

OPERATIONS UPDATE

- **Rollout of 800 ATMs for new contracts commenced**
- **Solid ATM transaction volume growth – continuing upward trajectory**
- **Transactional revenue growth outstrips transaction volume growth**
- **Appointment of M&A Adviser**

The Directors of Transaction Solutions International Ltd (“TSN”) are pleased to provide the following operations update.

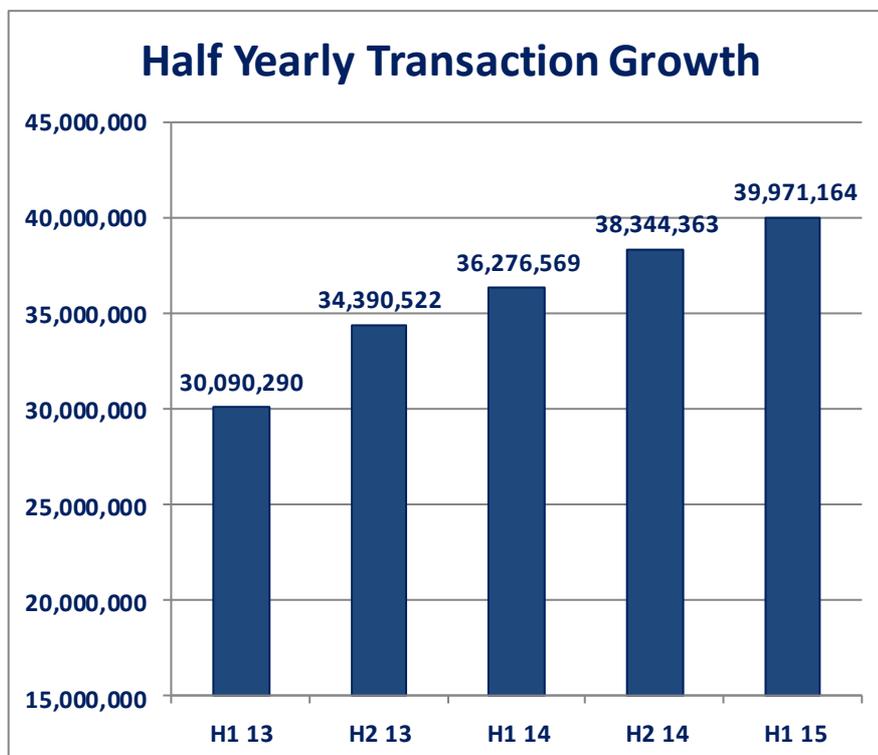
New ATM Deployments already underway for TMB and PNB

TSN recently announced that TSI India had won new ATM contracts with Tamilnad Mercantile Bank and Punjab National Bank for an additional 800 ATMs. With recent internal initiatives implemented by the management of TSI India, the lead time for ATM deployments has been significantly reduced and as a result new ATM deployments have already begun with over 75 ATMs being currently installed. TSI India has set an aggressive target to have as many of the recently contracted ATMs in place by end of March 2015, which, if achieved, would see TSI India operating a network of over 2,300 ATMs.

ATM transaction volume growth continues upward growth trajectory

As indicated by the chart below, transaction volumes continued to climb during the first half of the current reporting year (H1 15) and reached almost 40 million transactions for the period. This was primarily driven by increased transaction volumes from mature machines. It is anticipated that the transaction volume trend will continue its positive growth with a more pronounced uplift in the next period due to the increase in ATM placements between now and the end of the Indian financial year (March 2015).

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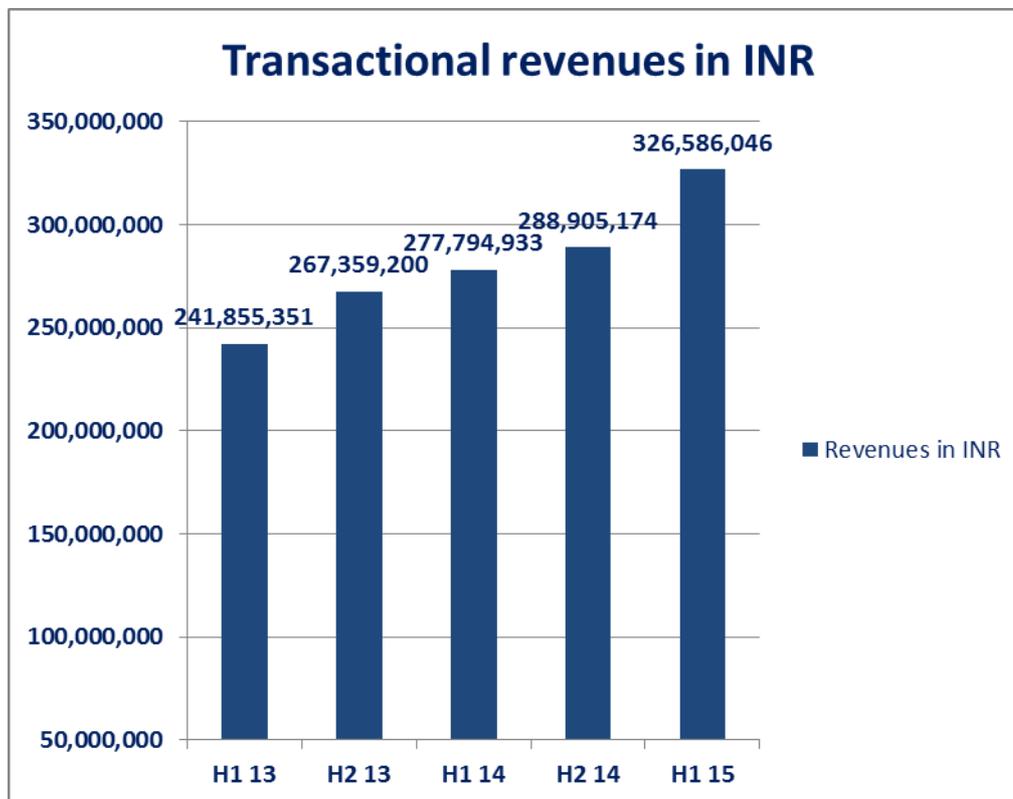
One of the main challenges for the Indian economy and for companies operating in India is the rate of inflation and its effect on costs. Since the announcement of the Modi government this year, reducing inflation has been a main area of focus for the government with annual inflation falling to 5.52% in October 2014. Inflation has averaged 9.23% from 2012 until 2014, reaching an all-time high of 11.16 % in November 2013 and a record low of 5.52 % in October 2014. The chart below indicates the progress the Indian government is making in addressing this key issue.

In the first half of this year, TSI India's operating costs have kept pace with its revenue growth in percentage terms due to the increased number of ATM deployments, however, the revenue growth is not reflective of a fully ramped up network. TSI India continues to address its costs. Recently an in-house propriety solution for on-site remote electricity monitoring was designed, built and tested successfully on 25 ATM sites. By designing and implementing this sophisticated monitoring equipment it is expected to save 25% on existing electricity costs across the ATM network once roll out to all sites is completed.



Transactional revenue reflects solid growth

As indicated by the chart below, transactional revenue growth increased by over 15% in comparing H114 to H115. This was a 30% increase over transactional volume growth over the same period, mainly due to a more favourable ratio of "on- us" and "off-us" transactions occurring on the TSI India network. Revenues for H115 crossed AU\$6 million.



New Opportunities and Technology Update

Following a comprehensive due diligence investigation of the SALT Technology m-commerce platform and business model, the management of TSN is confident of the merit of the technology. With the recent release of a new version of the SALT platform including updated versions of 2 of its main product offerings, TSN is evaluating market penetration, transactional volumes and customer take-up before making a decision to proceed with a definitive agreement for the exclusive licensing rights to the technology for the Asian and Australian region.

TSN has appointed TMT Partners Pty Ltd, an experienced team of technology specialists with a strong global network, to assist the Company to identify and evaluate appropriate technology opportunities that leverage on the experience and contacts of TSI India and the TSN management and Board.

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