TSI

TRANSACTION SOLUTIONS INTERNATIONAL

SHAPING SECURE PAYMENTS

ABN 98 057 335 672

2013

ANNUAL REPORT

Table of Contents

Corporate Directory

Directors

Paul Boyatzis	Chairman
Gary Foster	Managing Director
Yew Seng Kwa	Executive Director
Simon Cato	Non-Executive Director
James Carroll	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
Woodside Plaza
240 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, WA 6000

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Contact Details

Telephone: (61 8) 6500 0225

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Bankers

Australia and New Zealand Banking Group Limited

Stock Exchange Listing

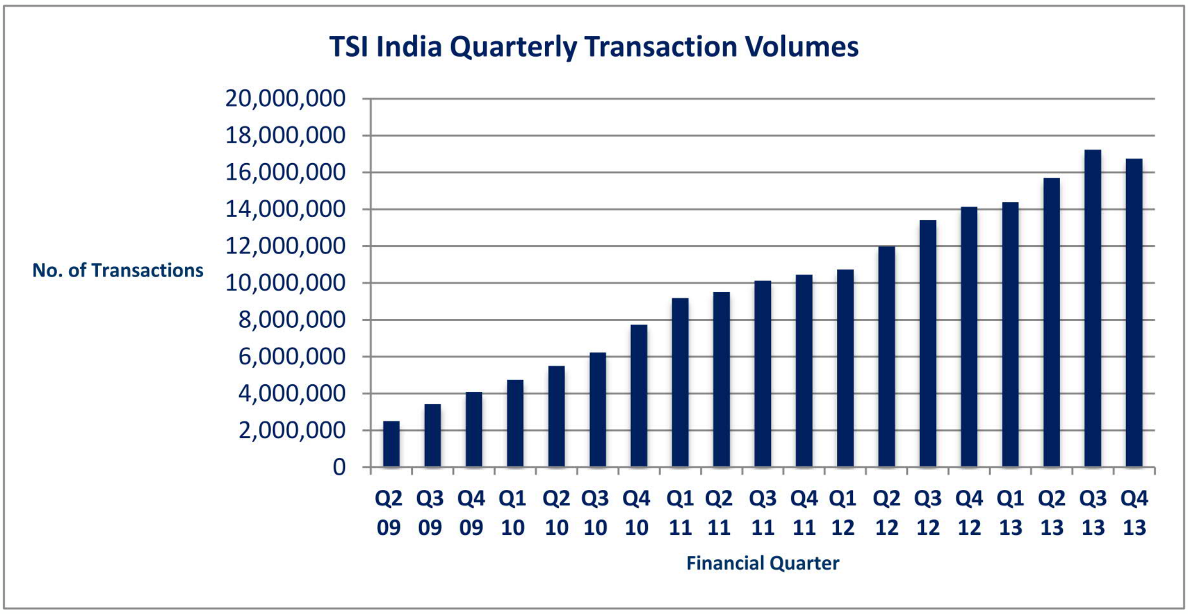
ASX Limited
Home Exchange: Perth, Western Australia
Code: TSN

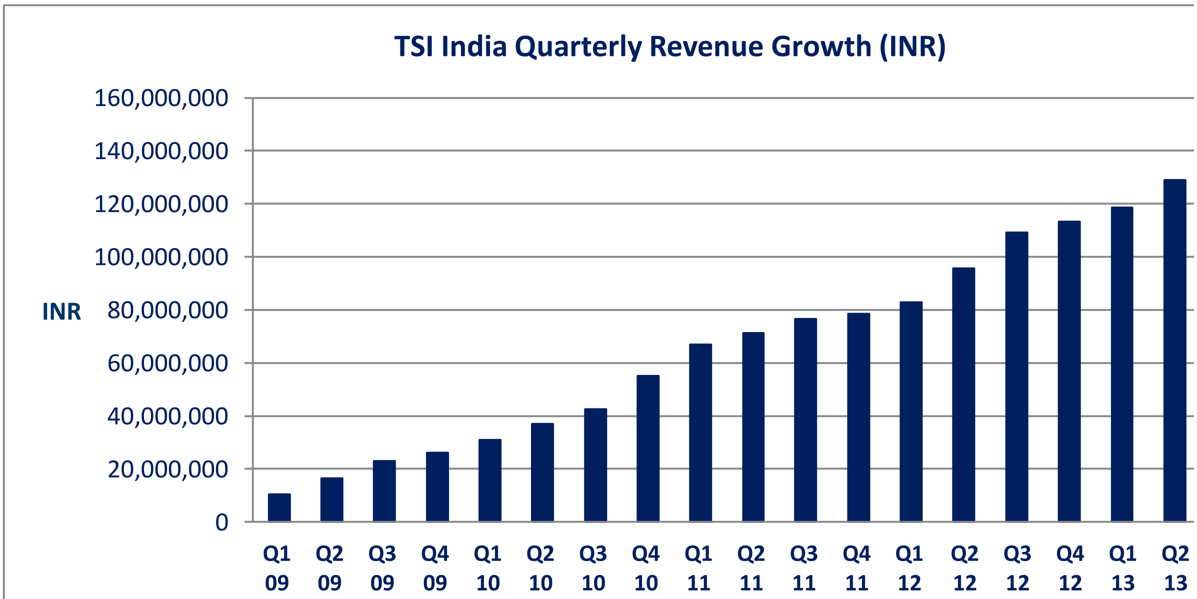
Letter to Shareholders

Dear Shareholder,

During the last financial year Transaction Solutions International Limited ("TSI") continued to successfully build its core business in India ("TSI India"). TSI India's business model is based on the provision and management of automated teller machines and bill payment systems to major Indian banks and utility companies. TSI India receives a revenue stream from those banks and utilities based on a recurring revenue model.

Notwithstanding a delicate financial world environment, TSI India's growth continued, as is indicated from the charts below. Transaction volumes increased by 22% over the previous year, with revenues increasing by a greater proportion at 30% due to increases in average transaction fees across the TSI India business. The number of ATMs installed and operating at 31 March 2013 was 1072, up from 830 ATMs installed as at 31 March 2012.





TSI India's strong revenue growth has continued, however external factors such as a tightening Indian monetary policy intended to address persistent inflation, and global investor pessimism for investment, has impacted the Indian economy. For example, in 2010 GDP growth rate was estimated at 10.1% versus 5.4% in 2012. As a result of these economic impacts, we have seen an increase in specific operating costs and therefore current pressure on margins. Management has been proactive in addressing these areas by working with banks to review costs whilst also seeking an increase in fees. However in the short term these high inflationary pressures and uncertain times will continue to challenge all ATM contractors and certain contracts.

In keeping with their policy of "banking for the masses", the Reserve Bank of India through the Finance Ministry played a greater role in the ATM market by issuing ATM tenders on behalf of all Public Sector Banks. However, this move was not generally supported by the banks themselves and TSI India did not participate due to the contracts onerous conditions and high risk profiles. As a result, winners of these tenders have deployed approximately 5,000 ATMs of the 40,000 ATM's contracted and deployment has now all but ceased due to the model failing and deployers losing money on these tender deals. The tenders have now been scrapped and no further deployment under this model is expected.

In August 2012 TSI India secured an $18 million funding facility which remains available to us for growth. Whilst utilising a portion of this drawdown due to market conditions we have taken a cautionary approach to increasing our debt levels. However, the facility remains available to us as and when conditions become more transparent which positions TSI India advantageously.

In August 2012 the TSI India secured its 3rd consecutive ATM agreement with Tamilnad Mercantile Bank ("TMB") for 100 ATMs remaining as preferred supplier and reflecting the strong ongoing relationship formed through sound execution and professional delivery.

In the early part of the year as TSI India approached its target of having 1,000 ATMs in India, with no debt the Board agreed to pursue an Indian partner to assist in fuelling growth. In October 2012 TSI India signed a term sheet with CX Partners, a $US515 milli on Indian based private equity firm. CX Partners are well-known and respected in the Indian business community. There are strong synergies between the two companies. The CX Partners management team are ex-bankers and their investments include banks and financial institutions.

In December 2012, the TSI India signed a binding agreement with CX Partners, subject to shareholder approval. Whilst there was no requirement to put this opportunity to shareholders, the Board took a prudent approach to the decision and provided shareholders due consideration for this deal. Whilst this process has taken significant management time and focus the opportunity in India remains significant and aligning with a group who has access to cash and Indian banking contacts will assist the company's growth.

In March 2013, TSI India secured a further 400 ATM deal with TMB, which reflects a potential network increase of 35% to the TSI India's overall ATM network.

During the coming year the TSI India anticipates accelerated growth due to the relationship with CX Partners and the opportunities this brings both from a capital availability and sector relationship perspective. CX Partners having recognised the potential within the sector are committed to strategically assisting the existing management team grow the business.

Additionally, TSN management, whilst continuing to focus on building value within TSI India also intends to review opportunities primarily aligned to its current business and as such have initiated discussions with parties familiar to the financial services sector. Whilst opportunities are currently only prospective in nature, there are a number of potential synergies open for review which reside both in India and Australia. The Board looks forward to keeping shareholders informed of appropriate opportunities.

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

Paul Boyatzis

Chairman

28 June 2013, Perth

Review of Operations

The Company's principal activity during the year was to continue its business of building recurring revenue through the deployment of ATMs on behalf of major banks in India. In addition the Group has contracts to service the financial payments sector through automation of bill payment processes in a market that is migrating from paper based to electronic transactions.

OPERATING RESULTS

The Group recorded an after tax loss for the year of $8,835,418 (2012: $1,418,842). Total loss from discontinued operations for the year amounted to $7,552,639 (2012: loss of $310,564) which included a loss on impairment of property, plant and equipment of $6,597,782. The balance of 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 adjustment of $866,640 (2012: $2,113,242) was recognised against those assets as a result of movement in those exchange rates during the year.

TSI India is an independent owner and operator of Bank ATM's in India, having established an enviable working relationship and reputation with its clients who are predominantly major top tier banks.

The Group's continued growth and success to date is in part due to its provision of end to end solutions to major banks and corporates in India. TSI owns, manages and operates its automated teller machines and payment machines in return for a fee per transaction. It is the opinion of the Directors that this recurring revenue model assists TSI in producing a business model that is highly scalable.

TSI India has agreements with a large number of national companies including major banks, utilities and corporates. It is these corporations (not consumers) who form TSI India's customer base, and from whom TSI India receives its revenues.

On 21 May 2013 shareholders of the Company approved to divest a majority interest in its subsidiary, TSI India through sale of parent entity's shares and also issue of new shares by TSI India. Under the terms of the transaction the new investors have agreed to invest a total amount of Rs 1,217 million (approx. AUD$21 million) in TSI India. The investment is to be made in two tranches.

Under the Tranche 1 investment, the investors must invest Rs 805 million within 30 days after satisfaction of various conditions precedent and the issue of a first closing notice by the investors. The conditions precedent were to have been satisfied or waived within 60 days of execution of the sale agreement executed on 10 April 2013, unless extended by agreement between the parties. As all of the conditions precedent have yet to be satisfied the parties have agreed to extend the date for this to occur by a further 30 days.

Under the Tranche 2 investment, the investors must subscribe for further shares in TSI India for Rs 412 million. This investment must be made within 18 months of the Tranche 1 investment at the option of the investors or upon the arising of a future funding requirement of TSI India as determined by its Board. The obligation of the investors to subscribe for the additional shares is also subject to various conditions precedent.

Upon completion of the investment, the investors will hold a 75.11% interest in TSI India and the Company will retain the balance of 24.89%.

CORPORATE AND FINANCIAL POSITION

At 31 March 2013, the Group had cash and bank balances of $3,758,306 and net assets of $9,205,918.

BUSINESS STRATEGIES AND PROSPECTS

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

- continuing to hold a minority interest in TSI India Private Limited.
- 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 2013. 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 25 years' experience in the investment and equity markets, particularly with emerging growth companies within the Mining and Industrial sectors.

Mr Boyatzis is a member of the Australian Institute of Company Directors, the Securities and Derivatives Industry Association and Certified Practicing 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 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 current 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 – 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 Simon Cato – Non Executive Director

Mr Cato has had over 25 years of capital markets experience in broking, regulatory roles and as a director of listed companies. Initially, he was employed by the ASX in Sydney and in Perth. Over the last 20 years he has been an executive director and/or responsible executive of three stockbroking firms and in those roles he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker he has also been involved in the underwriting of a number of IPO listings in the dual role of broker and director.

Mr Cato holds a BA (USYD).

During the three year period to the end of the financial year Mr Cato has held directorships in the following public companies:

Advanced Share Registry Services Limited (since 22 August 2007), Greenland Minerals and Energy Limited (since 21 February 2006), Queste Communications Limited (from 6 February 2008 to 3 April 2013), Bentley Capital Limited (from 5 February 2004 to 29 April 2010) and Convergent Minerals Limited (from 25 July 2006 to 19 December 2011).

Mr James Carroll – Non-Executive Director (appointed 1 June 2012)

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 and also a Fellow of the Financial Services Institute of Australasia. 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 20 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 a member of CPA Australia, the Australian Institute of Company Directors and an affiliate of Chartered Secretaries Australia.

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	Options
Paul Boyatzis	122,482,581	-
Gary Foster	175,658,478	-
Yew Seng Kwa	3,500,000	10,000,000
Simon Cato	1,750,000	2,000,000
James Carroll	-	-

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 an entity that was acquired under a reverse takeover, Transaction Solutions International Limited (a UK registered company), Transaction Solutions International (India) Pvt Ltd ("TSI India" - an Indian registered company) and Transaction Solutions International Pty Ltd (an Australian registered company) (together the "Group").

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were to develop and grow the business 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 $8,835,418 (2012: loss of $1,418,842). Loss for the year from continuing operations was $1,282,779 (2012: loss of $1,108,278).

The basic and diluted loss per share for the Group for the year was 0.50 cents (2012: loss 0.09 cents). The basic and diluted loss per share from continuing operations was 0.07 cents (2012: loss 0.06 cents).

No dividend has been paid during the year, or is recommended for the year ended 31 March 2013.

FINANCIAL POSITION

The net assets of the Group have decreased by $9,640,036 since 31 March 2012 to $9,205,918. This is largely the result of a loss on impairment of property, plant and equipment of $6,597,782 and operating losses incurred by the Group during the year.

The Group's working capital, being current assets less current liabilities, was $9,195,811 at 31 March 2013 (2012: $7,727,317).

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 3 December 2012, the Company announced that a letter of intent has been signed with CX Partners (a private equity firm in India) to dispose of its majority stake in TSI India. Subsequently, on 21 May 2013 shareholders of the Company approved to divest a majority interest in its subsidiary, TSI India to CX Partners through its subsidiary, Urania Private Limited and the AAJV Investment Trust ("the investors"). Under the terms of the transaction the new investors have agreed to invest a total amount of Rs 1,217 million (approx. AUD$21 million) in TSI India. The investment is to be made in two tranches.

Under the Tranche 1 investment, the investors must invest Rs 805 million within 30 days after satisfaction of various conditions precedent and the issue of a first closing notice by the investors. The conditions precedent were to have been satisfied or waived within 60 days of execution of the sale agreement executed on 10 April 2013, unless extended by agreement between the parties. As all of the conditions precedent have yet to be satisfied the parties have agreed to extend the date for this to occur by a further 30 days.

Under the Tranche 2 investment, the investors must subscribe for further shares in TSI India for Rs 412 million. This investment must be made within 18 months of the Tranche 1 investment at the option of the investors or upon the arising of a future funding requirement of TSI India as determined by its Board. The obligation of the investors to subscribe for the additional shares is also subject to various conditions precedent.

Upon completion of the investment, the investors will hold a 75.11% interest in TSI India and the Company will retain the balance of 24.89%.

In the event that the investors fail to pay the Tranche 2 investment amount when required to do so under the Agreement the investors will hold a 67.65% interest in TSI India and the Company will retain the balance of 32.35%

LIKELY DEVELOPMENTS

The Group will focus on the business strategies and prospects outlined in the Review of Operations section of this report. All of 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 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

No options were issued by the Company during the year.

No options were exercised during the year. 5,087,500 options expired during the year.

The following unissued shares or interest under options existed at the date of this report:

Class of instrument	Number	Expiry date	Exercise price (cents)
Director options	12,000,000	14/08/2014	2.10
Employee options	20,000,000	31/10/2014	4.00
Employee options	6,000,000	23/02/2015	4.00
Employee options	10,000,000	31/01/2015	2.00

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 4 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 2013 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	3	3
Gary Foster	3	3
Yew Seng Kwa	3	3
Simon Cato	3	3
James Carroll	2	2

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	Executive Director
Mr. Simon Cato	Non-Executive Director
Mr James Carroll	Non-Executive Director (appointed 1 June 2012)
Mr Phillip MacLeod	Company Secretary

Senior managers

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

Name	Role
Mr. Mohnish Kumar	CEO, TSI India
Mr. Hemant Sood	COO, TSI India

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;
- risks associated with companies at this stage of development; and
- the Group has only recently achieved cashflow positive levels of sales from business operations

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.

Performance Based Remuneration – Short Term Incentive

Executives may be entitled to an annual cash bonus upon achieving various key performance indicators ("KPI's"), as set by the Board. The Board has now focused its efforts on developing and growing the Group's business. The Board considers that the prospects of the Company and resulting impact on shareholder wealth are primarily linked to the performance of this business.

Accordingly, the Board may pay a bonus to executive KMP's based on the performance of the Group business. No bonus was paid during the current financial year.

Performance Based Remuneration – Long Term Incentive

The Board has a policy of granting incentive options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

Other than service-based vesting conditions, there are no additional performance criteria on the incentive options granted to executives, as given the speculative nature of the Group's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Group are closely related.

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 le vels 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 and senior managers

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

Year ended 31 March 2013	Short term benefits Salary & fees	Post-employment Benefits	Equity Compensation Benefits*	Total	Compensation based on performance
	$	$	$	$	%
Paul Boyatzis	180,000	-	-	180,000	-
Gary Foster	275,229	24,771	-	300,000	-
Yew Seng Kwa	183,486	16,514	-	200,000	-
Simon Cato	30,000	2,700	-	32,700	-
James Carroll (1)	25,000	2,250	-	27,250	-
Phillip MacLeod	36,000	-	-	36,000	-
Mohnish Kumar	196,782	-	44,056	240,838	18.30
Hemant Sood	125,713	-	17,966	143,679	12.51
Total	**1,052,210**	**46,235**	**62,022**	**1,160,467**	**5.34**

(1) appointed 1 June 2012

Equity compensation benefits of $62,022 relate to options granted 2011 and vesting over a period of 18 months and 36 months from grant date.

Year ended 31 March 2012	Short term benefit Salary & fees	Post-employment Benefits	Equity Compensation Benefits	Total	Compensation based on performance
	$	$	$	$	%
Paul Boyatzis	180,000	-	-	180,000	-
Gary Foster	275,229	24,771	-	300,000	-
Yew Seng Kwa	183,486	16,514	59,292	259,292	22.87
Simon Cato	30,000	2,700	11,858	44,558	26.61
Phillip MacLeod	36,000	-	-	36,000	-
Mohnish Kumar	200,900	-	120,537	321,437	37.50
Hemant Sood	131,946	-	29,400	161,346	18.22
Total	**1,037,561**	**43,985**	**221,087**	**1,302,633**	**16.97**

Equity compensation benefits of $110,240 relate to options granted and vested in 2012. The balance of $110,847 is for options granted in 2011 and vesting over a period of 18 months and 36 months from grant date.

Options: Granted and vested during the current year to KMPs and senior managers

Year ended 31 March 2013	Opening Balance	Granted as remuneration	Expired	Closing Balance
	Nos.	Nos.	Nos.	Nos.
Paul Boyatzis	-	-	-	-
Gary Foster	-	-	-	-
Yew Seng Kwa	15,087,500	-	(5,087,500)	10,000,000
Simon Cato	2,000,000	-	-	2,000,000
James Carroll (1)	-	-	-	-
Phillip MacLeod	-	-	-	-
Mohnish Kumar	30,000,000	-	-	30,000,000
Hemant Sood	6,000,000	-	-	6,000,000
Total	**53,087,500**	**-**	**(5,087,500)**	**48,000,000**

(1) appointed 1 June 2012

Year ended 31 March 2012	Opening Balance Nos.	Granted as remuneration Nos.	Other changes Nos.	Closing Balance Nos.
Paul Boyatzis	-	-	-	-
Gary Foster	-	-	-	-
Yew Seng Kwa	10,175,000	10,000,000	(5,087,500)	15,087,500
Simon Cato	-	2,000,000	-	2,000,000
Phillip MacLeod	-	-	-	-
Mohnish Kumar	20,000,000	10,000,000	-	30,000,000
Hemant Sood	6,000,000	-	-	6,000,000
Total	**36,175,000**	**22,000,000**	**(5,087,500)**	**53,087,500**

Share-based compensation arrangement to KMPs and senior managers

The following share based compensation were granted to the KMP's in the 2011 financial period and continued to exist during the 2013 financial year:

Name	Granted Nos.	Exercise price	Expiry date	Vesting (from grant date)
Mohnish Kumar Granted 01 Nov 2010	20,000,000	4.00 cents	31 Oct 2014	5,000,000 Immediate 5,000,000 in 18 months 10,000,000 in 36 months
Hemant Sood Granted 23 Feb 2011	6,000,000	4.00 cents	23 Feb 2015	2,000,000 Immediate 2,000,000 in 18 months 2,000,000 in 36 months

The options have been granted to the KMP and senior manager at the discretion of the Board in recognition of their past services and 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 $62,022 (2012: $221,087) has been recognised in relation to these share based payments. This expense relates to options granted in 2011 and vesting over a period of 18 months and 36 months from grant date.

The following inputs have been used in computation of the fair value at each grant dates:

	Employee Options expiring 14/08/14	Employee Options expiring 31/10/14	Employee Options expiring 31/01/15	Employee Options expiring 23/02/15
Grant date share price	1.50 cents	3.50 cents	0.90 cents	3.80 cents
Expected volatility	71%	42%	94%	43%
Time to maturity	2.92 years	4.00 years	3.00 years	4.00 years
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	3.79%	4.99%	3.14%	5.30%

Shareholding of KMPs and senior managers

Year ended 31 March 2013	Balance at 1 April 2012 Nos.	At appointment date Nos.	At resignation date Nos.	Purchases in the market Nos.	Balance at 31 March 2013 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
Simon Cato	1,750,000	-	-		1,750,000
James Carroll (1)	-	-	-	-	-
Phillip MacLeod	250,000	-	-	-	250,000
Mohnish Kumar	5,570,000	-	-	-	5,570,000
Hemant Sood	2,035,000	-	-	-	2,035,000
Total	**311,246,059**	**-**	**-**		**311,246,059**

(1) appointed 1 June 2012

Year ended 31 March 2012	Balance at 1 April 2011 Nos.	At appointment date Nos.	At resignation date Nos.	Purchases in the market Nos.	Balance at 31 March 2012 Nos.
Paul Boyatzis	122,482,581	-	-	-	122,482,581
Gary Foster	175,490,145	-	-	168,333	175,658,478
Yew Seng Kwa	3,500,000	-	-	-	3,500,000
Simon Cato	1,250,000	-	-	500,000	1,750,000
Phillip MacLeod	250,000	-	-	-	250,000
Mohnish Kumar	5,570,000	-	-	-	5,570,000
Hemant Sood	2,035,000	-	-	-	2,035,000
Total	**310,577,726**	**-**	**-**	**668,333**	**311,246,059**

Service agreements

The details of the service agreements between the Group and the KMP and senior managers are as follows:

Paul Boyatzis

- Term of agreement –fixed term expiring 31 March 2014
- Fixed compensation – total remuneration $180,000 per annum
- Fringe benefits – not applicable
- Termination period notice – 3 months by either party
- Termination benefits – compensation payable for the balance of the term of the engagement
- Effect of takeovers – no provision

Gary Foster

- Term of agreement – fixed term expiring 31 March 2014
- Fixed compensation – total remuneration $300,000 per annum
- Fringe benefits – not applicable
- Termination period notice – 3 months by either party
- Termination benefits – compensation payable for the balance of the term of the engagement
- Effect of takeovers – no provision

Yew Seng Kwa

- Term of agreement – fixed term expiring 16 November 2013
- Fixed compensation – total remuneration $200,000 per annum
- Fringe benefits – not applicable
- Termination period notice – 3 months by either party
- Termination benefits – compensation payable for the balance of the term of the engagement
- Effect of takeovers – no provision

Simon K Cato

- Mr Cato is engaged as a non-executive director on an annual remuneration of $30,000 plus statutory superannuation;
- No fixed term for the engagement.

James Carroll

- Mr Carroll is engaged as a non-executive director on an annual remuneration of $30,000 plus statutory superannuation;
- No fixed term for the engagement.

Phillip J MacLeod

- Mr MacLeod provides company secretarial services on a fixed retainer fee of $3,000 per month;
- No other benefits payable for the services;

Mohnish Kumar

- Term of agreement – Continuous employment
- Fixed compensation – total remuneration $200,900 per annum
- Fringe benefits – not applicable
- Termination notice period – 3 months by employee, none by employer
- Termination benefits – not applicable
- Effect of takeovers – no provision

Hemant Sood

- Term of agreement – Continuous employment
- Fixed compensation – total remuneration $131,946 per annum
- Fringe benefits – not applicable
- Termination notice period – 3 months by employee, none by employer
- Termination benefits – not applicable
- Effect of takeovers – no provision

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-13 $	31-Mar-12 $	31-Mar-11** $	30-Jun-10* $	30-Jun-09* $
Revenue	9,467,243	8,614,758	5,340,811	29,186	49,228
Net profit / (loss) before tax	(8,835,418)	(1,418,842)	(902,719)	(375,040)	(266,271)
Net profit / (loss) after tax	(8,835,418)	(1,418,842)	(902,719)	(986,157)	(186,390)
	Cents	Cents	Cents	Cents	Cents
Share price at beginning	0.70	3.30	2.00	1.10	2.50
Share price at the end	0.60	0.70	3.30	2.00	1.10
Dividends paid	-	-	-	-	-
Basic earnings per share	(0.50)	(0.09)	(0.07)	(0.40)	(0.08)
Diluted earnings per share	(0.50)	(0.09)	(0.07)	(0.40)	(0.08)

* Relates to legal parent only.

**Relates to a 9 month financial period

Performance of the Company includes both discontinued and continued operations

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

Paul Boyatzis
Perth, 28 June 2013

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

Paul Boyatzis

Perth, 28 June 2013

Consolidated statement of profit and loss and other comprehensive income
For the year ended 31 March 2013

	Notes	Year ended 31 March 2013 $	Year ended 31 March 2012 $
Continuing operations			
Finance income		128,306	324,325
Other income		36,832	-
	4	**165,138**	**324,325**
Employee benefits expense		(740,711)	(706,934)
Depreciation and amortisation expenses		(2,938)	(3,939)
Share based payments to employees	18	(62,022)	(221,087)
Other expenses		(642,246)	(500,643)
Loss before tax	4	**(1,282,779)**	**(1,108,278)**
Income tax expense	5	-	-
Loss for the year from continuing operations		**(1,282,779)**	**(1,108,278)**
Discontinued operations			
Loss for the year from discontinued operations	13	(7,552,639)	(310,564)
Loss for the year		**(8,835,418)**	**(1,418,842)**
Other comprehensive income/(expense) (net of tax) – items that may subsequently be reclassified to profit or loss			
Foreign currency movement in translation of foreign operations	16	(866,640)	(2,113,242)
Total comprehensive loss for the year attributable to members		**(9,702,058)**	**(3,532,084)**
Loss per share	6	**Cents**	**Cents**
From continuing and discontinued operations			
Basic loss per share		(0.50)	(0.09)
Diluted loss per share		(0.50)	(0.09)
From continuing operations			
Basic loss per share		(0.07)	(0.06)
Diluted loss per share		(0.07)	(0.06)

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

Consolidated statement of financial position

As at 31 March 2013

	Notes	31 March 2013 $	31 March 2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent	7	3,125,771	6,383,560
Trade and other receivables	8	84,866	2,006,641
Current tax asset		-	921,317
Other assets		8,071	55,474
		3,218,708	9,366,992
Assets classified as held for sale	14	8,679,175	-
TOTAL CURRENT ASSETS		**11,897,883**	**9,366,992**
NON-CURRENT ASSETS			
Loans and receivables	9	-	1,416,415
Property, plant & equipment	10	10,107	9,702,222
TOTAL NON-CURRENT ASSETS		**10,107**	**11,118,637**
TOTAL ASSETS		**11,907,990**	**20,485,629**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	254,488	1,538,553
Provisions	12	-	101,122
Liabilities associated with assets classified as held for sale	14	2,447,584	-
TOTAL CURRENT LIABILITIES		**2,702,072**	**1,639,675**
TOTAL LIABILITIES		**2,702,072**	**1,639,675**
NET ASSETS		**9,205,918**	**18,845,954**
EQUITY			
Contributed equity	15	32,185,790	32,185,790
Reserves	16	(6,187,851)	(5,383,233)
Accumulated losses		(16,792,021)	(7,956,603)
TOTAL EQUITY		**9,205,918**	**18,845,954**

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

Consolidated statement of cash flows
For the year ended 31 March 2013

	Notes	Year ended 31 March 2013 $	Year ended 31 March 2012 $
Cash flows from operating activities			
Receipts from customers		9,189,504	8,083,152
Payments to suppliers and employees		(9,376,700)	(8,432,311)
Interest received		267,464	507,693
Income tax received/(paid)		(484,777)	129,040
Net cash provided by/(used in) operating activities	**7**	**(404,509)**	**287,574**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,069,089)	(4,666,688)
Proceeds from sale of non-current assets		785,502	210
Placement of fixed deposits		88,336	(146,081)
Net cash used in investing activities		**(2,195,251)**	**(4,812,559)**
Cash flows from financing activities			
Proceeds from the issue of shares		-	7,000,000
Payment for share issue costs		-	(431,621)
Net cash provided by financing activities		**-**	**6,568,379**
Net increase/(decrease) in cash held		**(2,599,760)**	**2,043,394**
Cash at the beginning of the year		**6,383,560**	**5,022,022**
Effect of exchange rates on cash balances		(25,494)	(681,856)
Cash at the end of the financial year	**7**	**3,758,306**	**6,383,560**

Consolidated statement of cash flows includes continuing and discontinued operations.
Cash at the end of year includes cash held in discontinued operations of $632,535.
Refer to Note 13 for details of cash flows from discontinued operations.

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 2013

	Contributed equity	Share based payment reserve	Foreign currency translation reserve	Merger reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance at 1 April 2011	**25,617,411**	**138,626**	**(3,654,532)**	**24,828**	**(6,537,761)**	**15,588,572**
Net loss for the year	-	-	-	-	(1,418,842)	(1,418,842)
Other comprehensive loss for the year	-	-	(2,113,242)	-	-	(2,113,242)
Total comprehensive loss for the year	-	-	(2,113,242)	-	(1,418,842)	(3,532,084)
Issue of equity shares	7,000,000	-	-	-	-	7,000,000
Cost of raising equity	(431,621)	-	-	-	-	(431,621)
Share based payments	-	221,087	-	-	-	221,087
Total transaction with equity holders	6,568,379	221,087	-	-	-	6,789,466
Balance at 31 March 2012	**32,185,790**	**359,713**	**(5,767,774)**	**24,828**	**(7,956,603)**	**18,845,954**
Net loss for the year	-	-	-	-	(8,835,418)	(8,835,418)
Other comprehensive loss for the year	-	-	(866,640)	-	-	(866,640)
Total comprehensive loss for the year	-	-	(866,640)	-	(8,835,418)	(9,702,058)
Share based payments	-	62,022	-	-	-	62,022
Total transactions with equity holders	-	62,022	-	-	-	62,022
Balance at 31 March 2013	**32,185,790**	**421,735**	**(6,634,414)**	**24,828**	**(16,792,021)**	**9,205,918**

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

Notes to the financial statements
For the year ended 31 March 2013

1. General information

(a) Corporate information

Transaction Solutions International Limited (the "Company") is a company domiciled in Australia. This financial report of the Group comprising Transaction Solutions International (UK) Limited, a company incorporated in the United Kingdom and its subsidiaries including the Company is as at and for the year ended 31 March 2013.

The Group's principal activity during the year was to continue its business of building recurring revenue through the deployment of ATMs on behalf of major banks in India. In addition the Group has contracts to service the financial payments sector through automation of bill payment processes in a market that is migrating from paper based to electronic transactions.

This financial report 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 2013 and their financial performance, cash flows and changes in equity for the year ended on that date.

The Group comprises of the following entities:

		Extent of control	
	Incorporation	31 Mar 2013	31 Mar 2012
Accounting parent			
Transaction Solutions International Limited ("TSI (UK) Ltd")	United Kingdom	-	-
Controlled entities			
Transaction Solutions International Limited ("TSI Limited")	Australia	100%	100%
Transaction Solutions International Pvt Ltd ("TSI India")	India	100%	100%
Transaction Solutions International Pty Ltd	Australia	100%	100%

(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. The financial statements comprise the consolidated financial statements of the Group.

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.

Recovery of trade receivables

The future recoverability of these financial assets is primarily dependent upon the counter parties ability and willingness to settle the accounts on a timely basis. The management's assessment of the recoverability is based on various factors such as the recent payment patterns, assessment of the publicly available information and existing relationships. To the extent that these financial assets are determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

Recoverable amount of plant and equipment

The future recoverability of the carrying amount of plant and equipment are primarily dependent upon the level of business generated by each of the payment terminal machines. The management's estimate of this is based on the historic transaction levels, forecasts made by the banks, and management's own internal assessment. To the extent that plant and equipment is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

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.

(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.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

Amendments to AASB 1, 5, 7, 101, 112, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income".

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior years. However the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its financial statements. AASB 2011-9 introduces new terminology for the statement of comprehensive and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section, (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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 at each date of the statement of financial position; and during the financial year ending at each reporting date. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to derive benefits from those activities.

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 cease to be consolidated from the date on which control is transferred out of the Group.

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 accounting parent has control.

(b) Translation of foreign operations

The financial statements have been presented in Australian Dollars. 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 recognised in the income statement.

(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.

(d) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(e) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Group's revenue is generated by providing ATM and bill payment solutions on behalf of the banks and certain large corporations in India. The Group is entitled to a service charge for each transaction processed through the payment terminals operated. Revenue arising from these operations is recognised upon completion of transaction processing at each terminal.

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.

(f) 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.

(g) 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.

Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(h) Income tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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.

(i) 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.

(j) 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").

(k) 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; (ii) loans and receivable; and (iv) trade and other payables.

(l) Cash and cash equivalent

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.

(m) 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.

(n) Property, 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:

	Life
ATM machines and terminals	10 to 13 years
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 property, 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 Statement of Comprehensive Income in the period the item is derecognised.

(o) 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.

(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) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(r) 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.

(s) 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.

(t) Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and*

Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When the Group transacts with an associate, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

When equity accounting is applied to investments previously accounted for as available for sale, the fair value of the original investment at the date of re-categorisation is the deemed cost of the investment in the associate. Previous revaluation gains or losses recognised in other comprehensive income are not reclassified to profit or loss.

(u) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. Impairment of property, plant and equipment

During the financial year, the directors have considered the transaction noted in note 13 as an indicator of impairment in the carrying amount of property, plant and equipment in TSI India. This has resulted in write down of carrying amount of TSI India and the impairment loss has been recognised against property, plant and equipment.

The recoverable amount has been assessed based on the director's estimate of the fair value less costs to sell. This estimate was primarily based on the implied value of TSI India per the preliminary negotiations undertaken with CX Partners in November 2012.

Accordingly, the net position of property, plant and equipment (including both continuing and discontinued operations) at reporting date are:

Property, plant and equipment

	31 Mar 2013 $	31 Mar 2012 $
Assets		
Property, plant and equipment at cost	14,498,287	13,063,383
Less: accumulated depreciation	(4,239,727)	(3,361,161)
Less: impairment loss	(6,597,782)	-
	3,660,778	**9,702,222**

Subsequent to classification of TSI India as discontinued operations, the property, plant and equipment are measured in accordance with accounting policy 2 (n). Accordingly the impairment loss is now included in loss from discontinued operation (refer to note 13).

4. Profit and loss items

	Year ended 31 Mar 2013 $	Year ended 31 Mar 2012 $
Loss for the year includes:		
Operating lease expenses (including discontinued operations)	2,304,498	2,140,743
Auditors' remuneration		
Paid/payable to parent entity auditor, Deloitte Touche Tohmatsu, Australia		
For audit and review of financial statements	51,639	40,684
For taxation services	77,437	31,963
	129,076	72,647
Paid/payable to auditors of subsidiary entities		
For audit and review of financial statements*	22,204	32,475
For taxation services	31,315	25,603
	53,519	58,078

* 2012 expense includes 2011 audit fee of $12,830 for TSI (UK) Limited not previously provided for.

5. Income taxes relating to continuing operations

Income tax recognised in profit or loss:

	Year ended 31 Mar 2013 $	Year ended 31 Mar 2012 $
Loss for the year from continuing operations	(1,282,779)	(1,108,278)
Tax benefit at effective tax rate*	(384,834)	(332,484)
Adjustment for:		
Share based payments	18,607	66,326
Deferred tax on carried forward losses	366,227	266,158
Tax benefit recognised in Statement of profit and loss and other comprehensive income relating to continuing operations	-	-

*The effective corporate tax rate in Australia and the UK is 30%.

Components of deferred tax:

	31 Mar 2013 $	31 Mar 2012 $
Deferred tax liability		
Trade and other receivables	6,836	4,076
	6,836	4,076
Deferred tax asset		
Trade and other payables	10,275	21,500
Carried forward tax losses	(3,439)	(17,424)
	6,836	4,076
Net deferred taxes	-	-

Unrecognised deferred taxes:

	31 Mar 2013 $	31 Mar 2012 $
Carried forward tax losses	2,729,330	2,363,103

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.

6. Loss per share

	Year ended 31 Mar 2013 $	Year ended 31 Mar 2012 $
Net loss attributable to equity holders from continuing operations	(1,282,779)	(1,108,278)
Net loss attributable to equity holders from continuing and discontinued operations	(8,835,418)	(1,418,842)
	No.	***No.***
Weighted average number of shares for basic and diluted loss per share	1,780,063,679	1,707,247,679
From continuing operations		
Loss per share (cents)	(0.07)	(0.06)
From continuing and discontinued operations		
Loss per share (cents)	(0.50)	(0.09)

7. Cash and cash equivalent

	31 Mar2013 $	31 Mar 2012 $
Cash and cash equivalent consists of:		
Cash in hand and on demand deposits	3,125,771	6,383,560
	3,125,771	6,383,560
Reconciliation of cash and cash equivalent consists per cash flow statements:		
- Continuing operations	3,125,771	6,383,560
- Discontinued operations	632,535	-
	3,758,306	6,383,560
Reconciliation of net loss to operating cash flows:		
Net loss for the year	(8,835,418)	(1,418,842)
Adjustments for:		
Gain/(loss) on sale of non-current assets	(12,452)	10,626
Depreciation and amortisation expense	1,134,510	1,344,865
Share based payments	62,022	221,087
Loss on impairment of property, plant and equipment	6,597,782	-
Movement in working capital items:		
(Increase) / decrease in trade and other receivables	(10,275)	(589,602)
(Increase) / decrease in current tax assets	(429,662)	129,040
(Increase) / decrease in prepayments	26,587	(11,203)
Increase / (decrease) in trade and other payables	1,028,033	579,056
Increase / (decrease) in provisions	34,364	22,547
	(404,509)	287,574

8. Trade and other receivables

	31 Mar 2013 $	31 Mar 2012 $
Trade receivable	2,750	1,230,148
Allowance for doubtful debts	-	(43,997)
Net trade receivable	**2,750**	**1,186,151**
Security deposits	26,961	432,326
Other receivables	55,155	388,164
	84,866	**2,006,641**
Ageing of trade receivables		
Due up to six months	2,750	1,151,557
Due beyond six months	-	78,591
	2,750	**1,230,148**

9. Loans and receivables

	31 Mar 2013 $	31 Mar 2012 $
Term deposits with financial institutions	-	1,416,415
	-	**1,416,415**

These term deposits are secured for the performance guarantees issued in relation to the ATM and bill payment machines installed by the Group.

10. Property, plant and equipment

	31 Mar 2013 $	31 Mar 2012 $
Plant and equipment		
At cost	24,241	13,063,383
Accumulated depreciation	(14,134)	(3,361,161)
	10,107	**9,702,222**
Movement in plant and equipment		
Balance at the beginning of the year	9,702,022	7,662,445
Additions during the year	3,069,089	4,666,688
Disposals	(797,954)	(10,836)
Depreciation for the year	(1,134,510)	(1,344,865)
Loss on impairment	(6,597,782)	-
Reclassify as assets held for sale	(3,650,671)	-
Effect of exchange rate movements	(580,087)	(1,271,210)
Balance at the end of the year	**10,107**	**9,702,222**

11. Trade and other payables

	31 Mar 2013 $	31 Mar 2012 $
Trade payables and accruals	254,488	1,495,160
Other payables	-	43,393
	254,488	**1,538,553**

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

12. Provisions

	31 Mar 2013 $	31 Mar 2012 $
Employee benefits	-	101,122
	-	**101,122**

13. Discontinued operations

a) Divestment of Transaction Solutions International (India) Private Limited

On 3 December 2012, the Company announced that a letter of intent has been signed with CX Partners (a private equity firm in India) to dispose of majority stake in TSI India. Subsequently, on 21 May 2013 shareholders of the Company approved to divest a majority interest in its subsidiary, TSI India to CX Partners through its subsidiary, Urania Private Limited and the AAJV Investment Trust ("the investors"). Under the terms of the transaction the new investors have agreed to invest a total amount of Rs 1,217 million (approx. AUD$21 million) in TSI India. The investment is to be made in two tranches.

Under the Tranche 1 investment, the investors must invest Rs 805 million within 30 days after satisfaction of various conditions precedent and the issue of a first closing notice by the investors. The conditions precedent were to have been satisfied or waived within 60 days of execution of the sale agreement executed on 10 April 2013, unless extended by agreement between the parties. As all of the conditions precedent have yet to be satisfied the parties have agreed to extend the date for this to occur by a further 30 days.

Under the Tranche 2 investment, the investors must subscribe for further shares in TSI India for Rs 412 million. This investment must be made within 18 months of the Tranche 1 investment at the option of the investors or upon the arising of a future funding requirement of TSI India as determined by its Board. The obligation of the investors to subscribe for the additional shares is also subject to various conditions precedent.

Upon completion of the investment, the investors will hold a 75.11% interest in TSI India and the Company will retain the balance of 24.89%.

In the event that the investors fail to pay the Tranche 2 investment amount when required to do so under the Agreement the investors will hold a 67.65% interest in TSI India and the Company will retain the balance of 32.35%

b) Analysis of loss for the year from discontinued operations

	Year ended 31 Mar 2013 $	Year ended 31 Mar 2012 $
Revenue	9,302,105	8,290,433
Cost of sales	(7,691,855)	(6,208,489)
Loss on impairment of property, plant and equipment	(6,597,782)	-
Other expenses	(2,565,107)	(2,392,508)
Loss before tax	(7,552,639)	(310,564)
Income tax expense	-	-
Loss for the year from discontinued operations (attributable to members of the Company)	**(7,552,639)**	**(310,564)**

c) **Analysis of cash flows for the year from discontinued operations**

	Year ended 31 Mar 2013 $	Year ended 31 Mar 2012 $
Net cash inflows from operating activities	870,478	981,381
Net cash outflows from investing activities	(2,285,837)	(4,627,325)
Net cash inflows from financing activities	-	4,763,013
Net cash inflows/(outflows)	**(1,415,359)**	**1,117,069**

14. Assets classified as held for sale

As disclosed in note 13 the Company approved to divest a majority interest in its subsidiary, TSI India. The major classes of assets and liabilities of the business at the end of the reporting period are as follows:

	31 Mar 2013 $
Cash and cash equivalent	632,535
Trade and other receivables	3,044,990
Current tax assets	1,350,979
Property, plant and equipment	3,650,671
Assets of TSI India classified as held for sale	**8,679,175**
Trade and other payables	2,312,097
Provisions	135,487
Liabilities of TSI India classified as held for sale	**2,447,584**
Net assets of TSI India classified as held for sale	**6,231,591**
Foreign currency translation reserve held directly in equity	**(6,634,414)**

A contingent liability of $22,256 exists on account of a demand for VAT and penalty imposed by tax authorities in India by treating inter-state transfer of ATM machines as sale for VAT purposes. The demand was made in 2008 and TSI India has gone in appeal against this demand notice. The matter remains pending as at the date of this report.

15. Contributed equity

	31 Mar 2013 $	31 Mar 2012 $
Issued and paid up capital		
1,780,063,679 (2012: 1,780,679) ordinary shares	32,185,790	32,185,790
	32,185,790	**32,185,790**

		Nos.	$
Movement in ordinary shares			
Opening balance		1,372,534,344	25,617,411
Issue of shares at 3 cents per share	24 May 2011	233,333,335	7,000,000
Issue of shares on conversion of converting notes	15 Aug 2011	174,196,000	-
Equity raising costs	-	-	(431,621)
Balance at 31 March 2012		**1,780,063,679**	**32,185,790**
Opening balance		1,780,063,679	32,185,790
Balance at 31 March 2013		**1,780,063,679**	**32,185,790**

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.

		Nos.
Movement in converting notes		
Conversion of converting notes in TSI Limited to equity shares	15 Aug 2011	(162,800,000)
Balance at 31 March 2012		**-**

	Nos.	Expiry date	Exercise price (cents)
Options outstanding at 31 March 2013			
Director options	12,000,000	14/08/2014	2.10
Employee options	20,000,000	31/10/2014	4.00
Employee options	6,000,000	23/02/2015	4.00
Employee options	10,000,000	31/01/2015	2.00

16. Reserves

	31 Mar 13 $	31 Mar 12 $
Share based payment reserve	421,735	347,710
Merger reserve	24,828	24,828
Foreign currency translation reserve	(6,634,414)	(5,755,771)
	(6,187,851)	**(5,383,233)**

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 18.

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.

17. 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 comprise only one segment as follows:

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

The operations of TSI India were discontinued during the current year. The segment revenue and segment results information reported in the following tables does not include any amounts for these discontinued operations which are described in more detail in note 13.

The segments have applied the same accounting policies as applied to the Group and disclosed in the notes 1 and 2 to these financial statements.

Segment revenue and segment results:

The financial performance of the operating segments were as follows:

Year ended 31 March 2013	Discontinued operations $	Other $	Total $
Revenue	9,302,105	-	9,302,105
Other income	-	165,138	165,138
Total	9,302,105	165,138	9,467,243
Cost of sales	(7,691,855)	-	(7,691,855)
Loss on impairment of plant & equipment	(6,597,782)	-	(6,597,782)
Other expenses	(2,565,107)	(1,385,895)	(3,951,002)
Segment results (before tax)	(7,552,639)	(1,220,757)	(8,773,396)
Share based payment expenses			(62,022)
Loss before tax for the year			**(8,835,418)**

Year ended 31 March 2012	Discontinued operations $	Other $	Total $
Revenue	8,290,433	-	8,290,433
Other income	-	324,325	324,325
Total	8,290,433	324,325	8,614,758
Cost of sales	(6,208,489)	-	(6,208,489)
Loss on impairment of plant & equipment	-	-	-
Other expenses	(2,392,508)	(1,211,516)	(3,604,024)
Segment results (before tax)	(310,564)	(887,191)	(1,197,755)
Share based payment expenses			(221,087)
Loss before tax for the year			**(1,418,842)**

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

Segment assets and liabilities:

31 March 2013	Discontinued operations $	Other $	Total $
Property, plant and equipment	3,650,671	10,107	3,660,778
Cash and cash equivalent	632,535	3,125,771	3,758,306
Other assets	3,044,991	92,937	3,137,928
Total segment assets	**7,328,197**	**3,228,815**	**10,557,012**
Current tax asset	1,350,978	-	1,350,978
Total assets	**8,679,175**	**3,228,815**	**11,907,990**
Segment liabilities	2,447,584	254,488	2,702,072
Total liabilities	**2,447,584**	**254,488**	**2,702,072**

31 March 2012	Discontinued operations $	Other $	Total $
Property, plant and equipment	9,698,683	3,539	9,702,222
Cash and cash equivalent	2,056,091	4,327,469	6,383,560
Other assets	3,442,426	36,104	3,478,530
Total segment assets	**15,197,200**	**4,367,112**	**19,564,312**
Current tax asset	921,317	-	921,317
Total assets	**16,118,517**	**4,367,112**	**20,485,629**
Segment liabilities	1,467,753	171,922	1,639,675
Total liabilities	**1,467,753**	**171,922**	**1,639,675**

18. Share based payments

The following share based compensation were granted to the KMP's in the 2011 financial period and continued to exist during the 2013 financial year:

Name	Granted Nos.	Exercise price	Expiry date	Vesting (from grant date)
Mohnish Kumar Granted 01 Nov 2010	20,000,000	4.00 cents	31 Oct 2014	5,000,000 Immediate 5,000,000 in 18 months 10,000,000 in 36 months
Hemant Sood Granted 23 Feb 2011	6,000,000	4.00 cents	23 Feb 2015	2,000,000 Immediate 2,000,000 in 18 months 2,000,000 in 36 months

The options have been granted to the KMP and senior manager at the discretion of the Board in recognition of their past services and 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 $62,022 (2012: $221,087) has been recognised in relation to these share based payments. This expense relates to options granted in 2011 and vesting over a period of 18 months and 36 months from grant date.

The following inputs have been used in computation of the fair value at each grant dates :

	Employee Options expiring 14/08/14	Employee Options expiring 31/01/15	Employee Options expiring 31/10/14	Employee Options expiring 23/02/15
Grant date share price	1.50 cents	0.90 cents	3.50 cents	3.80 cents
Expected volatility	71%	94%	42%	43%
Time to maturity	2.92 years	3.00 years	4.00 years	4.00 years
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	3.79%	3.14%	4.99%	5.30%

19. Financial Instruments

Board policy on financial instruments

The financial instruments of the group comprise of (i) cash and cash equivalents; (ii) trade and other receivables; (iii) loans and receivables; and (iv) trade and other payables.

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).

Fair value of financial instruments (excludes financial instruments of discontinued operations)

		31 Mar 13 $	31 Mar 12 $
Cash and cash equivalent		3,125,771	6,383,560
Trade and other receivables	[Note 1]	84,866	2,006,641
Loans and receivable	[Note 2]	-	1,416,415
Total		3,210,637	9,806,616
Trade and other payables	[Note 1]	(254,488)	(1,538,553)
		2,956,149	**8,268,063**

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

(2) The fair value closely approximates their carrying amount as these are interest bearing instruments.

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 $84,866 (2012: $2,006,641) at reporting dates.

	31 Mar 13 $	31 Mar 12 $
Ageing analysis of trade and other receivables:		
Recoverable within 3 months	84,866	1,957,587
Recoverable after 3 months	-	93,051
Bad and doubtful debts	-	(43,997)
Total	**84,866**	**2,006,641**

Trade receivables are primarily receivables from banks 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 2013			
Trade and other payables	254,488	-	254,488
	254,488	**-**	**254,488**
31 March 2012			
Trade and other payables	1,517,050	21,503	1,538,553
	1,517,050	**21,503**	**1,538,553**

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 and loans and receivables 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 13 $	31 Mar 12 $
Cash and cash equivalents	3,125,771	6,383,560
Loans and receivable	-	1,416,415
	3,125,771	**7,799,975**
Impact on profit and equity - +1% movement	31,258	78,000
Impact on profit and equity - -1% movement	(31,258)	(78,000)

Foreign currency risk

The Group has exposure to GBP and Indian Rupees on account of the geographical location of the operations and the accounting parent entity's domicile.

	31 Mar 13 $	31 Mar 12 $
Indian Rupee denominated financial instruments		
Cash and cash equivalents	-	2,056,091
Trade and other receivable	-	1,977,018
Loans and receivable	-	1,416,415
Trade and other payables	-	(1,467,753)
	-	**3,981,771**
GBP denominated financial instruments		
Cash and cash equivalents	3,559	29,694
Trade and other payables	(7,149)	(49,786)
	(3,590)	**(20,092)**

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

The Company is exposed to foreign currency risk on the amount receivable from CX Partners on the sale of TSI India shares.

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

	31 Mar 13 $	31 Mar 12 $
Appreciation of A$ by 10%		
Indian Rupees	-	(398,177)
British Pounds	(360)	(2,009)
	(360)	**(400,186)**
Depreciation of A$ by 10%		
Indian Rupees	-	398,177
British Pounds	360	2,009
	360	**400,186**

* These exchange rate movements affect the foreign currency translation reserve.

20. 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	Executive Director
Mr. Simon Cato	Non-executive Director
Mr James Carroll	Non-executive Director (appointed 1June 2012)
Mr Phillip MacLeod	Company Secretary
Mr. Mohnish Kumar	CEO, TSI India
Mr. Hemant Sood	COO, TSI India

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

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

Year ended 31 March 2013	Short term benefits Salary and fees	Post-employment Benefits	Equity Compensation Benefits*	Total	Compensation based on performance
	$	$	$	$	%
Paul Boyatzis	180,000	-	-	180,000	-
Gary Foster	275,229	24,771	-	300,000	-
Yew Seng Kwa	183,486	16,514	-	200,000	-
Simon Cato	30,000	2,700	-	32,700	-
James Carroll (1)	25,000	2,250		27,250	-
Phillip MacLeod	36,000	-	-	36,000	-
Mohnish Kumar	196,782	-	44,056	240,838	18.30
Hemant Sood	125,713	-	17,966	143,679	12.51
Total	**1,052,210**	**46,235**	**62,022**	**1,160,467**	**5.34**

Year ended 31 March 2012	Short term benefits Salary and fees	Post-employment Benefits	Equity Compensation Benefits**	Total	Compensation based on performance
	$	$	$	$	%
Paul Boyatzis	180,000	-	-	180,000	-
Gary Foster	275,229	24,771	-	300,000	-
Yew Seng Kwa	183,486	16,514	59,292	259,292	22.87
Simon Cato	30,000	2,700	11,858	44,558	26.61
Phillip MacLeod	36,000	-	-	36,000	-
Mohnish Kumar	200,900	-	120,537	321,437	37.50
Hemant Sood	131,946	-	29,400	161,346	18.22
Total	**1,037,561**	**43,985**	**221,087**	**1,302,633**	**16.97**

(1) appointed 1 June 2012

*In the year ended 31 March 2013 equity compensation benefits of $62,022 relate to options granted 2011 and vesting over a period of 18 months and 36 months from grant date.

** In the year ended 31 March 2012 equity compensation benefits of $110,240 relate to options granted and vested in 2012. The balance of $110,847 is for options granted in 2011 and vesting over a period of 18 months and 36 months from grant date.

Shares based compensation arrangement to Key Management Personnel

No options were issued or exercised during the year. 5,087,500 options expired during the year.

Options holding of Key Management Personnel

Year ended 31 March 2013	Opening Balance Nos.	Granted as remuneration Nos.	Net other change Nos.	Closing Balance Nos.
Paul Boyatzis	-	-	-	-
Gary Foster	-	-	-	-
Yew Seng Kwa	15,087,500	-	(5,087,500)	10,000,000
Simon Cato	2,000,000	-	-	2,000,000
James Carroll (1)	-	-	-	-
Phillip MacLeod	-	-	-	-
Mohnish Kumar	30,000,000	-	-	30,000,000
Hemant Sood	6,000,000	-	-	6,000,000
Total	**53,087,500**	**-**	**(5,087,500)**	**48,000,000**

(1) Appointed 1 June 2012

Year ended 31 March 2012	Opening Balance Nos.	Granted as remuneration Nos.	Net other change Nos.	Closing Balance Nos.
Pau Boyatzis	-	-	-	-
Gary Foster	-	-	-	-
Yew Seng Kwa (1)	10,175,000	10,000,000	(5,087,500)	15,087,500
Simon Cato	-	2,000,000	-	2,000,000
Phillip MacLeod	-	-	-	-
Mohnish Kumar	20,000,000	10,000,000	-	30,000,000
Hemant Sood	6,000,000	-	-	6,000,000
Total	**36,175,000**	**22,000,000**	**(5,087,500)**	**53,087,500**

(1) Options issued to Yew Seng Kwa were issued as replacement for options previously issued by TSI (UK) Limited and subsequently cancelled as part of the merger transaction completed on 26

August 2010.

Shareholding of Key Management Personnel

Year ended 31 March 2013	Balance at 1 April 2012 Nos.	At appointment date Nos.	At resignation date Nos.	Purchases in the market Nos.	Balance at 31 March 2013 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
Simon Cato	1,750,000	-	-	-	1,750,000
James Carroll (1)	-	-	-	-	-
Phillip MacLeod	250,000	-	-	-	250,000
Mohnish Kumar	5,570,000	-	-	-	5,570,000
Hemant Sood	2,035,000	-	-	-	2,035,000
Total	**311,246,059**	**-**			**311,246,059**

(1) Appointed 1 June 2012

Year ended 31 March 2012	Balance at 1 July 2011 Nos.	At appointment date Nos.	Issued for shares in TSI Limited Nos.	Purchases in the market Nos.	Balance at 31 March 2012 Nos.
Paul M Boyatzis	122,482,581	-	-	-	122,482,581
Gary P Foster	175,490,145	-	-	168,333	175,658,478
Yew Seng Kwa	3,500,000	-	-	-	3,500,000
Simon K Cato	1,250,000	-	-	500,000	1,750,000
Phillip J MacLeod	250,000	-	-	-	250,000
Mohnish Kumar	5,570,000	-	-	-	5,570,000
Hemant Sood	2,035,000	-	-	-	2,035,000
Total	**310,577,726**	**-**	**-**	**668,333**	**311,246,059**

Loans to Key Management Personnel

There were no loans made to KMPs during the year (2012: 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.

21. Commitments

Capital commitments:

At 31 March 2013, 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 2013*	31 Mar 2012
	$	$
Payable within 1 year	30,000	2,194,575
Between 1 and 5 years	10,000	9,613,916
Beyond 5 years	-	5,184,160
Total	**40,000**	**16,992,651**

* Excludes discontinued operations commitments.

22. Contingent assets and liabilities

At 31 March 2013 there are no contingent assets or liabilities within the Group.

23. Events after balance sheet date

On 3 December 2012, the Company announced that a letter of intent has been signed with CX Partners (a private equity firm in India) to dispose of majority stake in TSI India. Subsequently, on 21 May 2013 shareholders of the Company approved to divest a majority interest in its subsidiary, TSI India to CX Partners through its subsidiary, Urania Private Limited and the AAJV Investment Trust ("the investors"). Under the terms of the transaction the new investors have agreed to invest a total amount of Rs 1,217 million (approx. AUD$21 million) in TSI India. The investment is to be made in two tranches.

Under the Tranche 1 investment, the investors must invest Rs 805 million within 30 days after satisfaction of various conditions precedent and the issue of a first closing notice by the investors. The conditions precedent were to have been satisfied or waived within 60 days of execution of the sale agreement executed on 10 April 2013, unless extended by agreement between the parties. As all of the conditions precedent have yet to be satisfied the parties have agreed to extend the date for this to occur by a further 30 days.

Under the Tranche 2 investment, the investors must subscribe for further shares in TSI India for Rs 412 million. This investment must be made within 18 months of the Tranche 1 investment at the option of the investors or upon the arising of a future funding requirement of TSI India as determined by its Board. The obligation of the investors to subscribe for the additional shares is also subject to various conditions precedent.

Upon completion of the investment, the investors will hold a 75.11% interest in TSI India and the Company will retain the balance of 24.89%.

In the event that the investors fail to pay the Tranche 2 investment amount when required to do so under the Agreement the investors will hold a 67.65% interest in TSI India and the Company will retain the balance of 32.35%

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.

24. Parent entity information

The following details information related to the parent entity, TSI Limited at 31 March 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 2

	31 Mar 13 $	31 Mar 12 $
Financial Position		
Assets		
Current assets	9,416,444	5,625,052
Non-current assets	10,107	13,504,096
Total assets	**9,426,551**	**19,129,548**
Liabilities		
Current liabilities	220,633	283,594
Non-current liabilities	-	-
Total liabilities	**220,633**	**283,594**
Net assets	**9,205,918**	**18,845,954**
Equity		
Contributed equity	40,305,065	40,305,065
Reserves	2,282,029	2,220,007
Accumulated losses	(33,381,176)	(23,679,118)
Total equity	**9,205,918**	**18,845,954**
Financial Performance		
Loss for the year	(9,702,058)	(4,866,734)
Other comprehensive income	-	-
Total comprehensive income for the year	**(9,702,058)**	**(4,866,734)**

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.

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

28 June 2013

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 2013, 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

M. Gover

Mark Gover
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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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 statement of financial position as at 31 March 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the 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 21 to 51.

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.

Deloitte.

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 2013 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 13 to 20 of the directors' report for the year ended 31 March 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Gover

Mark Gover
Partner
Chartered Accountants
Perth, 28 June 2013

CORPORATE GOVERNANCE STATEMENT

Transaction Solutions International Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Corporate Governance Compliance

A description of the Company's main corporate governance practices are set out below. All these practices, unless otherwise stated, have been in place for financial year ended 31 March 2012. The Company has considered the ASX Corporate Governance Principles and the corresponding Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 3.1	✓	
Recommendation 3.2		✓
Recommendation 3.3		✓
Recommendation 3.4	✓	
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3		✓
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2	✓	
Recommendation 7.3	✓	
Recommendation 8.1		✓
Recommendation 8.2		✓
Recommendation 8.3	✓	

Disclosure – Principles & Recommendations

Principle 1 – Lay solid foundations for management and oversight

"Companies should establish and disclose the respective roles and responsibilities of board and management."

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary and Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as required.

The Managing Director and senior executives are delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The Managing Director and senior executives are required to report regularly to the Board on the performance of the Business.

Some Board functions may be handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Board is responsible for the evaluation of senior executives. Arrangements put in place by the Board to monitor the performance of the Group's executives include a review by the Board of the Group's financial prospects; and annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group. Performance evaluations of senior executives were undertaken during the period in accordance with the disclosed procedure.

Principle 2 – Structure the board to add value

"Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties."

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Company does not have a majority of independent directors.

The Company currently has the following Board members:

- Mr Paul Boyatzis — Non-Executive Chairman
- Mr Gary Foster — Managing Director
- Mr Yew Seng Kwa — Executive Director
- Mr Simon Cato — Non-Executive Director
- Mr James Carroll — Non-Executive Director

The Board has assessed the independence status of the directors in terms of the ASX Corporate Governance Council's discussion of independent status and has determined that Mr Simon Cato and Mr James Carroll are independent directors.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

The Company's Chairman, Mr Paul Boyatzis, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent director. However, the Board believes that the Chairman is able to and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman.

Recommendation 2.3:

The roles of the Chair and CEO should not be exercised by the same individual.

Disclosure:

The role of the Chairman and the CEO are not exercised by the same person.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A nomination committee has not been established.
The role of the Nomination Committee has been assumed by the full Board.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chairman is responsible for evaluation of the CEO, the Board and committees as and when considered appropriate.
The review is based on the goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.
Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director and re-election procedure

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.
The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any shareholding qualification. In accordance with the Constitution, one third of the directors retire by rotation each year and may offer themselves for re-election.
The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Principle 3 – Promote ethical and responsible decision-making

"Companies should actively promote ethical and responsible decision-making."

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code.

Disclosure:

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the Company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of the policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Board had not approved a policy concerning diversity prior to the year end. The Board recognises the benefits of having an appropriate blend of diversity on the Board and in all areas of the Group's business. The employees and officers of the Group currently represent a diverse range of ethnicity, cultural background, age, gender and experience.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Disclosure:

The Board has not yet established formal measurable objectives for achieving gender diversity.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

Disclosure:

	Proportion
Women employees in the Group:	21% (7 of 33)
Women in senior executive positions:	29% (2 of 7)
Women on the Board:	0% (nil of 5)

Principle 4 – Safeguard integrity in financial reporting

"Companies should have a structure to independently verify and safeguard the integrity of their financial reporting"

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An Audit Committee has not been established. The role of the Audit Committee has been assumed by the full Board.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure:

When the Company establishes a separate Audit Committee it will comply with these recommendations.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

When the establishment of an Audit Committee it is considered to be justified an appropriate Charter will be adopted.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

There is no Audit Committee and the whole Board acts in this capacity.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Principle 5 – Make timely and balanced disclosure

"Companies should promote timely and balanced disclosure of all material matters concerning the company."

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

In order to ensure that the Company meets its obligations with regard to the continuous disclosure requirements, the Company has adopted a Continuous Disclosure Policy.

The Continuous Disclosure Policy sets out the Company's obligations and its policies and procedures to ensure timely and accurate disclosure of price sensitive information to the market.

Principle 6 – Respect the rights of shareholders

"Companies should respect the rights of shareholders and facilitate the effective exercise of those rights."

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has a Shareholder Communications Policy to ensure a regular and timely release of information about the Company to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Principle 7 – Recognise and manage risk

"Companies should establish a sound system of risk oversight and management and internal control."

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Company has policies and procedures in place to identify and manage material business risks. As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board.

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Company's approach to creating long-term shareholder value. Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process. The Company has identified a series of business risks. These include but are not limited to:

- fluctuations in exchange rates;
- ability to source new business and renew existing contracts;
- customers option to purchase hardware;
- achieving sufficient transaction volumes through ATM networks;
- Indian sovereign risk;
- Indian taxation, government regulations and the Indian legal system;
- failure of information and computer systems;
- intellectual property rights;
- increased competition;
- ability to obtain additional financing; and
- global credit and fluctuations in investment markets.

These risk areas are provided above to assist investors to understand better the nature of the risks faced by our Company and the industry in which we operate. They are not necessarily an exhaustive list.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of regular reporting procedure, management report to the Board confirming that those risks are being managed effectively.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company’s business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management as at the date of this report.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Board has received the declaration from the Chief Executive Officer and Chief Financial Officer.

Principle 8 – Remunerate fairly and responsibly

"Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear."

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established.

The role of the Remuneration Committee has been assumed by the full Board.

Recommendation 8.2:

The Remuneration Committee should be structure so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

Disclosure:

When the establishment of a separate Remuneration Committee is considered to be justified the Committee will comply with these recommendations and an appropriate Charter will be adopted.

Recommendation 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation).

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed periodically to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 19 July 2013.

1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed are:

		Ordinary shares	
		Number	Percentage
1	HSBC Custody Nominees (Australia) Ltd	294,051,489	16.52
2	J P Morgan Nominees Australia Limited	249,271,000	14.00
3	Bretnall Custodians Pty Ltd	175,490,064	9.86
4	Westedge Investments Pty Ltd	111,482,500	6.26
5	George (WA) Pty Ltd	81,400,000	4.57
6	Keo Projects Pty Ltd	47,635,689	2.68
7	J P Morgan Nominees Australia Limited	32,612,191	1.83
8	M & M Global Services Pty Ltd	28,600,000	1.61
9	Amber Lorraine Hansen	24,433,688	1.37
10	K Paganin Pty Ltd	20,000,000	1.12
11	Pillage Investments Pty Ltd	20,000,000	1.12
12	Bludgeon Pty Ltd	17,297,500	0.97
13	Ian Gregory Mathieson & Catherine Anne Mathieson	15,000,000	0.84
14	Roderick Howe & Julia Howe	13,000,000	0.73
15	Chesilton Pty Ltd	12,500,000	0.70
16	Mont Eagle Corporation Pty Ltd	12,000,000	0.67
17	Peter Wilfred Dawson & Dianne Lynette Dawson	11,600,000	0.65
18	Emmess Pty Ltd	10,000,000	0.56
19	Andrew Keighery	9,992,261	0.56
20	David Brayshaw & Cherryl Brayshaw	8,699,297	0.49
		1,195,065,679	**67.11**

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

			Ordinary shares	
			Number of Shareholders	Number of Shares
1	-	1,000	34	4,218
1,001	-	5,000	28	86,966
5,001	-	10,000	61	563,100
10,001	-	100,000	402	19,710,499
100,001		and over	536	1,759,697,896
			1,061	**1,780,062,679**
The number of shareholders holding less than a marketable parcel of shares are:			**552**	**23,434,534**

3. VOTING RIGHTS

See Note 15 of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

As at 24 June 2013, Substantial Shareholder notices have been received from the following:

	Number of Shares
Jane Boyatzis	122,482,581
Graeme Kirke	131,197,500
Bretnall Custodians Pty Ltd	175,658,478
Tap Investments Ltd	248,563,312
Utilico Emerging Markets Limited	249,271,000

5. UNQUOTED SECURITIES

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

Unlisted Options ($0.021 Exercise Price on or before 14 August 2014)	
Simon Cato	2,000,000
Yew Seng Kwa	10,000,000
TOTAL	**12,000,000**

Unlisted Options ($0.04 Exercise Price on or before 31 October 2014)	
Mohnish Kumar	20,000,000
TOTAL	**20,000,000**

Unlisted Options ($0.02 Exercise Price on or before 31 January 2015)	
Mohnish Kumar	10,000,000
TOTAL	**10,000,000**

Unlisted Options ($0.04 Exercise Price on or before 22 February 2015)	
Hemant Sood	6,000,000
TOTAL	**6,000,000**

6. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Transaction Solutions International Limited's listed securities.