAR 5,000,000 with interest payable at 2% on the outstanding value of the loan.

Other related party transactions

Certain Directors and key management have participated in the Group's long term incentive plan and are eligible to receive loans in order to allow them to participate in this plan. As at 30 June 2014, the balances held by J P Jackson, Lord Stevens, P A Hodkinson and M D Ball were £565,300, £2,500, £2,500 and £920,500 respectively (December 2013: £175,300, £2,500, £2,500 and £764,500). The total amount of the loans to other key management was £234,890 (December 2013: £110,250).

Two of the Company's Directors, S Grabiner and M R Phillips have personal interests in the Apax funds which have invested in the Group.

Directors and key management occasionally transact with subsidiary undertakings of the Company, primarily with regard to the provision of foreign currency or foreign currency payment transactions on standard staff discount terms. The Board has considered the financial effect of these transactions with Group companies and has concluded that they are not material to the Group or the individuals concerned.

15. Contingent liabilities

The bank letter of credit issued on behalf of Travelex guaranteeing the performance of the Travellers' Cheques business in fulfilling encashments was cancelled on 31 May 2013 (December 2012: £50.0m). As permitted by IAS 39, the Directors have adopted the recognition and derecognition of financial instruments principles from 1 January 2004. Travellers' cheques issued by the Group prior to 1 January 2004 which the Directors believed, as at 1 January 2004, would not be cashed have been derecognised in these financial statements from the balance of travellers' cheques awaiting redemption amounting to £136.9m (December 2013: £139.9m).

As at the balance sheet date a total of £25.6m (December 2013: £28.4m) of bank guarantees (including performance guarantees) have been issued on behalf of the Group. In addition £19.8m (December 2013: £20.6m) of surety guarantees have been issued to certain states in the US on behalf of the Group.

The Company and its subsidiaries may, from time to time, be parties to legal claims arising in the ordinary course of business. The Directors do not anticipate that the outcome of any of these proceedings and claims, either individually or in aggregate, will have a material adverse effect on the Group's financial position.

16. Post balance sheet events

There are no post balance sheet events.

Travelex Holdings Limited
Disclaimer

We have included in this Quarterly Report the unaudited consolidated interim financial information of Travelex Holdings Limited.

This report should be read in conjunction with the 2013 consolidated financial statements available on our website. This report provides updated or additional information to the financial statements.

In this report, the accompanying unaudited consolidated interim financial information of Travelex Holdings Limited as of and for the relevant period ended 31 March 2014 have been prepared using principles consistent with International Financial Reporting Standards ("IFRS") as adopted in the EU. The financial information and financial statements included in this report are presented in pound sterling. Certain numerical figures included in this report have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed and between figures in tables and their respective analysis in the text of the report may occur due to such rounding. All changes in percentage and ratios were calculated using the underlying data in £ million.

This report contains information, data and predictions about our markets and our competitive position. We have not verified the accuracy of such information, data or predictions contained in this report that were taken or derived from industry publications, public documents of our competitors or other external sources. We believe that the information, data and predictions presented in this report provide fair and adequate estimates of the size of our markets and fairly reflect our competitive position within these markets. However, our internal estimates have not been verified by an external expert, and we cannot guarantee that a third party using different methods to assemble, analyse or compute market information and data would obtain or generate the same results. In addition, our competitors may define our and their markets differently than we do.

The discussion includes forward looking statements, which, although based on assumptions that we consider reasonable, are subject to risk and uncertainties, which could cause actual results, events or conditions to differ materially from those expressed or implied herein. Investors are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date hereof. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof, including, without limitation, changes in our business or strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events. We provide a cautionary discussion of risks and uncertainties under ''Risk Factors'' contained elsewhere in this report. These are factors that we think would cause our actual results to differ materially from expected results. Other factors besides those, however, could also adversely affect us.