



TRANSACTION SOLUTIONS INTERNATIONAL

SHAPING SECURE PAYMENTS

ABN 98 057 335 672

2016

ANNUAL FINANCIAL REPORT

Contents

Corporate Directory	3
Letter to Shareholders	4
Review of Operations	6
Directors' Report	7
Remuneration Report (Audited)	10
Directors' Declaration	15
Consolidated statement of profit and loss and other comprehensive income	16
Consolidated statement of financial position	17
Consolidated statement of cash flows	18
Consolidated statement of changes in equity	19
Notes to accounts	20
1. General information	20
2. Significant accounting policies	23
3. Profit and loss items	27
4. Income tax	28
5. Loss per share	29
6. Cash and cash equivalents	29
7. Trade and other receivables	30
8. Available for sale financial assets	30
9. Plant and equipment	32
10. Trade and other payables	32
11. Contributed equity	33
12. Reserves	33
13. Operating segments	34
14. Share based payments	34
15. Financial instruments	35
16. Key management personnel disclosure	38
17. Commitments	38
18. Contingent assets and liabilities	38
19. Events after balance sheet date	39
20. Parent entity information	39
Auditors' Independence Declaration	40
Independent Auditors' Report	41

Corporate Directory

Directors

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

Company Secretary

Phillip MacLeod

Registered and Principal Office

41-47 Colin Street
West Perth, WA 6005

Solicitors

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011

Auditors

Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth, WA 6000

Telephone: 1300 787 272

Facsimile: (61 8) 9323 2033

Contact Details

Telephone: (61 8) 9226 2235

Facsimile: (61 8) 9226 2237

Bankers

Australia and New Zealand Banking
Group Limited

Stock Exchange Listing

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

Letter to Shareholders

Dear Shareholder,

During the last financial year Transaction Solutions International Limited (TSN) continued to work cohesively with both the TSI India management team on an operational front and its investment partners in relation to strategic methodology.

The focus of TSI India's business model during the year has been to seek opportunities to increase its customer base through the continued deployment of ATMs and Bill payment services, as well as seeking opportunities that are synergistic to its current customer base. These being large to medium banks, utility companies and financial institutions in India.

TSN and its subsidiaries hold a 24.89% equity interest in TSI India.

TSN announced on 3 March 2016, that TSI India had entered into a management agreement that increased its ATM network from 2,050 to over 13,000 ATMs under management from an effective date of 1 April 2016. It is expected that growth from the increased network will see TSI India achieve in excess of 500,000,000 transactions this year, but more importantly increase its customer base so as to promote new revenues streams other than ATM transactional revenue.

Further, this agreement brought with it a financial managed services platform, capable of managing 50,000+ ATMs on a pan India scale. In other words, through the technology of the managed services platform, TSI India is free to expand its presence further in India without geographical restriction.

During the year, TSI India also created in-house I.P. and rolled out two new products, (incorporating new technology and creating efficiencies) being its own electronic surveillance offering (remote security monitoring of an offsite asset such as an ATM site) and power management solutions (remote electronic monitoring and control of power to offsite assets such as an ATM site).

This year the Indian government, led by Prime Minister Modi's policy of financial inclusion (bank inclusion for every citizen), has seen government payments made directly to beneficiaries bank accounts. In other words, should you wish to receive a payment entitlement from the government you must have a bank account. The effect of this program has seen a further 250 million new bank accounts opened in India, which is expected to lead to higher usage of electronic transactions such as ATM withdrawals.

Further, in support of the above government initiative, a recent report was released named *Indian Payments 2015 – Approaching critical mass*. In this report it is expected that the number of ATM transactions per day in India is set to rise from 110 transactions as at January 2015 to 150 transactions per day per ATM in January 2019.

It is the belief of both TSN and the team in India, that the Company (TSI India) is well positioned to realise potentially strong and consistent growth. This will be enhanced by focusing on continuous innovation and utilisation of its newly acquired managed services platform to not only increase ATM management services but to effectively offer new products and solutions through this platform.

TSN is well positioned to find synergistic growth opportunities (given its strong relationships) and to develop potential new revenue streams through smart solutions that can be provided to one of the largest consumer demographics.

The Directors would like to thank all staff and contractors for their contribution to the continued development and growth of the Company.



Gary Foster

On behalf of the Board

21st June 2016

Review of Operations

The Company's principal activity during the year was to hold a non-controlling interest in Transaction Solutions International (India) Private Limited (TSI India), a company installing and managing a network of ATMs on behalf of major banks in India.

OPERATING RESULTS

The Company announced on 3 March 2016, that TSI India had entered into a management agreement that increased its ATM network from 2,050 to over 13,000 ATMs under management from an effective date of 1 April 2016. It is expected that growth from the increased network will see TSI India achieve in excess of 500,000,000 transactions this year, but more importantly increase its customer base so as to promote new revenues streams other than ATM transactional revenue.

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During the year, TSI India also created in-house I.P. and rolled out two new products, (incorporating new technology and creating efficiencies) being its own electronic surveillance offering (remote security monitoring of an offsite asset such as an ATM site) and power management solutions (remote electronic monitoring and control of power to offsite assets such as an ATM site).

The Group recorded an after tax loss for the year of \$993,967 (2015: \$808,001). The loss is attributable to costs associated with business development activities and other costs associated with the operation of a publicly listed company in Australia.

At the end of the year the overseas assets of the Group are converted to Australian dollars at the prevailing rates of exchange. For accounting purposes a foreign currency translation reserve credit adjustment of \$4,790 (2015: credit adjustment of \$115,193) was recognised against those assets as a result of movement in those exchange rates during the year.

At the end of the year the Directors reviewed the carrying value of the Groups investment in TSI India. An independent experts report was obtained and the agreed valuation was \$9.75m (refer to Notes to the financial statements - note 8). Any movement over the year was taken to the AFS asset reserve. The movement for the year was credit \$4,105,147 (2015: credit movement of \$350,928).

Other than holding its investment in TSI India during the year the Company has been, and is continuing to look for and review other investment opportunities which may enhance shareholder value.

CORPORATE AND FINANCIAL POSITION

At 31 March 2016, the Group had cash and bank balances of \$1,883,929 and net assets of \$11,557,265.

BUSINESS STRATEGIES AND PROSPECTS

The Company currently has the following business strategies and prospects over the medium term:

- to continue to hold a non-controlling interest in TSI India Private Limited.
- to identify and evaluate new investment opportunities.

Directors' Report

Your directors of Transaction Solutions International Limited ("**TSI Limited**") submit herein the annual financial report of the Company for the financial year ended 31 March 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows.

DIRECTORS

The names of the Company's directors and secretary in office during the year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Paul Boyatzis – Non Executive Chairman

Mr Boyatzis has over 30 years' experience in the commercial, investment and equity markets, and in particular, with emerging growth companies within the financial services and mining sectors.

Mr Boyatzis is a member of the Australian Institute of Company Directors, the Securities and Derivatives Industry Association and Certified Practising Accountants in Australia. He has served as Chairman and Director of a number of public and private companies globally.

During the three year period to the end of the financial year Mr Boyatzis has held a directorship in Nexus Minerals Limited (October 2006 – present), Ventnor Resources Limited (September 2010 – present) and Aruma Resources Limited (January 2010 – present).

Mr Gary Foster – Managing Director

Mr Gary Foster was instrumental in building one of the largest independent electronic transaction companies in Australia. Mr Foster oversees all subsidiaries of the Group and its business units. These include companies in the United Kingdom, Australia and an investment in India.

Mr Foster has been in executive leadership and management roles for three financial and e-transaction payment companies and is co-founder of the Group business.

Mr Foster is a member of the Australian Institute of Company Directors.

During the three year period to the end of the financial year Mr Foster has not held a directorship in any other public listed companies.

Mr Yew Seng Kwa – Non-Executive Director

Mr Yew Seng Kwa has acted as the senior finance executive for public listed companies in Australia and Hong Kong. Mr Yew Seng Kwa has extensive experience of all aspects in financial management, strategic planning, project development and transaction based business operations of multi-national companies.

Mr Yew Seng Kwa has a Bachelor of Commerce and a Master of Administration degree. He is a member of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Mr Yew Seng Kwa has not held any other directorships of publicly listed companies in the last three years.

Mr James Carroll – Non-Executive Director, resigned 31 March 2016

James Carroll has more than 20 years senior commercial experience, including more than 10 years involved in the electronic payments and technology industry. He has held the positions of Chief Financial Officer and joint Chief Executive Officer of publicly listed companies working in international markets and has been responsible for business investment and planning for a number of organisations.

Mr Carroll is a member of the Institute of Chartered Accountants in Australia. He holds a B.Bus and Graduate Diploma (Applied Finance and Investment).

In the last three years he has not held any other directorships of publicly listed companies in Australia.

Mr Phillip MacLeod – Company Secretary

Mr MacLeod has over 25 years commercial experience and has held the position of company secretary with listed public companies since 1995. Mr MacLeod has provided corporate, management and accounting advice to Australian and international public companies involved in the resource, technology, healthcare and property industries.

Mr MacLeod is an associate member of CPA Australia and a member of the Australian Institute of Company Directors.

DIRECTORS' INTEREST

As at the date of this report, the Directors interest in the securities of Transaction Solutions International Limited are as follows:

Director	Director's Interest	
	Shares (Nos.)	Options (Nos.)
Paul Boyatzis	122,482,581	-
Gary Foster	175,658,478	-
Yew Seng Kwa	3,500,000	-

CORPORATE STRUCTURE

TSI Limited is a Company limited by shares that is incorporated and domiciled in Australia. TSI Limited has prepared a consolidated report incorporating Transaction Solutions International Pty Ltd (an Australian registered company) and Transaction Solutions International (Mauritius) Pty Limited (together the "Group"). The Group retains a non-controlling interest in TSI India (refer to Note 8).

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was to hold a non-controlling interest in TSI India, a business network of operating bank automated teller machines and bill payment systems in India.

RESULTS OF OPERATIONS

The operating loss after income tax of the Group for the year was \$993,967 (2015: loss of \$808,001).

The basic and diluted loss per share for the Group for the year was 0.06 cents (2015: loss 0.05 cents).

No dividend has been paid during the year, or is recommended for the year ended 31 March 2016. (2015: Nil)

FINANCIAL POSITION

The net assets of the Group have increased by \$3,688,541 since 31 March 2015 to \$11,557,265. This is largely the result of an operating loss incurred during the year of \$993,967, an increase in share equity of \$468,240, net of issue costs and an increase in the carrying value of the Group's investment of \$4,105,147.

The Group's working capital, being current assets less current liabilities, was \$1,804,882 at 31 March 2016 (2015: \$2,219,068).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year not otherwise dealt with in this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 1 April 2016 an agreement between TSI India, in which the Company holds a 24.89% equity investment, and an IT company based in India came into effect resulting in the number of ATMs under the ownership/management of TSI India increasing from 2,052 to over 13,000.

Under the agreement TSI India will operate from two managed services and support delivery centres providing capacity for the management of up to 50,000 plus ATMs. Additionally, the managed services platform will assist in allowing for growth in e-payment and m-payment services enhancing the customer experience across its network. The managed services platform also allows TSI India to substantially increase its product offerings and expand into the area of fin-tech innovation, such as digital payments, financial inclusion and the remittance markets.

Other than the above no matters or circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations or the state of affairs of the Group in the future financial years.

LIKELY DEVELOPMENTS

The Group will focus on the business strategies and prospects outlined in the Review of Operations section of this report. These activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. If any or all of these activities are or are not successfully completed, the Group's financial prospects may materially change. Therefore the Board is unable to provide any further comment on likely developments or expected results.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

SHARE OPTIONS

30,000,000 options were issued by the Company during the year. The options were issued to employees of TSI India. The options are exercisable at 2 cents per option and have an expiry date of 15 February 2018.

No options were exercised during the year. No options expired during the year.

INDEMNIFICATION OF AUDITORS AND DIRECTORS

Under its Constitution the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors) of the Company against liabilities incurred by the officer in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

No indemnity was implemented in respect of auditors.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under legislation such as section 237 of the Corporations Act of Australia for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Group entity with leave of the court under such legislation.

NON-AUDIT SERVICES

The auditors' of the Group have been engaged to provide certain taxation related services during the year. The details of their remuneration have been presented in note 3 to the financial statements.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 March 2016 has been received and is included in this financial report.

DIRECTORS MEETINGS

The number of meetings attended by each Director of the Company during the year was:

Director	Number of meetings	
	Held	Attended
Paul Boyatzis	5	5
Gary Foster	5	5
Yew Seng Kwa	5	5
James Carroll*	5	4

*resigned 31 March 2016

Remuneration Report (Audited)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Group.

Key Management Personnel

The KMP of the Group during the current year and the prior financial year were:

Name	Role
Mr. Paul Boyatzis	Non-Executive Chairman
Mr. Gary Foster	Managing Director
Mr. Yew Seng Kwa	Non-Executive Director
Mr James Carroll	Non-Executive Director (resigned 31 March 2016)

Except as noted the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the business, the size of the management team, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

- the Group is currently focused on business development and contract implementation activities; and
- risks associated with companies at this stage of development.

Executive Remuneration

The Group's remuneration policy for executives is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Non-Executive Director Remuneration

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and Non-Executive Directors may in limited circumstances receive incentive options in order to secure their services.

Impact of Shareholder Wealth on Key Management Personnel Remuneration

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year. As a result of the Group's development activities, the Board anticipates that it will retain future earnings (if any) and other cash resources for the operation and development of its business. Accordingly the Group does not currently have a policy with respect to the payment of dividends, and as a result the remuneration policy does not take into account the level of dividends or other distributions to shareholders (e.g. return of capital).

Impact of Earnings on Key Management Personnel Remuneration

The Board has focused the Group's efforts on finding and completing new business opportunities. The Board considers that the prospects of the Group and resulting impact on shareholder wealth are largely linked to the success of this approach, rather than by referring to current or prior year earnings. Accordingly, the Board may pay a bonus to directors or executives based on the success in generating suitable new business opportunities. A further bonus may also be paid upon the successful completion of a new business acquisition.

Remuneration of KMPs

Details of the nature and amount of each element of the emoluments of each Director of the Group are as follows:

Year ended 31 March 2016	Short term benefits Salary & fees	Post-employment Benefits	Equity Compensation Benefits	Total	Compensation based on performance
	\$	\$	\$	\$	%
Paul Boyatzis	141,525	-	-	141,525	-
Gary Foster	215,410	20,465	-	235,875	-
Yew Seng Kwa	68,493	6,507	-	75,000	-
James Carroll*	30,000	2,850	-	32,850	-
Total	455,428	29,822	-	485,250	-

*resigned 31 March 2016

Year ended 31 March 2015	Short term benefit Salary & fees	Post-employment Benefits	Equity Compensation Benefits	Total	Compensation based on performance
	\$	\$	\$	\$	%
Paul Boyatzis	153,000	-	-	153,000	-
Gary Foster	233,010	21,990	-	255,000	-
Yew Seng Kwa	91,376	8,624	-	100,000	-
James Carroll	30,000	2,831	-	32,831	-
Total	507,386	33,445	-	540,831	-

Options: Granted and vested during the current year to KMPs

Year ended 31 March 2016	Opening Balance Nos.	Granted as remuneration Nos.	Expired Nos.	On leaving Group	Closing Balance Nos.
Paul Boyatzis	-	-	-	-	-
Gary Foster	-	-	-	-	-
Yew Seng Kwa	-	-	-	-	-
James Carroll*	-	-	-	-	-
Total	-	-	-	-	-

*resigned 31 March 2016

Year ended 31 March 2015	Opening Balance Nos.	Granted as remuneration Nos.	Expired Nos.	On leaving Group	Closing Balance Nos.
Paul Boyatzis	-	-	-	-	-
Gary Foster	-	-	-	-	-
Yew Seng Kwa	10,000,000	-	(10,000,000)	-	-
James Carroll	-	-	-	-	-
Total	10,000,000	-	(10,000,000)	-	-

Share-based compensation arrangement to KMPs

There were no share based payments to KMPs during the year.

Shareholding of KMPs

Year ended 31 March 2016	Balance at 1 April 2015 Nos.	At appointment date Nos.	At resignation/ leaving Group date Nos.	Other Nos.	Balance at 31 March 2016 Nos.
Paul Boyatzis	122,482,581	-	-	-	122,482,581
Gary Foster	175,658,478	-	-	-	175,658,478
Yew Seng Kwa	3,500,000	-	-	-	3,500,000
James Carroll*	-	-	-	-	-
Total	301,641,059	-	-	-	301,641,059

*resigned 31 March 2016

Year ended 31 March 2015	Balance at 1 April 2014 Nos.	At appointment date Nos.	At resignation/ leaving Group date Nos.	Other Nos.	Balance at 31 March 2015 Nos.
Paul Boyatzis	122,482,581	-	-	-	122,482,581
Gary Foster	175,658,478	-	-	-	175,658,478
Yew Seng Kwa	3,500,000	-	-	-	3,500,000
James Carroll	-	-	-	-	-
Total	301,641,059	-	-	-	301,641,059

Service agreements

The KMPs do not have any formal service agreements.

Performance of the Company for the last five years

The performance of the Company and the impact on shareholder wealth are noted below:

	31 Mar 16	31 Mar 15	31 Mar 14	31 Mar 13	31 Mar 12
	\$	\$	\$	\$	\$
Revenue	125,127	290,929	3,646,941	9,467,243	8,614,758
Net profit / (loss) before tax	(993,967)	(808,001)	(7,532,237)	(8,835,418)	(1,418,842)
Net profit / (loss) after tax	(993,967)	(808,001)	(7,532,237)	(8,835,418)	(1,418,842)
	Cents	Cents	Cents	Cents	Cents
Share price at beginning	0.40	0.50	0.60	0.70	3.30
Share price at the end	0.34	0.40	0.50	0.60	0.70
Dividends paid	-	-	-	-	-
Basic earnings per share	(0.06)	(0.05)	(0.42)	(0.50)	(0.09)
Diluted earnings per share	(0.06)	(0.05)	(0.42)	(0.50)	(0.09)

The Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Gary Foster
Perth, 21st June 2016

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) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- (c) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;

The Directors have been given the declarations required by section 295A of the Corporations Act 2001

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors



Gary Foster

Perth, 21st June 2016

Consolidated statement of profit and loss and other comprehensive income

For the year ended 31 March 2016

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
Continuing operations			
Finance income		49,585	44,351
Other income		75,542	246,578
	3	125,127	290,929
Employee benefits expense		(493,408)	(547,684)
Depreciation and amortisation expenses		(2,420)	(4,156)
Share based payments	14	(128,979)	-
Other expenses		(494,287)	(547,090)
Loss before tax	3	(993,967)	(808,001)
Income tax expense	4	-	-
Loss for the year from continuing operations		(993,967)	(808,001)
Other comprehensive income (net of tax) – items that may subsequently be reclassified to profit or loss			
Foreign currency movement in translation of foreign operations		4,790	115,193
Movement in fair value of available for sale assets		4,105,147	350,928
Merger reserve transferred from accumulated losses	12	(24,828)	-
Other comprehensive income		4,085,109	466,121
Total comprehensive income/(loss) for the year attributable to members		3,091,142	(341,880)
Loss per share	5	Cents	Cents
From continuing operations			
Basic loss per share		(0.06)	(0.05)
Diluted loss per share		(0.06)	(0.05)

This statement should be read in conjunction with accompanying notes to the accounts

Consolidated statement of financial position

As at 31 March 2016

	Notes	31 March 2016	31 March 2015
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,883,929	2,120,345
Trade and other receivables	7	41,566	168,211
Other assets		4,584	5,683
TOTAL CURRENT ASSETS		1,930,079	2,294,239
NON-CURRENT ASSETS			
Available for sale financial assets	8	9,750,000	5,644,853
Plant & equipment	9	2,383	4,803
TOTAL NON-CURRENT ASSETS		9,752,383	5,649,656
TOTAL ASSETS		11,682,462	7,943,895
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	125,197	75,171
TOTAL CURRENT LIABILITIES		125,197	75,171
TOTAL LIABILITIES		125,197	75,171
NET ASSETS		11,557,265	7,868,724
EQUITY			
Contributed equity	11	32,654,210	32,185,790
Reserves	12	4,574,841	360,753
Accumulated losses		(25,671,786)	(24,677,819)
TOTAL EQUITY		11,557,265	7,868,724

This statement should be read in conjunction with accompanying notes to the accounts

Consolidated statement of cash flows

For the year ended 31 March 2016

	Notes	Year ended 31 March 2016 \$	Year ended 31 March 2015 \$
Cash flows from operating activities			
Receipts from customers		193,668	161,437
Payments to suppliers and employees		(927,109)	(1,096,590)
Interest received		30,214	45,625
Net cash used in operating activities	6	(703,227)	(889,528)
Cash flows from investing activities			
Acquisition of plant and equipment		-	(2,180)
Net cash used in investing activities		-	(2,180)
Cash flows from financing activities			
Proceeds from the issue of shares		500,000	-
Share issue costs		(31,580)	-
Net cash provided by financing activities		468,420	-
Net decrease in cash held		(234,807)	(891,708)
Cash and cash equivalents at the beginning of the financial year		2,120,345	2,896,860
Effect of exchange rates on cash balances		(1,609)	115,193
Cash and cash equivalents at the end of the financial year	6	1,883,929	2,120,345

This statement should be read in conjunction with accompanying notes to the accounts

Consolidated statement of changes in equity For the year ended 31 March 2016

	Contributed equity	Share based payment reserve	Foreign currency translation reserve	AFS reserve	Merger reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 April 2014	32,185,790	454,440	(119,983)	(10,213)	24,828	(24,324,258)	8,210,604
Net loss for the year	-	-	-	-	-	(808,001)	(808,001)
Other comprehensive income for the year	-	-	115,193	350,928	-	-	466,101
Total comprehensive income for the year	-	-	115,193	350,928	-	(808,001)	341,878
Share based payments	-	(454,440)	-	-	-	454,440	-
Balance at 31 March 2015	32,185,790	-	(4,790)	340,715	24,828	(24,677,819)	7,868,724
Net loss for the year	-	-	-	-	-	(993,967)	(993,967)
Other comprehensive income for the year	-	-	4,790	4,105,147	(24,828)	-	4,085,109
Total comprehensive income for the year	-	-	4,790	4,105,147	(24,828)	(993,967)	3,091,142
Issue of shares	500,000	-	-	-	-	-	500,000
Share issue costs	(31,580)	-	-	-	-	-	(31,580)
Share based payments	-	128,979	-	-	-	-	128,979
Balance at 31 March 2016	32,654,210	128,979	-	4,445,862	-	(25,671,786)	11,557,265

This statement should be read in conjunction with accompanying notes to the accounts

Notes to the financial statements

For the year ended 31 March 2016

1. General information

(a) Corporate information

Transaction Solutions International Limited (the "Company") is a company domiciled in Australia. These consolidated financial statements comprise Transaction Solutions International Limited, a company incorporated in Australia and its subsidiaries including the Company as at and for the year ended 31 March 2016.

The Company's principal activity during the year was to hold a non-controlling interest in TSI India, a company installing and managing a network of ATMs on behalf of major banks in India.

This financial report was approved and was authorised for issue by the Directors on the date of the Directors' declaration.

(b) Components of the Group

The Group financial statements represent the financial position of Transaction Solutions International Limited, and the other entities within the Group at 31 March 2016 and their financial performance, cash flows and changes in equity for the year ended on that date.

The Group comprises of the following entities:

	Incorporation	Extent of control	
		31 Mar 2016	31 Mar 2015
Accounting parent			
Transaction Solutions International Limited ("TSI Limited")	Australia		
Controlled entities			
Transaction Solutions International Pty Ltd	Australia	100%	100%
Transaction Solutions International (Mauritius) Pty Limited	Mauritius	100%	100%

The Group retains a non-controlling 24.89% interest TSI India.

The previous accounting parent, Transaction Solutions International Limited ("TSI UK Ltd") was wound up on 7 April 2015. Consequently, Transaction Solutions International Limited ("TSI Limited") is considered as both accounting and legal parent from that date onwards.

(c) Basis of preparation

The financial statements have been prepared on the basis of historical costs, unless specifically stated otherwise in the notes. Historical costs are based on the fair value of the consideration given or received at the time of the transaction.

The financial statements have been presented in Australian dollars.

(d) Statement of compliance

These financial statements are 'for-profit' general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ('IFRS').

(e) Critical accounting judgements and key sources of estimation and uncertainty

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Fair value measurements - Valuation of Available for Sale investments

The Group has investments in unlisted shares that are not traded in an active market but that are classified as Available for Sale (AFS) financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 8. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses where the losses exceed prior revaluation increments, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Benefit from carried forward tax losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment. (refer Note 4)

(f) New or revised accounting standards or interpretation

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

In the current year, the Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

Standards affecting presentation and disclosure

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles) completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.	The Annual Improvements 2010-2012 has made a number of amendments to various AASBs; those which are applicable to the Group are summarised below: The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014 and does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.
AASB 1031 'Materiality', AASB 2013-9 'Amendments to Accounting Standards – Conceptual Framework, Materiality and Financial	The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards

Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)	and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.
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Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Date issued (sourced from AASB Media Release)	Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Dec 2009/ Dec 2010/ Dec 2014	AASB 9 'Financial Instruments', and the relevant amending standards ²	1 January 2018	31 March 2019
18 Aug 2014	AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 March 2017
23 Dec 2014	AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' and AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15'	1 January 2018	31 March 2019
21 Jan 2015	AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 March 2017
2 Feb 2015	AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 March 2017
2 Feb 2015	AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 March 2017
20 November 2015	AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'	1 January 2016	31 March 2017

	At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.		
Date issued (sourced from IASB Media Release)	Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
13 January 2016	IFRS 16 <i>Leases</i>	1 January 2019	31 March 2020
19 January 2016	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017	31 March 2018
29 January 2016	Disclosure Initiative (Amendments to IAS 7)	1 January 2017	31 March 2018

2. Significant accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Transaction Solutions International Limited and its controlled entities. The Group has control when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and ceases when the Company loses control of the subsidiary. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent has control.

Accounting for subsidiaries in parent financial statements

The investments in subsidiaries are measured at costs less any accumulated impairment.

b) Translation of foreign operations

The functional currencies of the each individual component of the Group are their respective economic currencies.

As at the reporting date the assets and liabilities of foreign operations are translated into the presentation currency at the rate of exchange ruling at the reporting date and the statement of comprehensive income, statement cash flows and statement of changes in equity are translated at the weighted average exchange rates for the year.

The exchange differences arising on the retranslation are recognised in other comprehensive income and accumulated balances are carried forward as a separate component of equity.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is reclassified to profit or loss.

c) Transactions in foreign currencies

In preparing the financial statements of each individual group entity, transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date, and gain or loss in exchange rate movements are recognised in profit or loss.

Non Monetary items

Non monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

d) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

e) Employee benefits

Employee benefits such as salary and wages are measured at the rate at which the Group expects to settle the liability; and recognised during the period over which the employee services are being rendered.

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

f) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses over the period of the lease on a straight line basis.

g) Income tax

Deferred tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

h) Other taxes

Revenues, expenses and assets are recognised net of the amount of indirect taxes except:

- where the taxes incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case those taxes are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of taxes included.

The net amount of taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the indirect tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of indirect taxes recoverable from, or payable to, the taxation authority.

i) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The weighted average number of shares outstanding during the reporting period represents the equity structure of the legal parent, i.e. Transaction Solutions International Limited ("TSI Limited").

j) Financial instruments

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument. The de-recognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

The financial instruments of the group comprise of (i) cash and cash equivalents; (ii) trade and other receivables; (iii) loans and receivable; (iv) available for sale financial assets and (v) trade and other payables.

k) Cash and cash equivalents

Cash comprises cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

l) Trade and other receivables

Receivables are recognised and carried at original costs less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

m) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The assets are depreciated over the following period in the current and prior reporting periods:

	Life
Computer related equipment	2 to 3 years
Office equipment	5 to 7 years
Motor vehicles	4 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

n) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

o) Available for sale financial assets

The investments in equity instruments of other entities (other than subsidiaries) are designated as available-for-sale (AFS) financial assets.

AFS financial assets are initially recognised at their fair value plus their transaction costs. After initial recognition AFS financial assets are measured at fair value with gains or losses including any related foreign currency component, being recognised in other comprehensive income and as a separate component of equity until the asset is derecognised or until the asset is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

p) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Liabilities expected to be settled within the normal trading cycle are carried at cost, and those expected to be settled beyond 12 months are measured at amortised cost.

q) Share based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

r) Issued capital

Issued and paid up capital are recognised at the consideration received by the Group.

Expenses (including the tax effect) incurred directly in relation to the issue of the equity instruments are deducted from equity.

3. Profit and loss items

	Year ended 31 Mar 2016 \$	Year ended 31 Mar 2015 \$
Loss for the year includes:		
Auditors' remuneration		
Paid/payable to parent entity auditor, Deloitte Touche Tohmatsu, Australia		
For audit and review of financial statements	38,019	29,263
For taxation services	6,825	13,875
	<u>44,844</u>	<u>43,138</u>
 Paid/payable to auditors of subsidiary entities		
For audit and review of financial statements	7,818	6,567
For taxation services	4,079	-
	<u>11,897</u>	<u>6,567</u>

4. Income taxes relating to continuing operations

Income tax recognised in profit or loss:

	Year ended 31 Mar 2016 \$	Year ended 31 Mar 2015 \$
Loss for the year from continuing operations	(993,967)	(808,001)
Tax benefit at effective tax rate*	(294,400)	(234,953)
Adjustment for:		
Permanent non-deductible items	977,164	805,609
Deferred tax on carried forward losses	(682,764)	(570,656)
Tax benefit recognised in Statement of profit and loss and other comprehensive income relating to continuing operations	-	-
*The effective corporate tax rate in Australia is 30%. In Mauritius the effective corporate tax rate is 15%.		

Components of deferred tax:

	31 Mar 2016 \$	31 Mar 2015 \$
Deferred tax liability		
Trade and other receivables	2,275	42,813
	2,275	42,813
Deferred tax asset		
Trade and other payables	2,275	20,942
Carried forward tax losses	-	21,871
	2,275	42,813
Net deferred taxes	-	-

Unrecognised deferred taxes:

	31 Mar 2016 \$	31 Mar 2015 \$
On carried forward tax loss	4,250,715	3,956,314

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the Group continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the Company in utilising the benefits.

The directors do not consider that the Group would have sufficient taxable profits in the foreseeable future to recoup the tax losses. Hence no deferred tax asset has been recognised.

5. Loss per share

	Year ended 31 Mar 2016 \$	Year ended 31 Mar 2015 \$
Net loss attributable to equity holders from continuing operations	(993,967)	(808,001)
Net loss attributable to equity holders from continuing and discontinued operations	(993,967)	(808,001)
	No.	No.
Weighted average number of shares for basic and diluted loss per share	1,799,350,082	1,780,063,679
From continuing operations		
Loss per share (cents)	(0.06)	(0.05)

6. Cash and cash equivalents

	31 Mar 2016 \$	31 Mar 2015 \$
Cash and cash equivalent consists of:		
Cash in hand and on demand deposits	1,883,929	2,120,345
	<u>1,883,929</u>	<u>2,120,345</u>
Reconciliation of net loss to operating cash flows:		
Net loss for the year	(993,967)	(808,001)
<i>Adjustments for:</i>		
Depreciation expense	2,420	4,156
Share based payments	128,979	-
Foreign exchange gains	(18,428)	-
<i>Movement in working capital items:</i>		
(Increase) / decrease in trade and other receivables	126,645	(84,405)
(Increase) / decrease in prepayments	1,098	3,034
Increase / (decrease) in trade and other payables	50,026	(4,312)
	<u>(703,227)</u>	<u>(889,528)</u>

7. Trade and other receivables

	31 Mar 2016	31 Mar 2015
	\$	\$
Trade receivable	-	142,646
Allowance for doubtful debts	-	-
Net trade receivable	-	142,646
Security deposits	25,500	25,500
Other receivables	16,066	65
	41,566	168,211
Ageing of trade receivables		
Due up to six months	-	142,646
Due beyond six months	-	-
	-	142,646

8. Available for sale financial assets

	31 Mar 2016	31 Mar 2015
	\$	\$
Shareholding in TSI India	9,750,000	2,544,606
Compulsorily convertible debentures in TSI India converted to a 13.67% shareholding in TSI India*	-	3,100,247
	9,750,000	5,644,853

*During the year the compulsorily convertible debentures in TSI India were converted to a 13.67% shareholding in TSI India. The Group now holds a 24.89% equity interest in TSI India.

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 have obtained an independent expert's valuation report to measure the fair value of the investments at balance date.

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

- Discounted Cash Flows (DCF) method for valuation of the TSI India existing ATM business;
- Discounted Cash Flows method for valuation of the Mphasis contract; and
- Cost approach for measurement of other assets and liabilities (such as financial assets and liabilities at balance date).

The DCF method estimates the fair value of the business by discounting the future cash flows arising from the existing business of TSI India and the Mphasis contract recently entered into by TSI India. The application of DCF method requires significant assumptions to be made regarding the various inputs. The key assumptions of the existing business are:

- The future cash flows for the period of 5 years have been applied;
- At balance date, TSI India's existing ATM networks comprise of 2,052 machines installed for three major Indian banks. Over the forecast period an additional 1,250 ATMs are expected to be installed across all three banks and 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. A range based on historical averages has been applied.
- The transaction volumes per ATM machines have historically ranged from 3,000 to 5,000 on a monthly basis. The DCF valuation model has been based on a reasonable estimate of 4,000 transactions per month.
- Transaction volumes at ATM sites have been assumed to increase 8% year on year over the forecast period;
- Operating cost assumptions regarding the fixed costs and direct and indirect site expenses have been based on historical expenses of FY2015 and FY2016.
- The terminal value of the ATMs at the end of 5 years are computed based on no growth into perpetuity

The key assumptions of the Mphasis contract are;

- 8,123 ATMs are currently active and are expected to remain active in the financial years 2017 to 2021
- ATM revenue is earned on a standard fee per transaction basis, similar to that of the existing ATM business revenue.
- An average 157 transactions per day per ATM has been forecast for the financial year ended 31 March 2017. This is consistent with the assumptions used for the existing ATM business.
- Growth estimate of 8% year on year between financial years 2018 and 2021.
- TSI India will be liable for all operating and maintenance costs associated directly with the operating of the ATMs. Operating costs have been categorised as direct, indirect and other. Site rental and electricity expenses are projected to increase by 5% and 3% annually, respectively. The remaining direct fixed expenses are inflation indexed at 5.18% per annum based on India's inflation rate over the past year.
- There are no capital expenditure costs and no terminal value has been determined for the contract

In addition:

- A discount rate of 15.00% 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 7.47%, an equity beta of 0.93 to 1.07 and an equity risk premium of 7.00%.
- The inflation rate has been assumed at 5.18% based on recent historical economic data from the Reserve Bank of India.

The valuation of the Company's investment in TSI India is predominantly based on prospective financial information. Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of managements actions in implementing the plans on which the forecasts are based. Accordingly actual results may vary materially from the forecast.

Reconciliation of movement in 'Level 3' financial instruments

	31 Mar 2016 \$	31 Mar 2015 \$
Balance at the beginning of the year	5,644,853	5,293,925
Movement in fair value of financial instruments	4,105,147	350,928
	9,750,000	5,644,853

The directors have concluded that, even though the Group (TSN) has a 24.89% equity interest in TSI India, it does not exert significant influence over the operations of the investee. The reasons are stated below:

- Board representation: TSN has one seat on a Board of 7 directors. The decisions of the Board are taken by a majority vote. TSN has no significant ability to influence decision making at Board level.
- Material transactions: Other than a partial reimbursement of costs which expired in June 2015 there have been no material transactions between TSN and the investee.
- Interchange of Managerial personnel: Other than the involvement of Managing Director, Gary Foster on the Board of the investee there has been no interchange of managerial personnel between TSN and the investee.
- Provision of essential technical information: There has been no provision of essential technical information between TSN and the investee

9. Plant and equipment

	31 Mar 2016 \$	31 Mar 2015 \$
Plant and equipment		
At cost	27,344	27,344
Accumulated depreciation	(24,961)	(22,541)
	2,383	4,803
Movement in plant and equipment		
Balance at the beginning of the year	4,803	6,779
Additions during the year	-	2,180
Depreciation for the year	(2,420)	(4,156)
Balance at the end of the year	2,383	4,803

10. Trade and other payables

	31 Mar 2016 \$	31 Mar 2015 \$
Trade payables and accruals	125,197	75,171
	125,197	75,171

The trading terms with the creditors generally provide for 30 days credit.

11. Contributed equity

	31 Mar 2016	31 Mar 2015
	\$	\$
Issued and paid up capital		
1,838,887,208 (2015: 1,780,063,679) ordinary shares	32,654,210	32,185,790
	32,654,210	32,185,790

	Nos.	\$
Movement in ordinary shares		
Opening balance	1,780,063,679	32,185,790
Balance at 31 March 2015	1,780,063,679	32,185,790
Opening balance	1,780,063,679	32,185,790
Issued for cash	58,823,529	500,000
Costs of issue		(31,580)
Balance at 31 March 2016	1,838,887,208	32,654,210

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

12. Reserves

	31 Mar 16	31 Mar 15
	\$	\$
AFS reserve	4,445,862	340,715
Share based payment reserve	128,979	-
Merger reserve	-	24,828
Foreign currency translation reserve	-	(4,790)
	4,574,841	360,753

AFS reserve

The AFS reserve represents the cumulative gains and losses including foreign currency gains or losses, arising on the revaluation of available for sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Share based payment reserve

The share-based payment reserve relates to share options granted by the Company to its employees. Further information about share-based payments to employees is set out in note 14.

Merger reserve

The merger reserve is used to record the accounting gain arising from the reverse acquisition of TSI (UK) Limited made by TSI Limited.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (ie. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

13. 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 segment under AASB 8 as at 31 March 2016 comprise only one segment as follows:

- Segment comprising TSI Limited and TSI (Australia) Pty Ltd to manage the corporate affairs of the group.

There were no inter-segment transactions affecting the segment revenue or the results.

14. Share based payments

The following share based compensation was granted to selected personnel of TSI India during the year.

Name	Granted Nos.	Exercise price	Expiry date	Vesting (from grant date)
Selected personnel of TSI India	30,000,000	2.00 cents	15 February 2018	15 August 2016

The options have been granted to the employees of TSI India as an incentive for the future growth of the Group. The Board does not prescribe policies in relation to employee's management of the risk arising from these options.

An expense of \$128,979 was recognised during the year in relation to these share based payments. These options vest on 15 August 2016. This expense relates to options granted on 17 February 2016 and vest over a period of 6 months from grant date.

	Employee Options expired 15/2/2018
Grant date share price	2.2 cents
Expected volatility	177%
Time to maturity	2 years
Dividend yield	0%
Risk-free interest rate	1.83%

15. Financial Instruments

Board policy on financial instruments

The Group's financial instruments arise directly from its operations and through the fund raising activities. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The financial instruments expose the group to certain risks. The nature and extent of such risks, and the management's risk management strategy are noted below.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Given the nature and size of the business, no formal risk management committees have been established, however responsibility for control and risk management is delegated to the appropriate level of management with the chief executive officer and chief financial officer (or their equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of the operations and financial position of the Group. The Board also reviews risks that relate to operations and financial instruments as required, but at least every six months.

Given the uncertainty as to the timing and amount of cash inflows and outflows, the Group has not implemented any additional strategies to mitigate the financial risks and no hedging has been put in place. As the Group's operations change, the Directors will review this policy periodically going forward.

The Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains.

Capital Management Policy

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. The Group is currently examining new business opportunities where acquisition/working capital requirements of a new project may involve additional funding in some format (which may include debt, where appropriate).

The Board manages the paid up share capital as its capital base. (2016: \$32,654,210; 2015: \$32,185,790)

Fair value of financial instruments

	31 Mar 16	31 Mar 15
	\$	\$
Cash and cash equivalent	1,883,929	2,120,345
Trade and other receivables (1)	41,566	168,211
Available for sale financial assets (<i>Refer note 8</i>)	9,750,000	5,644,853
Total	11,675,495	7,933,409
Trade and other payables (1)	(125,197)	(75,171)
	11,550,298	7,858,238

(1) The fair values closely approximate their carrying amount on account of the short maturity cycle.

Credit risk

The Group's credit risks arise from potential default of trade and other receivables. The maximum credit exposure is limited to the carrying amount of trade and other receivables of \$41,566 (2015: \$168,211) at reporting dates.

	31 Mar 15	31 Mar 14
	\$	\$
Ageing analysis of trade and other receivables:		
Recoverable within 3 months	41,566	168,211
Recoverable after 3 months	-	-
Bad and doubtful debts	-	-
Total	41,566	168,211

Trade and other receivables comprise receivables from a bank and the Australian Taxation Office. The Board monitors the recoverability through an aged receivable schedules and inputs from the management team.

There are no significant concentrations of credit risks.

Liquidity risk

The Group's liquidity risks arise from potential inability of the group to meet its financial obligations as and when they fall due, generally due to shortage of cleared funds. The Group is exposed to liquidity risk on account of trade and other payables. The Group manages its liquidity risk through continuously monitoring the cleared funds position; and by utilising short term cash budgets.

The contractual maturity analysis of the Group's financial liabilities is as follows:

	< 3 months	> 3 months	Total
	\$	\$	\$
31 March 2016			
Trade and other payables	125,197	-	125,197
	125,197	-	125,197
31 March 2015			
Trade and other payables	75,171	-	75,171
	75,171	-	75,171

Interest rate risk

Interest rate risk is the risk that fair values and cash flows of the Group's financial instruments will be affected by changes in the market interest rates.

The Group's cash and cash equivalents are impacted by interest rate risks. Other receivables and payables have short maturities and are non-interest bearing. Management believes that the risk of interest rate movement would not have a material impact of the Group's operations.

Management periodically reviews the interest rates offered on cash and cash equivalents. The Group's primary objective is on developing the core business rather than earning interest income. The cash balances are invested at the prevailing short term market interest rates with credit worthy financial institutions.

The sensitivity of the interest bearing financial instruments to a 1% change in market interest rate is:

	31 Mar 16	31 Mar 15
	\$	\$
Cash and cash equivalents	1,883,929	2,120,345
	1,883,929	2,120,345
Impact on profit and equity +1% movement	18,839	21,203
Impact on profit and equity -1% movement	(18,839)	(21,203)

Foreign currency risk

The Group has exposure to Indian Rupees on account of the geographical location of the investment.

	31 Mar 16	31 Mar 15
	\$	\$
Indian rupee denominated financial instruments		
Available for sale financial assets	9,750,000	5,644,853
	9,750,000	5,644,853
US dollar denominated financial instruments		
Cash and cash equivalents	646,827	672,334
Trade and other receivables	-	121,711
Trade and other payables	(25,164)	(10,830)
	621,663	783,215

The Board does not currently engage in hedging these foreign currency risks.

The sensitivity of the foreign currency denominated financial instruments to a 10% change in market exchange rate are:

	31 Mar 16	31 Mar 15
Impact on profit or loss	\$	\$
Appreciation of A\$ by 10%		
Indian rupees	975,000	564,485
US dollars	62,166	78,321
	1,037,166	642,806
Depreciation of A\$ by 10%		
Indian Rupees	(975,000)	(564,485)
US dollars	(62,166)	(78,321)
	(1,037,166)	(642,806)

16. Key Management Personnel Disclosure

Key Management Personnel

The KMP of the Group during the current year and prior financial year were:

Name	Role
Mr. Paul Boyatzis	Non-executive Chairman
Mr. Gary Foster	Managing Director
Mr. Yew Seng Kwa	Non-executive Director
Mr James Carroll	Non-executive Director (resigned 31 March 2016)

All KMP of the Group were in office for the entire year unless stated otherwise.

The aggregate compensation made to directors and other members of key management personnel of the company and the Group is set out below:

	31 Mar 16	31 Mar 15
	\$	\$
Short-term employee benefits	455,428	507,201
Post-employment benefits	29,820	33,630
	485,250	540,831

Loans to Key Management Personnel

There were no loans made to KMPs during the year (2015: Nil)

Other balances and transactions with Key Management Personnel

The Group did not engage in any other transactions with the KMPs, other than in their capacity as shareholders of the Group.

17. Commitments

Capital commitments:

At 31 March 2016, the Group had no capital commitments.

Operating lease 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 2016	31 Mar 2015
	\$	\$
Payable within 1 year	73,633	65,106
Between 1 and 5 years	-	-
Beyond 5 years	-	-
Total	73,633	65,106

18. Contingent assets and liabilities

At 31 March 2016 there are no contingent assets or liabilities within the Group.

19. Events after balance sheet date

On 1 April 2016 an agreement between TSI India, in which the Company holds a 24.89% equity investment, and an IT company based in India came into effect resulting in the number of ATMs under the ownership/management of TSI India increasing from 2,052 to over 13,000.

Under the agreement TSI India will operate from two managed services and support delivery centres providing capacity for the management of up to 50,000 plus ATMs. Additionally, the managed services platform will assist in allowing for growth in e-payment and m-payment services enhancing the customer experience across its network. The managed services platform also allows TSI India to substantially increase its product offerings and expand into the area of fin-tech innovation, such as digital payments, financial inclusion and the remittance markets.

Other than the above no matters or circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations or the state of affairs of the Group in the future financial years.

20. Parent entity information

The following details information related to the parent entity, TSI Limited at 31 March 2016. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	31 Mar 16	31 Mar 15
	\$	\$
Financial Position		
Assets		
Current assets	1,281,620	1,619,173
Non-current assets	4,397,521	6,313,974
Total assets	5,679,141	7,933,147
Liabilities		
Current liabilities	255,580	64,423
Total liabilities	255,580	64,423
Net assets	5,423,561	7,868,724
Equity		
Contributed equity	32,654,210	32,185,790
Reserves	2,133,100	158,194
Accumulated losses	(29,363,749)	(24,475,258)
Total equity	5,423,561	7,868,724
Financial Performance		
Loss for the year	(4,888,490)	(770,132)
Other comprehensive income	1,974,907	(296,248)
Total comprehensive income for the year	(2,913,583)	(1,066,380)

No guarantees have been entered into by TSI Limited in relation to the debts of its subsidiaries.

TSI Limited had no commitments to purchase property, plant and equipment or contingent liabilities at year end.

The previous accounting parent, Transaction Solutions International Limited ("TSI UK Ltd") was wound up on 7 April 2015. Consequently, Transaction Solutions International Limited ("TSI Limited") is considered as both accounting and legal parent from that date onwards. Refer note 1b for further details.

21 June 2016

The Board of Directors
Transaction Solutions International Limited
41-47 Colin Street
West Perth, WA 6005

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.

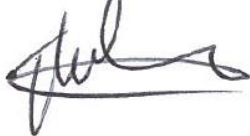
As lead audit partner for the audit of the financial statements of Transaction Solutions International Limited for the financial year ended 31 March 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



John Sibenaler
Partner
Chartered Accountants

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

Report on the Financial Report

We have audited the accompanying financial report of Transaction Solutions International Limited, which comprises the consolidated statement of financial position as at 31 March 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Transaction Solutions International Limited and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 15 to 39.

Directors' Responsibility for the Financial Report

The directors of Transaction Solutions International Limited are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

- (a) the financial report of Transaction Solutions International Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

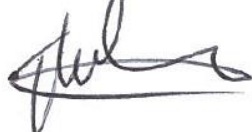
We have audited the Remuneration Report included in page 10 to 13 of the directors' report for the year ended 31 March 2016. The directors of Transaction Solutions International Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Transaction Solutions International Limited for the year ended 31 March 2016, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



John Sibenaler
Partner
Chartered Accountants
Perth, 21 June 2016