

Transaction Solutions International Limited

ABN 98 057 335 672

Appendix 4D – 30 September 2014 Half-Year Report

1. Reporting Period

The current reporting period is the period ended 30 September 2014 and the previous corresponding period is for the period ended 30 September 2013.

2. Results for Announcement to the Market.

	30 Sep' 2014	30 Sep' 2013	% Change
	\$	\$	
2.1 Revenue from ordinary activities (excluding interest income)	126,915	30,450	317%
2.2 Profit/(loss) from continuing operations after tax attributable to members.	(225,931)	(655,257)	65.52%
2.3 Net profit/(loss) for the period attributable to members.	(225,931)	(655,257)	65.52%
2.4 Amount per security and franked amount per security of interim dividend.	No interim dividends have been paid or provided for during the period		
2.5 Record date for determining entitlements to the dividends and payment date.	Not applicable		
2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.	See Directors Report – Financial Report for the Half-Year Ended 30 September 2014.		

3. Net Tangible Assets per Security

	30 Sep'2014	30 Sep' 2013
	Cents	Cents
Net tangible assets per security	0.45	0.46

4. Details of Dividend and Distribution Payments

No dividends or distributions have been paid or provided for during the period.

5. Dividend Reinvestment Plans

There are no dividend or distribution reinvestment plans in operation.

6. Associates and Joint Venture Entities

Not applicable

7. Foreign Entities

The Group includes the following overseas entities:

Transaction Solutions International Ltd - (United Kingdom)
TSI Investments (Mauritius) Pty Ltd - (Mauritius)

8. Audit Dispute or Qualification

None.



TRANSACTION SOLUTIONS INTERNATIONAL

SHAPING SECURE PAYMENTS

**Interim Financial Report
for the Half Year Ended
30 September 2014**

CORPORATE DIRECTORY

Directors

Paul Boyatzis – Chairman
Gary Foster – Managing Director
Yew Seng Kwa – Executive Director
James Carroll – Non-Executive Director

Secretary

Phillip MacLeod

Registered and Principal Office

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West Perth WA 6005

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Share Registry

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Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Australia

Telephone: 1300 557 010

International: +61 8 9323 2000

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Solicitors

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011

Auditor

Deloitte Touche Tohmatsu
Woodside Plaza, Level 14
240 St Georges Terrace
Perth WA 6000

Bankers

Australia and New Zealand Banking Group Limited

Stock Exchange Listing

ASX Limited
Home Exchange: Perth, Western Australia
Code: TSN

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TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

DIRECTORS' REPORT

The Directors of Transaction Solutions International Limited present their report on Transaction Solutions International Limited ("TSI" or "the Company") and its' subsidiaries ("the Group") for the half-year ended 30 September 2014.

DIRECTORS

The names of the Directors of TSI in office during the half-year and until the date of this report are:

Mr Paul Boyatzis
Mr Gary Foster
Mr Yew Seng Kwa
Mr James Carroll

Unless otherwise shown, all Directors were in office from the beginning of the half-year until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

Operating Results

The Group's principal activity during the period was to hold an interest in Transaction Solutions International (India) Private Limited ("TSI India"), whose business is building recurring revenue through the deployment of ATMs on behalf of major banks in India. In addition, TSI India has contracts to service the financial payments sector through automation of bill payment processes in a market that is migrating from paper based to electronic transactions.

The Group recorded a loss from continuing operations for the half-year ended 30 September 2014 of \$427,907 (2013: loss of \$655,257).

The Group recorded a gain of \$42,977 (2013: \$285,413) resulting from the foreign currency movement in translation of foreign operations for the half-year. The Group recorded a gain of \$158,999 (2013: loss of \$296,894) in the fair value of available-for-sale assets during the half-year.

Review of Operations

AFS Investment in TSI India - 11.22% equity interest plus compulsory convertible debentures (CCDs) convertible to 13.67% equity interest

The Group holds an 11.22% equity interest and is the holder of CCDs convertible to a 13.67% equity interest in Transaction Solutions International (India) Private Limited ("TSI India"). During the last 6 months of operations TSI India continued to focus on aggressively building its core business in India, being the deployment of automated teller machines ("ATMs") for large Indian banks and the deployment of bill payment hardware and solutions for utility companies. The business model is based on the provision and management of these ATMs and bill payment solutions to major Indian banks and utility companies in exchange for a fee per transaction, paid directly by the banks and utility companies.

TSI India was pleased to advise that during the 6 month period to September 2014 various new ATM contracts were won to deploy a further 800 ATMs in India. These contracts will increase TSI India's network by over 45% once all ATMs are deployed, with the total network size being 2,300 ATMs.

During the period ATM installations increased by 15%. A total of 1,525 ATMs were live and operational at the end of September 2014. Revenues increased 15%, with total direct costs increasing by 10% reflecting the continued and focussed attention on reducing costs where possible. Cost reduction measures included the removal and replacement of non-profitable ATMs.

The management team of TSI India was progressing multiple discussions regarding the expansion of ATM networks for various banks at the end of the period. It was envisaged that more contract wins for the Company could be achieved from these discussions.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Review of Operations (continued)

Whilst TSI India continues to focus on optimising performance and margins from its current network of ATMs, it has positioned itself very well for growth. The Company has aligned part of its strategy to the Reserve Bank of India policy of “banking for the masses” – a series of announcements and policies set by the Reserve Bank of India to bring in another approximate 700 million people in to the banking system have been aired publicly. This desired approach means that banks and institutions will be required to expand its bank branch networks and ATM bases to be able to handle larger customer bases.

Current discussions on future opportunities

Along with the existing investment in TSI India, the Company sees a large opportunity to satiate the potential requirement for Asian and Indian banks and utility companies to access established and leading edge technologies to assist in capturing and managing the next wave of customer growth. As such the Company has initially been focussed on securing appropriate e-transaction based technologies through established solution providers in the areas of mobile and online payments, payment gateways and other I.T. based groups.

During the period TSI assessed and considered over 25 potential technologies suitable to its strategy along with a handful of other opportunities outside of the technology space, in order to add value to the Company. For example, during the period TSI secured a binding term sheet with SALT Technology Inc., a US based m-payment provider. At the reporting date due diligence was still being undertaken to assess the take-up, viability and robustness of the SALT Technology opportunity.

Concurrently, TSI was in discussions with a number of other companies both within the technology and industrial sectors to ascertain their potential financial and value –add benefit to the Company.

Business strategies and prospects

The Company will continue to manage its minority interest in TSI India and seek other investment opportunities with the objective of maximising shareholder value.

Corporate and Financial Position

At 30 September 2014, the Group had cash reserves and current receivables of \$2,575,550 (31 March 2014: \$2,980,665).

SUBSEQUENT EVENTS AFTER BALANCE DATE

There have been no material events to report subsequent to the balance date.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's independence declaration under Section 307C of the Corporations Act 2001 is included in page 4 of this financial report.

Signed in accordance with a resolution of Directors.

A handwritten signature in blue ink, appearing to be 'G. Foster', written over a faint circular stamp.

Gary P Foster
Managing Director

Perth, 26 November 2014

The Board of Directors
Transaction Solutions International Limited
47 Colin Street
West Perth, WA 6005

26 November 2014

Dear Board Members

Transaction Solutions International Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Transaction Solutions International Limited

As lead audit partner for the audit of the financial statements of Transaction Solutions International Limited for the half year ended 30 September 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Transaction Solutions International Limited, I state that:

In the opinion of the Directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at the 30 September 2014 and of its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Gary P Foster
Managing Director

Perth, 26 November 2014

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

	Note	Half Year ended 30 Sep 2014 \$	Half Year ended 30 Sep 2013 \$
Continuing operations			
Revenue			
Finance income		24,665	50,730
Other income		126,915	30,450
		151,580	81,179
Depreciation and amortisation expenses		(2,362)	(2,189)
Share based payment expenses		-	(32,705)
Employee benefits expenses		(276,863)	(373,153)
Other expenses		(300,262)	(328,390)
Loss before tax		(427,907)	(655,257)
Income tax benefit		-	-
Net loss for the period		(427,907)	(655,257)
Discontinued operations			
Loss from discontinued operations	14	-	(6,511,439)
Loss for the period		(427,907)	(7,166,696)
Other comprehensive income/(loss)			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Foreign currency movement in translation of foreign operations		42,977	285,413
Movement in fair value of available for sale financial assets		158,999	(296,894)
Accumulated losses in foreign currency translation reserve transferred to profit or loss on disposal of subsidiary		-	6,216,074
Other comprehensive income/(loss) for the period		201,976	6,204,593
Total comprehensive loss for the period attributable to members		(225,931)	(962,103)
Loss per share			
From continuing and discontinued operations			
Basic loss per share (cents per share)		(0.02)	(0.40)
Diluted loss per share (cents per share)		(0.02)	(0.40)
From continuing operations			
Basic loss per share (cents per share)		(0.02)	(0.04)
Diluted loss per share (cents per share)		(0.02)	(0.04)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

		30 Sep 2014	31 Mar 2014
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		2,356,732	2,896,860
Trade and other receivables		218,818	83,805
Other assets		27,683	8,717
Total Current Assets		2,603,233	2,989,382
Non-current Assets			
Available for sale financial assets	5	5,452,924	5,293,925
Property, plant and equipment		4,417	6,779
Total Non-current Assets		5,457,341	5,300,704
TOTAL ASSETS		8,060,574	8,290,086
LIABILITIES			
Current Liabilities			
Trade and other payables		75,901	79,482
Total Current Liabilities		75,901	79,482
TOTAL LIABILITIES		75,901	79,482
NET ASSETS		7,984,673	8,210,604
EQUITY			
Contributed equity	6	32,185,790	32,185,790
Reserves	7	479,898	349,072
Accumulated losses		(24,681,015)	(24,324,258)
TOTAL EQUITY		7,984,673	8,210,604

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

	Note	Half Year ended 30 Sep 2014 \$	Half Year ended 30 Sep 2013 \$
Cash flows from operating activities			
Receipt from customers		17,584	2,971,970
Payment to suppliers and employees		(626,601)	(4,531,867)
Interest received		25,912	74,330
Income tax received		-	952,670
Net cash generated by/(used in) operating activities		(583,105)	(532,896)
Cash flows from investing activities			
Cash outflow on loss of control of controlled entity			
Acquisition of property, plant and equipment		-	(433,698)
(Placement of) / receipts from fixed deposits		-	(327,244)
Proceeds from sale of TSI India		-	12,148,968
Acquisition of CCDs in TSI India		-	(11,332,729)
Net cash generated by/(used in) investing activities		-	55,296
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Cost of share issue		-	-
Net cash generated by financing activities		-	-
Net decrease during the period		(583,105)	(477,600)
Cash and cash equivalents at the beginning of the period		2,896,860	3,758,306
Effect of exchange rate movements		42,977	-
Cash and cash equivalents at the end of the period		2,356,732	3,280,706

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

	Contributed equity	Foreign currency translation reserve	Investment revaluation reserve	Merger reserve	Share-based payment reserve	Accumulated losses	Total equity
	\$	\$		\$	\$	\$	\$
Balance at 1 April 2013	32,185,790	(6,634,414)	-	24,828	421,735	(16,792,021)	9,205,918
Total comprehensive income/(expense) for the period:							
Net loss for the period	-	-	-	-	-	(7,166,696)	(7,166,696)
Total other comprehensive income/(expense)	-	6,501,487	(296,894)	-	-	-	6,204,593
Total comprehensive income/(expense) for the period	-	6,501,487	(296,894)	-	-	(7,166,696)	(962,103)
Transactions with equity holders, recorded directly in equity							
Share based payment	-	-	-	-	32,705	-	32,705
Total transactions with equity holders	-	-	-	-	32,705	-	32,705
Balance at 30 September 2013	32,185,790	(132,927)	(296,894)	24,828	454,440	(23,958,717)	8,276,520
Balance at 1 April 2014	32,185,790	(119,983)	(10,213)	24,828	454,440	(24,324,258)	8,210,604
Total comprehensive income/(expense) for the period:							
Net loss for the period	-	-	-	-	-	(427,907)	(427,907)
Total other comprehensive income/(expense)	-	42,977	158,999	-	-	-	201,976
Total comprehensive income/(expense) for the period	-	42,977	158,999	-	-	(427,907)	(225,931)
Transactions with equity holders, recorded directly in equity							
Expiry of options	-	-	-	-	(71,150)	71,150	-
Total transactions with equity holders	-	-	-	-	(71,150)	71,150	-
Balance at 30 September 2014	32,185,790	(77,006)	148,786	24,828	383,290	(24,681,015)	7,984,673

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

1. REPORTING ENTITY

Transaction Solutions International Limited, ("TSI", the "Company") is a company domiciled in Australia. The interim financial report of the Group comprising Transaction Solutions International (UK) Ltd, a company incorporated in the United Kingdom and its subsidiaries including the Company as at and for the six months ended 30 September 2014.

The annual financial report of the Company for the year ended 31 March 2014 is available upon request from the Company's registered office.

2. ACCOUNTING POLICIES

Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on a basis of historical cost, unless stated otherwise in the notes. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian Dollars, unless stated otherwise.

The interim financial report was approved by the Board of Directors on 26 November 2014.

3. COMPONENTS OF THE GROUP

The condensed consolidated financial statements represent the financial position of Transaction Solutions International Limited, and the entities it controlled at 30 September 2014 and their financial performance, cash flows and changes in equity for the half year ended on that date.

The consolidated entity comprises the following entities:

				Extent of control			
				Incorporation	30 Sep 2014	31 Mar 2014	30 Sep 2013
Accounting parent							
Transaction Solutions International Limited ("TSI UK Ltd")			United Kingdom	-	-	-	
Controlled entities							
Transaction Solutions International Limited ("TSI Limited")			Australia	100%	100%	100%	
Transaction Solutions International Pty Ltd			Australia	100%	100%	100%	
TSI Investments (Mauritius) Pty Ltd ("TSI Mauritius")			Mauritius	100%	100%	100%	

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

4. SEGMENT REPORTING

a) Operating segments

Information reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on the business in India. The Group's reportable segments under AASB 8 comprise as follows:

- Segment comprising of TSI Limited, TSI (UK) Limited, TSI Investments (Mauritius) Pty Ltd and TSI (Australia) Pty Ltd to manage the corporate affairs of the group.
- Transaction Solutions International (India) Private Limited ("TSI India") – to operate ATMs for banks in India. The segment has been discontinued in the half-year ended 30 September 2013.

b) Segment results

	1 Apr 2014 to 30 Sep 2014		1 Apr 2013 to 30 Sep 2013		
	Other	Total	TSI India	Other	Total
	\$	\$	\$	\$	\$
Revenue					
Revenue from services	-	-	3,378,247	-	3,378,247
Finance income	24,665	24,665	23,600	50,730	74,329
Other income	126,915	126,915	29,481	30,450	59,931
	151,580	151,580	3,431,327	81,179	3,512,507
Cost of sales	-	-	(2,933,304)	-	(2,933,304)
Depreciation and amortisation	(2,362)	(2,362)	(305,901)	(2,189)	(308,091)
Accumulated foreign currency translation loss	-	-	(6,216,074)	-	(6,216,074)
Loss on disposal of subsidiary	-	-	(65,219)	-	(65,219)
Other expenses	(577,124)	(577,124)	(422,268)	(734,248)	(1,156,516)
Loss before tax	(427,907)	(427,907)	(6,511,439)	(655,257)	(7,166,696)

Comparative amounts have been disaggregated to separately disclose discontinued operations.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

5. AVAILABLE FOR SALE FINANCIAL ASSETS

	30 Sep 2014 \$	31 Mar 2014 \$
11.22% shareholding in TSI India	2,458,088	2,386,414
Compulsorily convertible debentures in TSI India convertible to a 13.67% shareholding in TSI India	2,994,836	2,907,511
	5,452,924	5,293,925

Fair value methodology

Shares in TSI India are not publicly traded and the directors are not aware of any reliable information regarding independent third party share transactions to assess the fair value.

The fair value of investments in TSI India is measured on a recurring basis at each reporting date.

The assessment of fair value of those investments is a 'Level 3' hierarchy under AASB 13 '*Fair Value Measurement*'. The measurement of fair value under Level 3 hierarchy is based on significant unobservable inputs.

The directors obtained an independent expert valuation report to measure the fair value of the investments at 31 March 2014.

The fair value measurement model is based on the combination of:

- Discounted Cash Flows (DCF) method for valuation of the ongoing business; and
- Cost approach for measurement of other assets and liabilities (such as financial assets and liabilities at 31 March 2014).

The DCF method estimates the fair value of the business by discounting the future cash flows arising from the business of TSI India. The application of DCF method requires the directors to make significant assumptions regarding the various inputs. The key assumptions are:

- The future cash flows for the period of 5 years have been applied;
- At 31 March 2014, TSI India's existing ATM networks comprise of 1,324 machines installed for three major Indian banks. An additional 560 ATMs are expected to be installed for these three banks and accordingly the DCF is adjusted for this expected increase;
- TSI India's revenue is primarily generated in the form of fee per ATM transaction. This fee varies among the banks and also the location of the ATM machines. The directors have applied a range based on historical averages.
- The transaction volumes per ATM machines have historically ranged from 4,000 to 4,800 on a monthly basis. The DCF valuation model has been based on a reasonable estimate of 4,600 transactions per month. This transaction volume has been adjusted for newly deployed ATMs which would require approximately six months to achieve optimal transaction volumes. The transaction volume for one particular bank with 136 ATMs have been guaranteed at minimum 7,000 transactions per month and the DCF model has been adjusted accordingly;
- The directors have not made any assumptions regarding growth in transaction volumes at ATM sites;
- Operating cost assumptions regarding the fixed costs and director and indirect site expenses have been based on historical expenses of FY2013 and FY2014;
- The capital expenditure on acquisition and installation of 560 new ATMs have been assessed based on the historical costs. Additional capital expenditure for upgrade of the software has been made;
- The terminal value of the ATMs at the end of 5 years are computed based on no growth into perpetuity;

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

5. AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)

Fair value methodology (continued)

- A discount rate of 13.5% has been applied based on the cost of equity. This discount rate has been applied having regard to Indian Government's 10 year bond yield at 8.80%, an equity beta of 0.80 to 1.20 and an equity risk premium ranging from 3.5% to 5.0%.
- The inflation rate has been assumed at 9% based on recent historical economic data from Reserve Bank of India.

Sensitivity of the DCF method

The sensitivity of the DCF method for changes in certain key assumptions are noted below:

- A 10% increase in the ATM transaction volume would increase the investment value by \$12 million and a 10% decrease would reduce the investment value to NIL;
- A 2% decline in inflation rate would increase the investment value by \$1.17 million and a 2% increase in inflation rate would decrease the investment value by \$1.23 million
- A 2% decline in discount rate would increase the investment value by \$0.15 million and a 2% increase in discount rate would decrease the investment value by \$0.11 million.

Reconciliation of movement in 'Level 3' financial instruments

	30 Sep 2014	31 Mar 2014
	\$	\$
Balance at the beginning of the period	5,293,925	-
Acquisition during the year at fair value	-	5,304,138
Movement in fair value of financial instruments	158,999	(10,213)
Other movements during the period	-	-
	5,452,924	5,293,925

Terms of Compulsory convertible debentures (CCD's):

- The CCDs shall convert to -
 - (a) 25,785,488 shares of TSI India upon completion of Tranche 2 investments by CX Partners; or
 - (b) 30,358,826 shares of TSI India if CX Partners does not undertake the investment commitment under Tranche 2 within the 18 months period after Tranche 1 investment.

The terms of CCDs have been drafted such that if event (a) occurs, then TSI Limited shall hold ultimately hold 24.89% of TSI India, and if event (b) occurs, then TSI Limited shall ultimately hold 32.35% of TSI India;

- The CCDs are non-interest bearing;
- The CCDs cannot be transferred outside of the TSI Limited's controlled entities; and
- The terms of the share sale agreement prohibit distribution of dividends or capital return till the time occurrence of event (a) or (b).

The Directors have relied upon the 31 March 2014 independent expert valuation report to assess the carrying value at 30 September 2014. The Directors are of the opinion there has been no material change to the investment in the 6 month period and that all assumptions in the valuation remain valid. The Directors have resolved to leave the carrying value, denominated in Indian Rupee, unchanged. A gain of \$158,999 has been recognised in the AFS Reserve as a result of a change in the exchange rate at the reporting date.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

6. CONTRIBUTED EQUITY

Movement in share capital:

	\$
Balance at 1 April 2013	32,185,790
Balance at 30 September 2013	32,185,790
Balance at 1 April 2014	32,185,790
Balance at 30 September 2014	32,185,790

Movement in equity shares:

	No.
Shares in TSI Limited at 1 April 2013	1,780,063,679
Shares in TSI Limited at 30 September 2013	1,780,063,679
Shares in TSI Limited at 1 April 2014	1,780,063,679
Shares in TSI Limited at 30 September 2014	1,780,063,679

Outstanding options at 30 September 2014:

	No.	Expiry date	Exercise price (cents)
Unlisted employee options	20,000,000	31/10/2014	4.00
Unlisted employee options	10,000,000	31/01/2015	2.00

7. RESERVES

	30 Sep 2014 \$	30 Sep 2013 \$
Foreign currency translation reserve ("FCTR")	(77,006)	(132,927)
Investment revaluation reserve ("IRR")	148,786	(296,894)
Merger reserve	24,828	24,828
Share based payment reserve	383,290	454,440
	479,898	49,447

- FCTR arises on account of the application of various exchange rates for translation of net assets of foreign operation and their equity items.
- IRR reserve arises on account of movement of exchange rates for translation of available for sale financial assets at fair value.
- Merger reserve arises on account of restructuring of the group and transaction with the equity holders. This balance is not available for distribution of dividends.
- Share based payment reserve represents the fair value of the options granted and expensed by 30 September 2014.

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

8. RELATED PARTIES

There were no transactions with related parties during the half-year other than salary payments to the directors and key management personnel.

9. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half-year.

10. SUBSEQUENT EVENTS AFTER BALANCE DATE

There have been no material events to report subsequent to the balance date.

11. CONTINGENCIES

The Group has no contingencies at the balance date.

12. COMMITMENTS

The Group has operating lease commitments in relation to office premises. The existing commitments in relation to non-cancellable operating leases at reporting dates were:

	31 Mar 2014	31 Mar 2013
	\$	\$
Payable within 1 year	68,090	49,504
Between 1 and 5 years	67,277	-
Total	135,367	49,504

13. EXCHANGE RATES

The following exchange rates have been used in the financial report:

	Period ended 30 Sep 2014	Period ended 31 March 2014	Period ended 30 Sep 2013
	\$	\$	\$
Spot rate			
US Dollars (USD)	0.87	0.92	0.93
Indian Rupees (INR)	53.65	55.26	58.42
British Pounds (GBP)	0.54	0.56	0.58
Average rate			
US Dollars (USD)	0.93	0.93	0.95
Indian Rupees (INR)	n/a	55.18	56.16
British Pounds (GBP)	0.55	0.59	0.62

TRANSACTION SOLUTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

14. DISCONTINUED OPERATIONS

Analysis of loss from discontinued operations

	Half-year ended 30 Sep 2013 \$
Revenue from services	3,378,247
Finance income	23,600
Other income	29,481
	3,431,328
Cost of sales	(2,933,304)
Employee benefits expenses	(255,360)
Depreciation and amortisation expenses	(305,901)
Other expenses	(166,909)
Loss on disposal of subsidiary	(65,219)
Accumulated losses on foreign currency translation reserve transferred to profit or loss on disposal of subsidiary	(6,216,074)
Loss before tax	(6,511,439)
Income tax benefit	-
Loss from discontinued operations for the period	(6,511,439)

Independent Auditor's Report to the Members of Transaction Solutions International Limited

We have reviewed the accompanying half-year financial report of Transaction Solutions International Limited, which comprises the condensed statement of financial position as at 30 September 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 16.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Transaction Solutions International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Transaction Solutions International Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Transaction Solutions International Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff

Partner

Chartered Accountants

Perth, 26 November 2014