

OPERATIONS UPDATE

- **TSI India receives second tranche investment of A\$8.35 million for future growth**
- **Indian ATM installed base surpasses 1,800 ATMs**
- **Transaction volumes approaching 80 million per annum**
- **Assessment of strategic opportunities ongoing**

The Directors of Transaction Solutions International Ltd ("TSN") are pleased to provide the following operations update.

A\$8.35 million injected for further growth

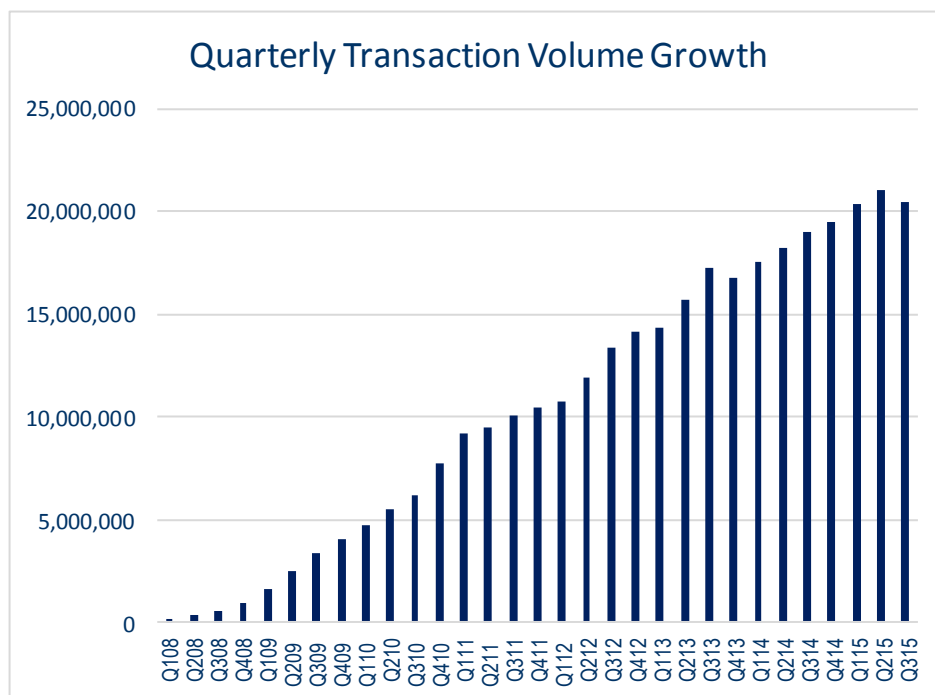
As per the agreement signed in April 2013 between TSN and CX Partners, TSI India ("TSI") has received its second tranche funding of INR400 million or A\$8.35 million (INR 1:A\$ 0.021) from CX Partners. As a result of this additional investment, CX Partners ownership of TSI will increase to 75% and TSN's equity interest is now 25%. This second round commitment reflects the confidence CX Partners has in the future of TSI and the rapidly growing Indian ATM market.

It is intended that the funds received will be used to continue to expand TSI, both organically and through strategic acquisitions as opportunities arise.

Mr. Gary Foster, Managing Director of TSN, stated after recently returning from India that: *"the management team of TSI India is currently assessing a number of interesting growth opportunities that can provide us with good scale. The size of opportunities available seems to be getting larger and it is evident that a number of small to mid-size banks with owned and managed networks between 200 and 1,000 ATMs are looking to either sell the ATM networks or are open to discussing a mutually beneficial arrangement for TSI to manage their networks."*

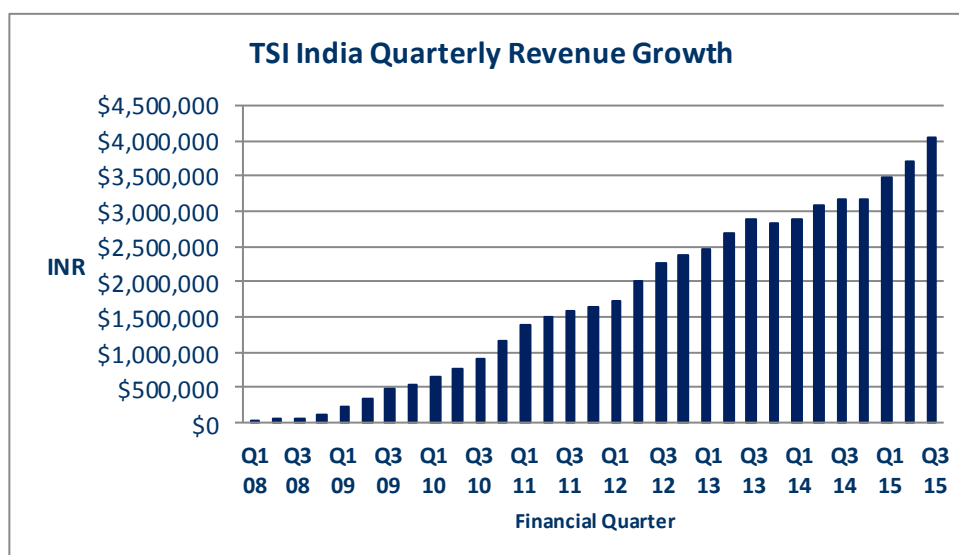
ATM transaction volumes continue upward growth trajectory: 80 million annual transactions in sight

As illustrated by the chart below, transaction volumes have continued to climb during this financial year with in excess of 20 million transactions being processed each quarter. Although there was a small dip in Q3FY15 transaction volumes, this was not specific to TSI's network but reflected seasonal trends across the entire fleet of Indian bank ATM networks. Even with this dip in volume it is anticipated that TSI will achieve approximately 80 million transactions in FY15 based current volumes and growth rate. This will be a significant increase on the approximately 54 million transactions process in FY14.



Strong revenue growth

As illustrated by the chart below, transaction revenues are growing strongly, with FY15Q3 revenues surpassing A\$4 million (INR:AUD 48). Whilst a proportion of the increase in revenues in Q3FY15 was attributable to TSI India funds receiving interest on monies held in each bank for security of ATM contracts, the trajectory of revenue growth continues to trend upward.



Appointment of new TSI CFO

Mr Deepak Verma has been appointed as TSI's CFO. Mr Verma previously had a similar role with India's leading telecommunications provider Bharti Airtel Limited, a \$US20 billion company with operations throughout India and 20 other Asian countries. Mr. Verma has been brought in to assist the management team with implementing the ongoing cost minimisation and profit maximisation measures.

Jan Dhan Yojana regulatory policy

Jan Dhan Yojana is a recent policy initiative of the Indian Government that aims to provide every Indian with a bank account. The scheme is expected to bring a further 700 million people into the Indian banking system. In principle, the Indian government has insisted that many government rebates, pensions and payments can only be received by individuals that hold a bank account.

As at January 2015, following the first implementation of the policy, 125 million new bank accounts have been opened under the scheme. Statistics can be found at "pmjdy.gov.in/account-statistics-country.aspx".

Outlook

With the cost control measures already in place, it is anticipated TSI will achieve a positive gross operating margin for FY15. This is despite an India wide reduction in transaction volumes per ATM, whether networks are bank or third party owned. The general reduction in volumes per ATM has been attributed to an increase in ATM deployments ahead of ATM card issuances. The Jan Dhan Yojana policies are, however, expected to lead to increased growth in transaction volumes in the medium term.

SALT and technology partnerships

Following a comprehensive due diligence investigation of the SALT Technology's m-commerce platform and business model, TSN has decided not to proceed with the proposed partnership at this stage. Managing Director Gary Foster stated that: *"we have reviewed the performance of SALT's new product releases in the US and while there has been some good early transaction growth on new products, we have been unable to identify suitable opportunities for these products in the Indian market at this time. We will continue to review the potential relevance of the SALT platform to the Indian market as it develops."*

In conjunction with its corporate advisors TMT Partners, TSN has also been assessing a number of other opportunities to further leverage management's experience and relationships in the Indian and Asian markets. Discussions are continuing with potential technology partners to offer additional services in the Indian market. Investors will be informed of progress as these partnerships are agreed and implemented.

Gary Foster – Managing Director

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