

ASX ANNOUNCEMENT

10 December 2013

TRANZACT REITERATES RECOMMENDATION THAT SHAREHOLDERS TAKE NO ACTION FOLLOWING EXTENSION OF TIME FOR DESPATCH OF TARGET'S STATEMENT

The independent Directors of Tranzact Financial Services Limited (ASX:TFS) (**Tranzact**) reiterate their recommendation of 5 December 2013 that shareholders do not accept, or make any final decisions in relation to, the offers made by Gro-Aust Holdings Limited (**Gro-Aust**) (**Offer**) until they have received Tranzact's Target's Statement and the accompanying independent expert's report by Pitcher Partners.

As noted in Gro-Aust's announcement to the ASX on 9 December 2013, ASIC has issued a formal Declaration modifying the off-market timetable under the Corporations Act so that the Target's Statement and accompanying independent expert's report must now be sent to:

- Gro-Aust and the ASX and lodged with ASIC by no later than Monday, 16 December 2013; and
- Tranzact shareholders by no later than Thursday, 19 December 2013.

To facilitate the above, Gro-Aust has agreed to extend the closing date of the Offer to not before 7.00pm Sydney time on Monday, 6 January 2014.

Shareholders should also be aware that on 9 December 2013 Tranzact announced its intention to make a capital return of 3 cents per share to shareholders registered as at a record date in mid-January 2014 – which is after the scheduled closing date of the Offer. The proposed capital return is subject to shareholder approval and the grant by ASX of a waiver of ASX Listing Rule 7.25 (which restricts capital reorganisations where the resulting share price will be less than 20 cents per share).

Tranzact does not intend to convene a general meeting to approve the capital return until after the ASX waiver has been granted. If the capital return is approved by shareholders, under the ASX Listing Rules, Tranzact's shares will trade on an "ex return of capital" basis 2 business days after the shareholder approval date and the record date for the capital return will be 4 business days later. The general meeting cannot occur before the revised closing date of the Offer - 6 January 2014.

If Gro-Aust was to extend the closing date of the Offer, under the terms of the Offer, shareholders who accept the Offer and whose shares are transferred to Gro-Aust before the record date will not be entitled to receive the capital return. The offer price otherwise payable to shareholders who accept the Offer after the record date and who receive the capital return will be correspondingly reduced.

Shareholders who sell their shares on market and who are not registered on the record date will not be entitled to receive the capital return.

For further information shareholders should continue to monitor Tranzact company announcements on the ASX platform or contact:

Tranzact Financial Services
Richard Rodgers
0418 283 758

T C Corporate
Robert Fraser
(02) 9377 1555