



# ANNUAL REPORT 2013 ...AND QI-QII 2014



KEEP YOUR BUSINESS

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A full-page portrait of Igor Volkov, a man with short brown hair, wearing a dark blue cardigan over a white collared shirt, blue jeans, and dark shoes. He is sitting on a black office chair with his hands clasped in front of him. A blue banner is overlaid on the bottom right of the image.

**IGOR VOLKOV**  
CEO Founder

## Message from the CEO

When people see a successful company, they rarely think about the amount of work, number of hours or intensity of pressure standing behind of it. But you know what it takes.  
To build your business from the day you decide to open it.  
To know that others rely upon your decisions.  
To go beyond the borders, and create something new.  
Every move makes sense.  
You know what it takes. And so do we.

**Ladies and Gentlemen,**

### ***"BRINGING BUSINESS TO THE NEXT LEVEL"***

I am delighted to welcome you on behalf of MFX Group - one of the fastest developing financial holdings with the business line oriented on Foreign Exchange markets. Over the past 8 years of its existence MFX Group has been innovator in the Forex industry, offering exclusive products, client appreciation programs and one-stop shop service for people wishing to be involved in financial markets. We went through various global impacts thus keeping the name of a stable and successful partner for our clients and stakeholders,

The year 2013 has been preparational for the big changes and reorganizations planned ahead. We have launched several programs including MFX Co-Invest; considerably increased the number of our clients through our IB and new offices and received awards as "The Best Micro-Forex Broker", "The Best Partnership Program", "The Best Education Portal", "The Best Islamic Broker" and other.

The strategic plan for 2014 is oriented on MFX 2.0 - the revolution of Foreign Exchange trading with MFX, launching new Social Network program and the full range of new services. We'll keep proving to our existing and potential clients, that they have or will choose the best partner in the face of MFX.

**IGOR VOLKOV** CEO / Founder



## About MFX Group

MFX (MasterServices Inc) is a global financial holding presented in over 120 countries, which combines number of companies with various activities all connected to Foreign Exchange markets.

The first company managed by the holding, MasterForex (Forex brokerage), was established on October 2, 2006. Two years later the company MasterForex, together with newly established MFX Broker and MFX Academy, merged into one dynamically growing holding MFX Group.

Mapping the  
Global Journey

In 2010-2013 MFX Group managed to open 25 branches and their number goes up. Holding's strategic plan for the next two years involves increasing the coverage of service delivery in developing countries.



**A GREAT SUCCESS TO SHARE**

# A year at his glance

January

## **Increasing Number of Clients**

MasterForex introducing the new offer "It's always better with friends", encouraging its clients to promote services of the company to others and receive certain trading bonus for their recommendation.

February – March

## **Improving Trading Conditions**

With the new liquidity providers, client orders execution speed increased by 50%. In parallel, the company is working on client attraction program - the new contest for IB partners.

To all new clients MasterForex offers 10\$ as a present on the real trading account. All the above-mentioned promotions increased number of clients by 3% from the start of the year only.

April-May

## **Award for "Best R & D Team", Annual Interest Rate**

On March 29, MasterForex got an award "Forex Best R & D Team Award" at 2013 Straits Financial Forum in China. MasterForex was honored in this category for Web design, research and development platform, the Forex market analysis.

MasterForex announced that it will fund the clients accounts monthly with annual interest rate of up to 9% depending on their free margin.

July - August

## **Full Range of New Products**

During the summer 2013 MFX has launched new services and projects, such as: The Unique 8-Level Partnership Program, Improved Welcome Bonus, MFX Trading Academy 2.0, the Credit of Trust and other.

September -  
October

## **7 Years Celebration, 2 New Branches, 3 Nominations**

The celebration of 7 years from establishment of MFX was held through various events organized by the holding - including concerts,, presentations and other. Two new branches opened - in Azerbaijan and Georgia. The Holding was nominated for 3 awards on Moscow Forex Expo 2013.

End of the Year  
2013

## **MFX Broker became the best in Russia and CIS**

The company got an international award IAIR Awards in the category : "Best Forex-Services in Russia and CIS" . The ceremony was held in Milan in the building of Italian Stock Exchange (London Stock Exchange Group).

## Company Statement

The business line of MFX Group in 2013 was mainly connected to expanding the chain of partnership and increasing the volume of transactions in CIS countries.

MFX Broker has made it profitable to various groups of sales managers to attract clients. Through the unique 8-Level Partnership program lots of traders and existing clients of MFX turned references into a stable and profitable business - therefore, increasing number of clients.

In existing branches MFX Group started the preparational works for implementing MFX 2.0 program - the total rebranding. We distributed the branches' employees into departments and assigned each of them specialization in products provided in the region by MFX, including Forex, Academy, Options and Investments.

Our tactics has brought us to overall success of the holding in 2013.

CLIENT PORTFOLIO  
GROWTH

**+ 31151**

INCREASE IN  
TRADING VOLUME

**+ 26%**

NEW INTRODUCING  
BROKERS

**+ 6375**

MONTHLY TRADING TURNOVER OF MFX BROKER IN 2013

**\$ 50 000 000 000**



# Our strategy and milestones

## 01 Goal

### **Develop ForEx market**

MFX Group seeks to invest in markets, where Foreign Exchange trading is in the stage of development.

The Holding's products give a full possibility of turning the activity on Foreign Exchange markets into a stable business.

INVESTMENT IN DEVELOPING MARKETS

## 02 Goal

### **Looking beyond**

We are oriented on long-term investments with concrete growth perspectives and choose the strong management teams that are capable of delivering the expected results and continuously strong returns.

LONG-TERM APPROACH

## 03 Goal

### **In over 100 countries**

We're permanently expanding the chain of our partners, offering our products and services. At the moment MFX Broker is cooperating with partners in over 100 countries around the world. We're looking forward to wider this circle.

GLOBAL NETWORK OF CONTACTS

# Financial highlights

TOTAL ASSETS IN  
NUMBERS (\$MILLION)

14

Cash

TOTAL ASSETS IN  
NUMBERS (\$MILLION)

21

Inventory

TOTAL ASSETS IN  
NUMBERS (\$MILLION)

2.5

Invest

## Total Assets

Total Assets of MFX Group has grown in 2013 due to the raise of Current Assets, specifically - Accounts Receivable and Marketable Securities (short-term investments) that were realized in the middle of 2013. The number of Long-term Assets has been stable.

## Return on Equity

Return on Equity, also known as "return on net worth" is one of the most important figures when making the investment decision.

It's measured by formula  $\text{Net Income} / \text{Shareholder's Equity}$ .

For the past two years MFX Group managed to bring over 51% ROE to its shareholders that invested in the holding through MFX Co-Invest Program for the minimum period of 12 months.

The Holding has also paid out the basic investment by the end of this term.

## Diversification of Investments

The new program for diversification together with strategic plan for development has made it possible to invest in both development of offices and the products of MFX Holding.

By the end of 2013 we decided to unite these two areas for investment, and create one common pool of the general MFX Holding development. This lead us to over 10% growth on ROE in 2013.

In 2014 MFX Co-Invest will become available to investors in every major and developing countries.

## Facts in numbers

MFX Group Strategic Development plan for 2013-2014, connected to expanding the borders and increasing number of clients, is being successfully realized.



Global Market

**604 491**

+14.5% ▲

Number of clients  
registered with MFX Broker



Employees

**150**

+10% ▲

Number of employees at  
official representations.



Countries

**108**

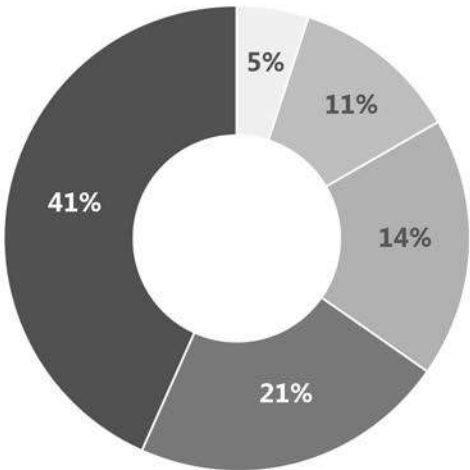
MFX Broker has individual  
representatives in 108  
countries

Being a one-stop shop for Forex traders, the holding MFX Group is providing education on financial markets through MFX Academy and access to the Forex market through MFX Broker. Our new investment products also give possibility for clients to increase their capital without personal involvement in trading.

**FOR A SUSTAINABLE FUTURE**

# Key figures Profit by activity

- 5% - Forex trading - swap
- 11% - MFX Academy service
- 14% - Forex trading - spread
- 21% - Service maintenance
- 41% - Other Profit



## Increase per Activity

The activity is evaluated according to new registrations and activity on the current accounts. 19% of the entire registrants of MFX Broker trade on a daily basis. MFX Academy's visitor list includes 34% of the registrants, and 78% of Investors are following the company news and activity.





# Generating a higher value

## MFX Introduces the New 3-Step Investment

Now investing becomes simple and effective - with MFX Broker new Co-Invest program, attracting medium to large investors around the world. MFX Broker gives possibility to clients and investors around the world to take part and generate profit from the Holding's successful work through a 3-Step Investment Program. Now you can invest from 2 000\$ to 100 000 \$ and receive up to 40% annual from MFX Broker's growth.

The amount is invested into development of new product lines, offices and marketing campaigns of the holding around the world, chosen by the MFX Board of Investors - specialists in business and investment sphere making decisions on money accumulation. The 3-Step Investment process includes:

1

### Registration.

Investors pass a simplified registration process in the MFX Broker cabinet, filling in the general client information.

2

### Deposit.

The amount deposit is done through Plastic Card, Wire Transfer and various payment systems. The amount is placed on the Personal Wallet and transferred to the special Investor's Account created.

3

### Interest Payout.

The interest rate is deposited on the Investor's Personal Wallet 4 times a year, according to the MFX Broker's Quarterly Financial Report.

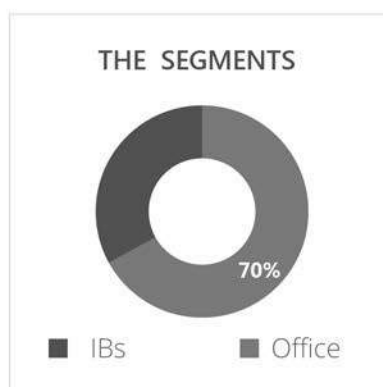
The investment term varies from 6 months to 2 years.

The Co-Invest program works successfully since 2012, generating the minimum of 39% annual profit, with the possible profit of total 49% in 2014.



**WE PURSUE SOLID GROWTH  
WHILE MINIMIZING RISKS**

## Introducing Brokers



In the beginning of 2014 MFX Broker started increasing the number of Introducing Brokers (IBs) by introducing new programs and advantageous conditions for people working on client attraction around the world. As the result, the percentage of clients attracted from IBs rose from 62% in 2013 to 70% in 2014.

# Company Strategy

## Building a long-term portfolio

We aim:

- ✔ to grow our business where we can do so profitably;
- ✔ to make sure of our capital strength in order to grow through selective cooperation, partnership and joint-ventures in mature and developing markets, and accessible high-potential growth markets.

To do this we are enhancing in-house capabilities that will enable us to identify and capture new opportunities as they arise.

## Engage Customer

Now MFX Broker is creating the business out of work on FX market. The new Introducing Broker program gives possibility to every talented person to become a professional salesman in the company, passing the stages from "Beginner" to "Manager" with the relevant education provided by MFX Broker.

This is a wonderful online business opportunity with growth potential for those who would like to be independent or just work from home. The program has already attracted over 1200 people around the world who are actively promoting services and products of MFX Broker.

## SOLUTIONS THAT MAKE SENSE

## Customer-Driven Service

We aim:

- ✔ to create more value from our existing portfolio by expanding the opportunities for trading, bonuses, tournaments and by increasing customer loyalty through the special loyalty program.
- ✔ to expand the borders and win new markets by integration of educational, sales and client services in developing markets.

To do this we are enhancing in-house capabilities that will enable us to identify and capture new opportunities as they arise.

## Attracting, retaining and developing the best people.

We aim:

- ✔ to develop industry leading people management capabilities in order to attract, retain and develop the best people in FX business;
- ✔ to foster a culture of excellence in which all employees are challenged, motivated and proud to be part of MFX Broker.

We will progress towards these goals by introducing a global approach to people management while improving workplace diversity and career development.

## Statement of Comprehensive Income For The Year Ended 30 June 2014

PERIOD/YEAR:	2013	2012	2011	2010	TOTALS
REVENUE					
MXF HOLDING - BUSINESS FINANCE	\$315 856,00	\$152 335,00	doesn't exist	doesn't exist	\$468 191,00
MXF BROKER - FOREX TRADING	\$19 876 582,00	\$14 661 722,00	\$14 817 587,00	\$7 636 937,00	\$56 992 828,00
MXF AFFILIATE	\$9 571 583,00	\$5 826 447,00	\$8 276 524,00	\$1 983 275,00	\$25 657 829,00
MXF ACADEMY	\$517 233,00	\$692 716,00	doesn't exist	doesn't exist	\$1 209 949,00
MXF BRANCHES	\$6 158 931,00	\$6 172 648,00	\$5 936 781,00	\$4 823 541,00	\$23 091 901,00
MXF REAL ESTATE	\$1 538 795,00	\$1 069 283,00	\$1 382 546,00	\$1 829 552,00	\$5 820 176,00
OTHER	\$2 846 825,00	\$698 256,00	\$182 296,00	\$925 368,00	\$4 652 745,00
<b>TOTAL SERVICE SALES</b>	<b>\$40 825 805,00</b>	<b>\$29 273 407,00</b>	<b>\$30 595 734,00</b>	<b>\$17 198 673,00</b>	<b>\$117 893 619,00</b>
OPERATING EXPENSES					
ADMINISTRATION FEES	\$1 862 369,00	\$1 750 992,00	\$1 923 855,00	\$562 135,00	\$6 099 351,00
MANAGEMENT AND PERFORMANCE FEES	\$736 582,00	\$568 203,00	\$529 617,00	\$463 982,00	\$2 298 384,00
CLIENT ATTRACTION FEES	\$4 968 074,00	\$3 302 225,00	\$2 943 145,00	\$2 512 436,00	\$13 725 880,00
FINANCE COSTS	\$162 730,00	\$86 923,00	\$57 692,00	\$40 695,00	\$348 040,00
DIVIDENDS	\$1 195 666,50	\$272 319,84	\$58 334,72	\$249 849,36	\$1 776 170,42
OTHER EXPENSES FROM ORDINARY ACTIVITIES	\$53 872,00	\$41 395,00	\$23 475,00	\$18 697,00	\$137 439,00
<b>TOTAL OPERATING EXPENSES</b>	<b>\$8 979 293,50</b>	<b>\$6 022 057,84</b>	<b>\$5 536 118,72</b>	<b>\$3 847 794,36</b>	<b>\$24 385 264,42</b>
<b>NET OPERATING PROFIT FOR THE YEAR</b>	<b>\$31 846 511,50</b>	<b>\$23 251 349,16</b>	<b>\$25 059 615,28</b>	<b>\$13 350 878,64</b>	<b>\$93 508 354,58</b>



# Understanding Clients needs

## OUR MISSION

TURNING FX ACTIVITY INTO  
STABLE BUSINESS

MFX Broker is dedicated to perfecting the FX trader experience through continuous innovation and the highest standards of customer service.

Founded in 2006, the company has followed a targeted course of expansion. Currently with representations in over 30 countries around the globe MFX Broker continues to develop the markets and industry with innovative enhancements, making FX the real business industry for individual and corporate sector.



## OUR VISION

GLOBAL APPROACH TO  
THE LOCAL MARKETS

We believe that every line of business needs a concrete structure - the Western experience, yet integrated and accepted in the local market reality.

That is why we use not only our education- but our personal experience and the experience of our local partners and colleagues around the globe, to achieve common final goal - becoming the leader of Forex industry.



## OUR VALUES

CORPORATE SOCIAL  
RESPONSIBILITY

We are committed to doing what is right and honorable. We set Socially Responsible standards to ourselves, and share them with our partners and clients.

MFX Broker is following the statements of Equal Opportunity and Diversity, Health and Safety, Intellectual Property and Non-Disclosure.

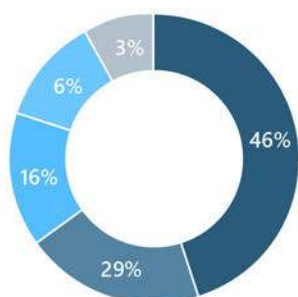
We meet the expectations of high standard way of dealing in business for our investors and partners.



**MFX BROKER FOLLOWS THE INTERNATIONAL STANDARDS  
IN BUSINESS MANAGEMENT.**

## Further Plans for Development

Primary uses of MFX Broker Service



In 2014 MFX Broker launches MFX 2.0 - the new stage of the Social Trading in Forex industry.

Social Trading becomes one of the leading trends in Forex industry. MFX Broker invites its clients to the wonderful world of social trading. We have mixed all genius ideas into one system that allows people to connect, discuss, trade, invest, learn and share knowledge to each other.

For each type of activities MFX Broker has added the Ratings of Traders. Now the traders have their own Public Diary where they can comment personal trading actions, share their ideas, add replies and follow other users to know everything about their activity.

From autumn, 2014 MFX Broker new and existing clients are able to:

We're opening the world of social opportunities for our existing and potential clients.

- ✓ Create personal blog;
- ✓ Copy successful trades;
- ✓ Share the results;
- ✓ Become a master;
- ✓ Take part in contests;
- ✓ Get bonuses;
- ✓ Participate in unique investment programs;
- ✓ Join as an affiliate and IB partner;

## CONTINUAL GROWTH

# Our Awards in Forex Industry



## THE BEST ISLAMIC BROKER 2013

Independent jury of the World Finance magazine highly appraised the company's performance in Arabic countries

## THE BEST PARTNERSHIP PROGRAM 2013

International Financial magazine World Finance awarded the company for new solutions in the field of affiliate programs.



## THE BEST UPCOMING FOREX BROKER IN ASIA 2011

The company got prestigious award from British magazine Global Banking & Finance Review

## THE BEST RUSSIAN AND CIS BROKER 2010

The company topped professional rating of influential World Finance magazine.



## THE BEST PERSPECTIVES IN THE CHINESE MARKET 2010

The company became the winner of the international Money Fair conference in Shanghai.

## THE BEST MICRO-FOREX BROKER 2010

The company won the title of the best Micro-Broker within the frame of international FOREX EXPO AWARDS exposition.



## Represented around the globe

MFX Broker has established a wide chain of Introducing Brokers around the globe. Our partners are experienced financial advisers, working in sphere of investment, finances and sales.

Our team gathers the best players of international Forex market into work. With the help of our partners we manage to develop complex and long-term planning of growth.



**WE INCREASE OUR POSITION IN THE WORLD**





**MFX Capital**

THE ART OF MONEY MANAGEMENT

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