

21 June 2010

Company Announcements Office
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam,

Market Update

Tranzact Financial Services Limited (“**Tranzact**” or the “**Company**”) announced with the release of its half-year result in February 2010 that for the full year it was cautiously optimistic of at least repeating its 2009 financial year performance in 2010. The Board of Tranzact is pleased to announce that based on unaudited management accounts for the 2010 financial year to date, it expects the Company to report a full year earnings before tax, depreciation and amortisation of approximately \$2.0 million, broadly in line with the 2009 year’s result.

The expected result reinforces the progress that the Company has made in the ongoing implementation of its long term strategic plan, despite continued volatility in financial markets and difficult economic conditions.

Tranzact also noted previously it was hopeful that the rationalisation of the Smartsave ‘Member’s Choice’ Superannuation Master Plan should improve significantly the financial viability and returns of this business. In this regard, the Board is pleased to advise that the rationalisation of the members’ insurance arrangements component has been approved and implemented.

The Company’s priority now is to complete the investment management and fee arrangements components of the rationalisation. This will benefit the members of the Master Trust and provide further efficiencies for the Company. Although the finalisation of these remaining matters will continue to take time, the considerable costs that have been incurred in the current financial year in relation to this process are not expected to recur at the same level next financial year.

In addition, the Company remains well placed to achieve future growth both organically in each of its business streams and through synergistic acquisitions, which the Company is presently pursuing.

The combination of these factors, together with the continued implementation of the Company's business plan, provides the Board with confidence that Tranzact will achieve its stated objective of generating significant growth in the 2011 financial year.

Tranzact expects to release its preliminary final result and dividend announcement for the year ending 30 June 2010 on or around 20 August 2010.

For further information please contact:

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