

ASX ANNOUNCEMENT – 21 October 2013

Sale of Self Managed Superannuation Fund Administration Business

On 17 September 2013, the Board of Tranzact Financial Services Limited (TFS) announced the outcome of a strategic review of the group's businesses. The outcome included a decision to sell the Partnership for Growth initiative due to the lack of synergies and to close the Investor Directed Portfolio Service (IDPS) due to its lack of scale.

As noted in the 2013 TFS Annual Report, the Self Managed Superannuation Fund (SMSF) administration business has suffered a significant decline in the number of client funds due to competitive pressures. Whilst the profitability of the business had improved following last year's cost restructure, the reduced scale of the business has impacted its ability to sustain a satisfactory level of profitability. In the Annual Report, the Board indicated it was considering all options for the future success of this business.

After an extensive assessment of a number of alternatives, the Board has resolved to sell the SMSF administration business to a well established provider in the sector – Super IQ. The Board believes this represents the best outcome for shareholders and for the continuity of service for the client funds. Regrettably, this sale will result in a number of staff redundancies due to a change in the location of the administration of the business.

The proceeds of the sale of approximately \$1.35 million compares with the written down carrying value of \$2.15 million as at 30 June 2013. Consequently, the sale will result in a non-recurring write off of \$800,000 in the current 2014 financial year. Additional costs are expected relating to redundancies and other costs of exiting the business, but which have not been fully quantified at this stage. The significant loss of funds in recent months was a major factor in the sale proceeds being lower than the directors' valuation of the business reflected in the Annual Report.

TFS's strategic focus, as outlined in the strategic review, is in the provision of services to the superannuation market. Specifically, this relates to the significant opportunity to grow the scale of the Smartsave Master Fund product which has recently been successfully restructured and has been granted a MySuper licence.

For further information please contact:

Mr. Allan Yeo
Managing Director
Tranzact Financial Services Limited
(02) 9236 5600 or (0409) 923 010