

**TRANZACT FINANCIAL SERVICES LIMITED**  
**ABN 84 089 997 731**  
**AND ITS CONTROLLED ENTITIES**

**Appendix 4D**

**HALF-YEAR REPORT FOR  
PERIOD ENDED 31 DECEMBER 2012**

**1. Details of the Reporting Period**

This is the half-year information given to the ASX under Listing Rule 4.2A for the Tranzact Financial Services Limited Consolidated Entity ('Tranzact') for the half-year ended 31 December 2012. The previous corresponding period is the half-year ended 31 December 2011 unless otherwise stated.

The Consolidated Entity is comprised of Tranzact Financial Services Limited as the Chief Entity and its wholly owned or controlled subsidiaries ('Group').

**2. Results for Announcement to the Market**

	% Change
2.1 Revenue from ordinary activities	Down 1% to \$4,402,000
2.2 Profit from ordinary activities after tax attributable to owners	Down 67% to \$189,000
2.3 Net profit for the period attributable to owners	Down 67% to \$189,000
2.4 A fully franked interim dividend of 0.25 cents per share has been declared.	
2.5 The ex dividend date is 18 March 2013, the record date is 22 March 2013 and the payment date is 5 April 2013 for the proposed dividend. There is no foreign conduit income attributable to the dividend.	
2.6 Refer to the attached half-year financial report for information on the items in 2.1 to 2.4 above.	

**3. Net Tangible Assets**

	31/12/2012	30/06/2012
	\$	\$
Net tangible asset backing per ordinary share	0.045	0.043

**4. Changes in Controlled Entities**

Interests in controlled entities were unchanged in the period.

**5. Dividends**

A final dividend of 0.45 cents per share relating to the 2012 financial year amounting to \$497,272 was paid on 5 October 2012. A number of shareholders reinvested all or part of their dividend in additional shares under the Dividend Reinvestment Plan ('DRP') with the remainder being issued to the underwriter of the Company's DRP. An interim cash dividend of 0.25 cents per share has been declared and will be paid on 5 April 2013.

**6. Details of Dividend Reinvestment Plans**

The Board has determined that the DRP will not apply to the interim dividend to be paid on 5 April 2013 in light of the positive net cash position of the Group

**7. Details of Associate Companies**

Tranzact holds a 24% (2012: 33%) shareholding in Templetons Administrative Services Pty Limited ('TAS'). The Group recognised an equity accounted share of profit amounting to \$8,951 for the six months ended 31 December 2012 (2011: \$2,585).

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**8. Foreign Entity Accounting Standards**

Not Applicable.

**9. Review Report**

The accounts of Tranzact for the half-year ended 31 December 2012 have been reviewed. Refer to the review report attached to the half-year financial report.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Anthony Ractliffe', with a stylized flourish at the end.

Anthony Ractliffe  
Non-Executive Chair  
26 February 2013

**TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities**

**HALF-YEAR REPORT FOR  
PERIOD ENDED 31 DECEMBER 2012**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any other public announcements made by Tranzact Financial Services Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Tranzact Financial Services Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2012.

### Directors

The following persons were directors of Tranzact Financial Services Limited during the whole or part of the period and up to the date of this report:

<u>Director</u>	<u>Period of directorship</u>
P L Harry AM	Director since 4 February 2000
R L Rodgers	Director since 21 August 2002
A S T Yeo	Director since 24 November 2003
W A Ractliffe	Director since 24 November 2003
C M Malkin	Appointed as Director on 31 October 2012

### Review of Operations to 31 December 2012

The Directors of Tranzact Financial Services Limited (the '**Company**') are pleased to report an operating profit before amortisation, depreciation and tax ('**EBTDA**') attributable to shareholders of \$919,000 for the six months ended 31 December 2012. Underlying EBTDA (i.e. before writing off \$352,000 in one-off project related costs in the Smartsave Master Trust business segment) was \$1.271 million. This underlying result was 1% higher than the same period last year, which the Directors consider to be a more accurate reflection of the financial performance of the business over the period.

On a reported basis, the EBTDA result of \$919,000 represents a decrease of 27% from the comparable figure of \$1.258 million for the same period last year. Reported net profit after tax attributable to the owners for the six months of \$189,000 was similarly impacted by the one-off project costs and an increase in the depreciation and amortisation expense, and compares with \$575,000 in the prior corresponding period.

Net cash flows from operating activities excluding tax expenses for the half year was at a healthy level of \$1.456 million compared with \$1.430 million in the previous comparable period.

The Company's business segments have each contributed positively to the six month result. A review of the divisional performances is provided below.

### Superannuation Fund Administration, Asset Consulting and Sponsorship (including GIS Concepts)

- Total revenue from the superannuation fund administration, asset consulting and sponsorship division (collectively referred to as the '**Master Trust division**') attributable to the shareholders increased by 8% to \$2.089 million in the half-year from the prior corresponding period. This was largely a result of recording a full six month period of income for GIS Concepts (compared with only three months last period) following the increase in the Company's shareholding. The revenue from the remainder of the division was broadly consistent with the prior period.
- The reduction in the divisional EBTDA from \$384,000 to \$196,000 is primarily a result of the write off of non-recurring project related costs of \$352,000 (as signalled to

## **TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities**

shareholders on 4 December 2012). On a normalised basis (i.e. after adding back the project costs), the Master Trust division's underlying EBTDA improved from \$384,000 to \$548,000 (however this result was also positively influenced by the larger contribution of GIS Concepts as compared with the prior corresponding period). The EBTDA of the rest of the division increased as a result of strong cost control over the period.

- Funds under management and administration (including the pooled superannuation trust and eligible rollover fund) increased from \$276 million at the end of June 2012 to \$282 million at the end of December 2012, reflecting a steady recovery in the investment markets over the period.
- During the period, the Company was successful in securing an investment management mandate for approximately \$70 million funds already within the Smartsave fund. The additional investment management revenue to the business commenced in January 2013.
- There is a focussed effort in ensuring Smartsave has a MySuper offering on 1 July 2013 in conjunction with the fund Trustee (Tidswell Financial Services Limited) and GIS Concepts as the Promoter. This initiative, in addition to the continuing focus on the implementation of the restructure of the investment offering, will ensure Smartsave is an attractive superannuation fund for its members and advisers through the current regulatory change and beyond.

### **Partnership for Growth**

- The Partnership for Growth segment continues to perform solidly, despite a tough environment for financial advisers. As a group, the Company's New Zealand based interests have enjoyed a steady investment return, exceeding the 15% targeted overall return. The level of acquisition activity has reduced, with greater emphasis on consolidating the business in each of the locations.
- In Australia, the Templetons business has also achieved an overall return of over 15%. During the period, the acquisition of a complementary business with a similar client base to Templetons was completed with the added benefit of retaining the ongoing services of the principal servicing adviser.

### **Self Managed Superannuation Funds**

- The Self Managed Superannuation Funds ('SMSF') segment of the business continues to face challenging market conditions (and in particular increased competition), resulting in a reduction in revenue by 17% compared with the same period last year.
- Despite this decline in revenue, EBTDA for the segment improved from \$209,000 to \$306,000 due to significant cost saving benefits created by the cost restructure implemented in the previous financial year.
- Whilst the profitability of the SMSF segment has improved and is acceptable for the scale of the business, additional effort is being made to develop further relationships with accountants and financial advisers who have clients with SMSF administration needs.

## **TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities**

### **Investor Directed Portfolio Service / Custodial Services**

- The EBTDA of the Investor Directed Portfolio Service ('IDPS') / Custodial Services segments was unchanged compared with the equivalent period last year.
- In conjunction with Templetons and the Company's ultimate parent company, Grosvenor Financial Services Group Ltd, an improved investment portfolio service was introduced through the Company's IDPS service.

### **Dividend and Capital Management**

It is pleasing to note the Company's net cash position at 31 December 2012 was positive \$220,000 compared with a net debt position of \$1.097 million at 30 June 2012. This reflected the strong operating cash flow of the business.

The Company's underlying businesses continue to perform solidly, generating good cash flows, and the Company has a strong cash position. In these circumstances, the Directors have decided to maintain the Company's dividend payout from previous periods. Accordingly, the Directors are pleased to declare a fully franked interim cash dividend of 0.25 cents per share (consistent with the interim dividend last year). The Record Date for the interim dividend is 22 March 2013 and the dividend will be paid on 5 April 2013.

### **Outlook**


The Directors remain focused on the key objectives of the Company and strategies to maximise shareholder value. In addition, management remain committed to managing costs tightly in continuing challenging market conditions.

In particular the Board continues to see value in the rationalisation of the Smartsave funds and the introduction of efficiencies into the SMSF business and My Super compliance for 2013.

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of directors on 26 February 2013.



**Anthony Ractliffe**  
Non-Executive Chairman



**Allan S T Yeo**  
Managing Director

Grant Thornton Audit Pty Ltd  
ACN 130 913 594

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**Auditor's Independence Declaration  
To The Directors of Tranzact Financial Services Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Tranzact Financial Services Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



A. Sheridan  
Partner - Audit & Assurance

Sydney, 26 February 2013

**TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**for the Half-Year Ended 31 December 2012**

	<b>Consolidated Entity</b>	
	<b>Half-Year</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from continuing operations	4,402	4,432
Employee benefits expense	(1,446)	(1,507)
Depreciation and amortisation expenses	(791)	(652)
Finance costs	(81)	(134)
Service expenses	(727)	(790)
Occupancy expenses	(179)	(178)
Administration expenses	(777)	(476)
Other income	16	51
Share of net profit after tax of associates	9	52
Profit before income tax expense	426	798
Income tax (expense) / credit	(162)	(222)
Profit after tax from continuing operations	264	576
Net profit for the half-year	264	576
Other comprehensive income	-	-
Total comprehensive income for the half-year	264	576
Profit for the half-year is attributable to:		
Owners of the Company	189	575
Non-controlling interest	75	1
	264	576
Total comprehensive income for the half-year is attributable to:		
Owners of the Company	189	575
Non-controlling interest	75	1
	<b>264</b>	<b>576</b>
	Cents	Cents
Earnings per share for profit from continuing operations attributable to owners of the Company		
Basic earnings per share	0.17	0.52
Diluted earnings per share	0.17	0.52
Earnings per share for profit attributable to owners of the Company		
Basic earnings per share	0.17	0.52
Diluted earnings per share	0.17	0.52
	No.	No.
The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	112,678,823	110,592,895

The above Consolidated Statement of Profit & Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities**

**Consolidated Statement of Financial Position**

**As at 31 December 2012**

	<b>Consolidated Entity</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2012</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>		
Cash & cash equivalents	2,046	1,979
Trade & other receivables	897	2,181
Derivatives	11	29
Other current assets	227	237
<b>TOTAL CURRENT ASSETS</b>	<b>3,181</b>	<b>4,426</b>
<b>NON-CURRENT ASSETS</b>		
Available for sale financial assets	4,331	4,283
Investments accounted for using the equity method	364	330
Property, plant and equipment	392	453
Intangible assets	16,006	16,409
Deferred tax assets	185	119
<b>TOTAL NON-CURRENT ASSETS</b>	<b>21,278</b>	<b>21,594</b>
<b>TOTAL ASSETS</b>	<b>24,459</b>	<b>26,020</b>
<b>CURRENT LIABILITIES</b>		
Interest bearing liabilities	1,546	1,470
Trade & other payables	1,004	1,356
Current tax liabilities	168	201
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,718</b>	<b>3,027</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	146	122
Interest bearing liabilities	280	1,606
Deferred tax liabilities	1,853	1,937
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,279</b>	<b>3,665</b>
<b>TOTAL LIABILITIES</b>	<b>4,997</b>	<b>6,692</b>
<b>NET ASSETS</b>	<b>19,462</b>	<b>19,328</b>
<b>EQUITY</b>		
Contributed equity	20,132	19,635
Accumulated losses	(3,450)	(3,082)
Non-Controlling Interests	2,721	2,735
Reserves	59	40
<b>TOTAL EQUITY</b>	<b>19,462</b>	<b>19,328</b>
<b>Capital and reserves attributable to the owners of Tranzact Financial Services Limited</b>	<b>16,741</b>	<b>16,593</b>
<b>Non-Controlling Interests</b>	<b>2,721</b>	<b>2,735</b>
	<b>19,462</b>	<b>19,328</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

**TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities**

**Consolidated Statement of Changes in Equity  
for the Half-Year Ended 31 December 2012**

	Contributed equity \$'000	Other reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>At 1 July 2011</b>	<b>19,775</b>	<b>40</b>	<b>(3,594)</b>	<b>16,221</b>	<b>1,950</b>	<b>18,171</b>
Profit for the half-year	-	-	575	575	1	576
Total comprehensive income for the half-year	-	-	<b>575</b>	<b>575</b>	<b>1,951</b>	<b>576</b>
<b>Transactions with owners in their capacity as owners</b>						
Non-controlling interests on acquisition	-	-	-	-	1,119	1,119
Share buy-back	(140)	-	-	(140)	-	(140)
Dividends paid - Tranzact Financial Services	-	-	(497)	(497)	-	(497)
Dividends paid - non-controlling interests	-	-	-	-	(105)	(105)
Transactions with non-controlling interests	-	-	88	88	(88)	-
<b>At 31 December 2011</b>	<b>19,635</b>	<b>40</b>	<b>(3,428)</b>	<b>16,247</b>	<b>2,877</b>	<b>19,124</b>
Profit for the half-year	-	-	490	490	138	628
Total comprehensive income for the half-year	-	-	<b>490</b>	<b>490</b>	<b>138</b>	<b>628</b>
<b>Transactions with owners in their capacity as owners</b>						
Dividends paid - Tranzact Financial Services	-	-	(278)	(278)	-	(278)
Dividends paid - non-controlling interests	-	-	-	-	(146)	(146)
Transactions with non-controlling interests	-	-	134	134	(134)	-
<b>At 30 June 2012 per annual report</b>	<b>19,635</b>	<b>40</b>	<b>(3,082)</b>	<b>16,593</b>	<b>2,735</b>	<b>19,328</b>
Retained earnings adjustment relating to prior year	-	-	(77)	(77)	-	(77)
Profit for the half-year	-	-	189	189	75	264
Total comprehensive income for the half-year	-	-	<b>189</b>	<b>189</b>	<b>75</b>	<b>264</b>
<b>Transactions with owners in their capacity as owners</b>						
Shares issued - dividend reinvestment programme	497	-	-	497	-	497
Capital call in non-controlled entity	-	-	-	-	36	36
Transfer to share based payment reserve	-	59	-	59	34	93
Transfer to accumulated losses	-	(40)	40	-	-	-
Dividends paid - Tranzact Financial Services	-	-	(497)	(497)	-	(497)
Dividends paid - non-controlling interests	-	-	-	-	(182)	(182)
Transactions with non-controlling interests	-	-	(23)	(23)	23	-
<b>At 31 December 2012</b>	<b>20,132</b>	<b>59</b>	<b>(3,450)</b>	<b>16,741</b>	<b>2,721</b>	<b>19,462</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities**

**Consolidated Statement of Changes of Cash Flows  
for the Half-Year Ended 31 December 2012**

	<b>Consolidated Entity</b>	
	<i>December</i>	<i>December</i>
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	4,495	4,467
Payments to suppliers and employees	(3,508)	(3,378)
Interest received	550	475
Interest and other costs of finance paid	(81)	(134)
Income taxes paid	(526)	(74)
<b>Net cash inflow from operating activities</b>	<b><u>930</u></b>	<b><u>1,356</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(4)	(60)
Dividends from equity accounted investees	-	67
Advances to adviser practices	(1)	(1)
Repayment of loans by adviser practices	1,018	-
Advances to related parties	(40)	-
Repayment of loans by related parties	-	120
Payments for purchases of investments	(98)	(77)
Proceeds from the sale of investments	93	27
Payments for acquisition of intangible assets	(435)	(2,021)
<b>Net cash inflow / (outflow) from investing activities</b>	<b><u>533</u></b>	<b><u>(1,945)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares by subsidiaries to non-controlling interests	36	-
Payments for shares repurchased	-	(140)
Proceeds from borrowings	251	2,350
Repayments of borrowings	(1,501)	(230)
Dividends paid to shareholders	(149)	(497)
Proceeds from issue of shares - Dividend Reinvestment Programme	149	-
Dividends paid to non-controlling interests	(182)	-
<b>Net cash (outflow) / inflow from financing activities</b>	<b><u>(1,396)</u></b>	<b><u>1,483</u></b>
<b>NET INCREASE IN CASH HELD</b>	<b>67</b>	<b>894</b>
Net cash at beginning of period	1,979	811
<b>NET CASH AT END OF PERIOD</b>	<b><u><u>2,046</u></u></b>	<b><u><u>1,705</u></u></b>

The above Consolidated Statement of Changes of Cash Flows should be read in conjunction with the accompanying notes.

## TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities

### Notes to the Consolidated Financial Statements

for the Half-Year Ended 31 December 2012

#### Note 1. Basis of Preparation of Half-Year Financial Statements

These general purpose financial statements for the half-year reporting period ended 31 December 2012 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2012 and any public announcements made by Tranzact Financial Services Limited (the 'Company') during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, except as follows:

##### **(a) New and revised accounting standards applicable for the first time to the current half-year reporting period**

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group, including:

- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income which requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in the title of 'statement of comprehensive income' being changed to 'statement of profit or loss and other comprehensive income'.

#### Note 2. Operating Segments

Within Tranzact Financial Services Limited, the information supplied to executive management and the Board for internal reporting purposes consists of 4 reportable segments as detailed below. Revenue and expenses not pertaining to segments relate to head office and are shown separately below.

The Group's business is located in Australia and New Zealand and is organised into the following divisions:

##### **Superannuation Fund Administration, Asset Consulting & Sponsorship**

The Group operates as a superannuation fund administrator, asset consultant and sponsor for a number of master trust superannuation and pooled superannuation trusts. For these services the Group receives fees and commission income. GIS Insurance and Superannuation Concepts Pty Ltd ('GIS Concepts'), which operates as a promoter in the superannuation sector, is included in this segment.

##### **Self Managed Superannuation Fund Administration**

The Group operates as a superannuation fund administrator for self managed superannuation funds. For these services the Group receives administration fee income.

##### **Investor Directed Portfolio Service Administration (IDPS) and Custodial Services**

Tranzact Investment Services Limited, a subsidiary of the Company, holds an Australian Financial Services Licence to provide custodial services and operate an investor directed portfolio service and currently provides such services to external clients for a fee.

##### **Partnership for Growth**

The Partnership for Growth interests in New Zealand are loans granted for interests in financial and insurance advisory businesses. The Group receives interest on these loans. The Partnership for Growth Australian based interests are shareholdings in businesses providing insurance and financial planning services from which dividends are received and a share of profit recognised.

The Partnership for Growth Australian based interests are in Templetons, which is a Brisbane based business specialising in the provision of insurance and financial planning services. A majority of the shares are held in Camelot Financial Services Pty Ltd ('Camelot') by a subsidiary of Tranzact Financial Services Limited and the income from this investment is recorded in the Partnership segment. A 24.4% interest is held in Templetons Administrative Services Pty Ltd, which provides administration and adviser services to Camelot. The income from this investment is equity accounted.

**TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities**  
**Notes to the Consolidated Financial Statements**  
**for the Half-Year Ended 31 December 2012**

**Note 2 continued. Operating Segments**

**Segment information**

These reportable segments are the same as those reported in the previous annual financial statements for the financial year ended 30 June 2012.

Segment information provided to the executive management committee and the Board for the year ended 31 December 2012 is as follows:

**Operating Segments**

<b>Half-Year 2012</b>	Super Fund (1)	SMSF(2)	IDPS & Custodial Services	Partnership for Growth (3)	Head Office	Total
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
External revenues	2,325	1,245	72	742	18	4,402
Share of profit of associated entities before tax	-	-	-	15	-	15
Less non-controlling interests share of revenue	(236)	-	-	(141)	-	(377)
External revenues attributable to owners of the Company	<b>2,089</b>	<b>1,245</b>	<b>72</b>	<b>616</b>	<b>18</b>	<b>4,040</b>
Segment Result before depreciation, amortisation, tax and including before tax share of profit from equity accounted investees (EBDTA)	<b>368</b>	<b>306</b>	<b>67</b>	<b>725</b>	<b>(244)</b>	<b>1,222</b>
Less non-controlling interests share of profit	(172)	-	-	(131)	-	(303)
<b>Segment result (EBDTA) attributable to owners of the Company</b>	<b>196</b>	<b>306</b>	<b>67</b>	<b>594</b>	<b>(244)</b>	<b>919</b>
Depreciation and amortisation expense	(411)	(122)	(7)	(251)	-	(791)
Plus non-controlling interests share of depreciation, amortisation and tax						228
Group taxation expense						(162)
Taxation on share of profit of equity accounted investees						(5)
Total comprehensive income attributable to owners of the Company						<b>189</b>
<b>Half-Year 2011</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
External revenues	1,941	1,505	90	886	10	4,432
Share of profit of associated entities before tax	70	-	-	4	-	74
Less non-controlling interests share of revenue	(80)	-	-	(175)	-	(255)
External revenues attributable to owners of the Company	<b>1,931</b>	<b>1,505</b>	<b>90</b>	<b>715</b>	<b>10</b>	<b>4,251</b>
Segment Result before depreciation, amortisation, tax and including before tax share of profit from equity accounted investees (EBDTA)	<b>440</b>	<b>209</b>	<b>67</b>	<b>911</b>	<b>(155)</b>	<b>1,472</b>
Less non-controlling interests share of profit	(56)	-	-	(158)	-	(214)
<b>Segment result (EBDTA) attributable to owners of the Company</b>	<b>384</b>	<b>209</b>	<b>67</b>	<b>753</b>	<b>(155)</b>	<b>1,258</b>
Depreciation and amortisation expense	(265)	(80)	(27)	(280)	-	(652)
Plus non-controlling interests share of depreciation, amortisation and tax						213
Group taxation expense						(222)
Taxation on share of profit of equity accounted investees						(22)
Total comprehensive income attributable to owners of the Company						<b>575</b>

(1) Superannuation fund administration, asset consulting and sponsorship

(2) Self managed superannuation fund administration

(3) The EBDTA for this segment in 2011 exceeds the revenue due to foreign exchange gains made on hedging contracts.

**TRANZACT FINANCIAL SERVICES LIMITED and its Controlled Entities**  
**Notes to the Consolidated Financial Statements**  
**for the Half-Year Ended 31 December 2012**

**Note 2 continued. Operating Segments**

**Segment information continued**

Total asset amounts provided to executive management and the Board in internal reports are not broken down by segment and are therefore not disclosed.

Executive management and the Board monitor segment performance based on EBTDA attributable to the owners of the Company, which includes share of profit of equity accounted investees, but excludes taxation, depreciation, amortisation and EBTDA attributable to non-controlling interests.

**Note 3. Dividends**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Dividends paid during the half-year on ordinary shares	497	497

Of the dividends paid on 5 October 2012, \$149,000 was paid to shareholders not participating in the dividend reinvestment plan ('DRP'), and was subject to additional shares being issued under the DRP underwriting agreement.

An interim dividend of 0.25 cents per share has been declared and will be paid on 5 April 2013.

**Note 4. Equity Securities Issued**

	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Numbers</b>	<b>Numbers</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares issued (1)	4,520,658	-	497	-
Ordinary shares cancelled (under buy back arrangement) (2)	-	(745,400)	-	(140)

**6 months ended 31 December 2012:**

(1) A Dividend Reinvestment Plan ("DRP") was implemented for the October 2012 dividend and resulted in the issue of an additional 4,520,658 ordinary shares. The value of the issue was the cost of the dividend of \$497,272.

**6 months ended 31 December 2011:**

(2) 745,400 equity securities were purchased on market between July and October 2011 at prices between \$0.175 and \$0.20 per security under the share buy back scheme announced on 29 September 2008 and subsequently extended. These securities have subsequently been cancelled.

**Note 5. Contingent Liabilities**

There are no contingent liabilities at 30 June 2012 (2011: nil).

**Note 6. Events Subsequent to the End of the Reporting Period**

No matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the period subsequent to the reporting period ended 31 December 2012.

**Note 7. Rounding**

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to rounding of amounts in the financial statements. Amounts have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

## DECLARATION BY DIRECTORS

The directors of the company declare that:

- (a) The financial statements and notes set out on pages 5 to 11 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**Anthony Ractliffe**  
**Non-Executive Chair**



**Allan S T Yeo**  
**Managing Director**

Sydney, NSW, Australia  
26 February 2013

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## **Independent Auditor's Review Report To the Members of Tranzact Financial Services Limited**

We have reviewed the accompanying half-year financial report of Tranzact Financial Services Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Tranzact Financial Services Limited are responsible for the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Tranzact Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tranzact Financial Services Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



A. Sheridan  
Partner - Audit & Assurance

Sydney, 26 February 2013