

2 May 2016

ASX ANNOUNCEMENT AND PRESS RELEASE

OPERATIONS UPDATE
TSI INDIA

- TSI India expands ATM network with 13,000 ATMs under ownership and management
- Innovation allows expansion potential in e-payment, e-surveillance, power management business
- Annual revenue targeting **~2.6 Billion INR (AU\$53,000,000)** based on current transaction volumes
- ATM managed services platform capacity is 50,000 ATMs (currently 13,000 under management)
- Transaction volumes on target to achieve in excess of **500 million transactions** this financial year
- US\$2.5-3.5 billion potential market in ATM services in India - Indian Market Report 2015

Transaction Solutions International (“TSN” or “the Company”) (ASX:TSN), is pleased to provide the following operations update for TSI India. TSN holds a 24.89% interest in TSI India.

Extensive and material increase in both ATM transaction volumes and revenues

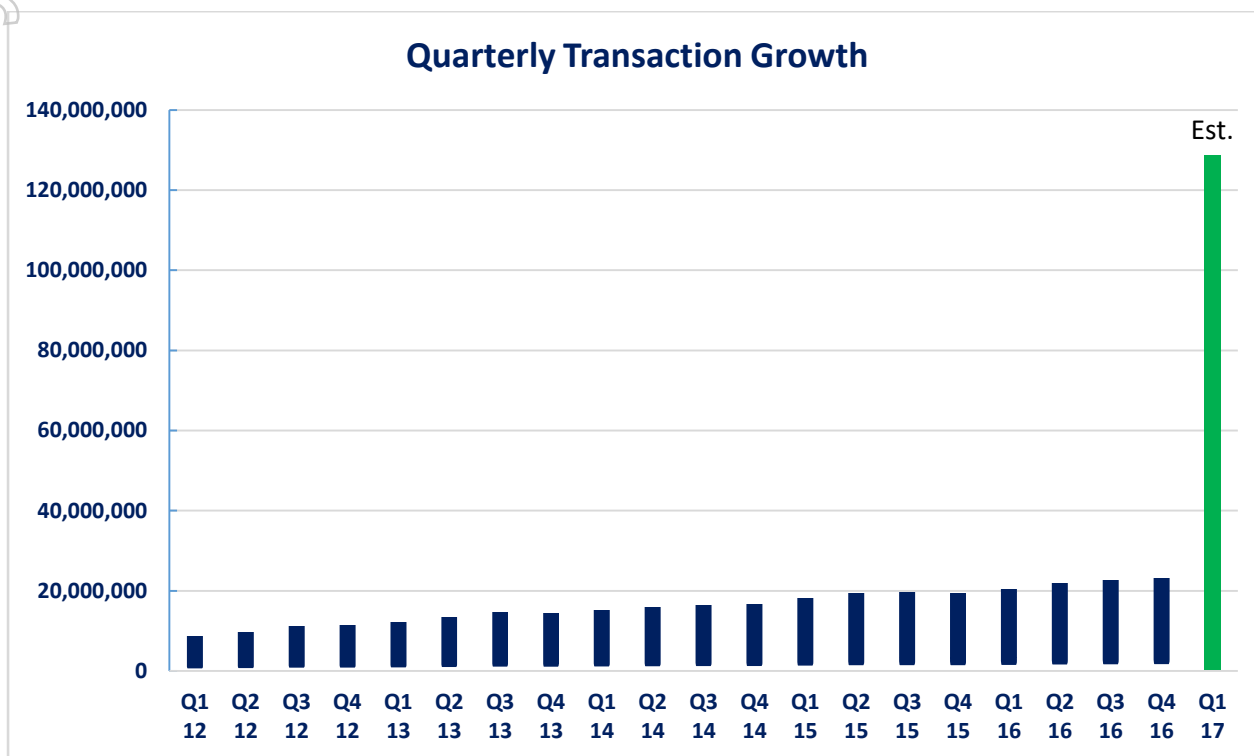
As previously announced (3 March and 8 April 2016), TSI India increased its operations in India from approximately 2,000 ATMs to 13,000 ATMs. The effect of the increase in ATMs is a significant uplift in transaction volumes and revenues for TSI India. The estimates for the first quarter of 2016/17 (Q1 17) is based on actual transaction volumes and revenues that occurred during the month of March 2016, extrapolated for the following quarter.

The Company considers it is reasonable to assume that this volume of transactions and revenues is likely to be maintained, although no guarantee at this early stage of the year can be provided.

The increased network forms the base for an intended assertive approach to further increase revenues through the utilisation of TSI India’s managed services network in offering a suite of value added services already in the sales pipeline.

TSI India has advised that the transaction for the additional ATMs is expected to be EBITDA accretive from year 1 and the enhanced scale is expected to support material improvement in operating efficiencies and profitability across the complete portfolio of TSI India. The transaction was effective from April 1, 2016.

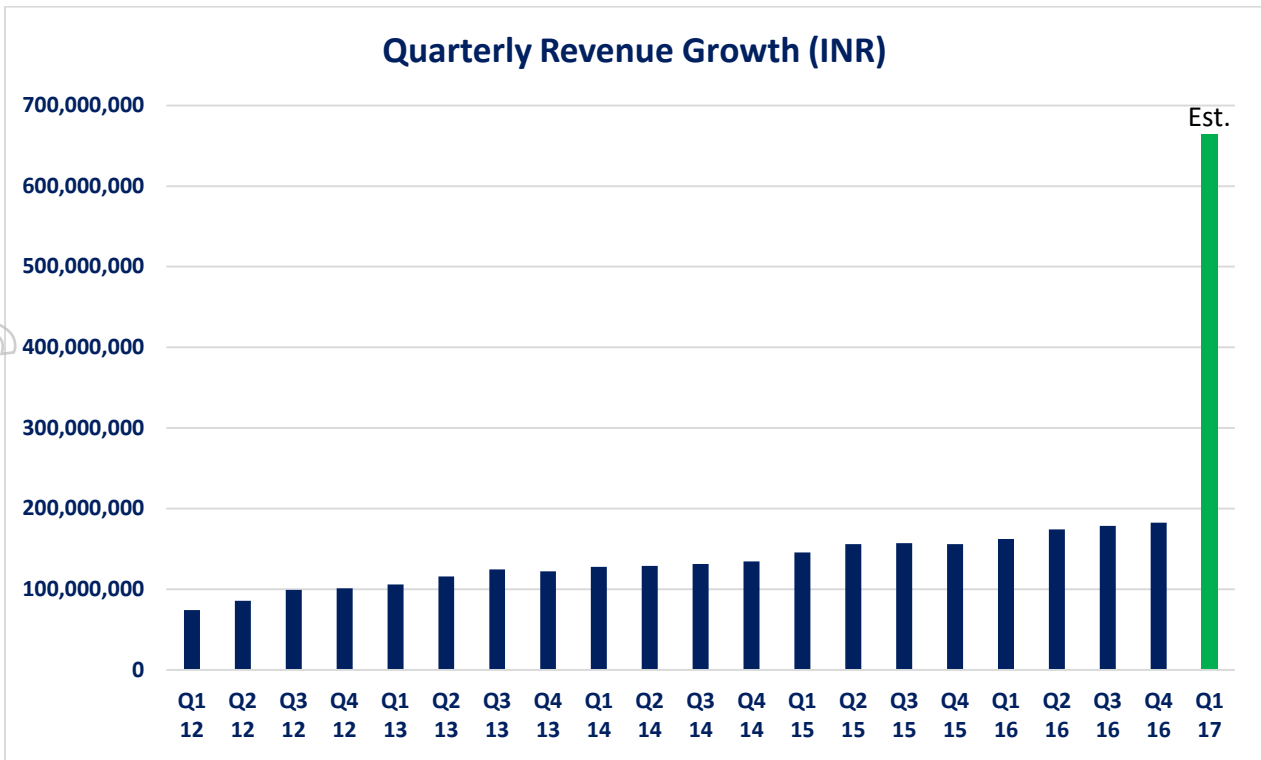
Gary Foster, TSN's Managing Director, said "Having established a solid operating footprint in India, we are excited by the significant scale and leverage that this transaction offers. This new deal substantially increases our reach and positions us as one of the largest ATM outsourcing operators in India."



Please note: The change from blue to green columns indicates the recent April 8 2016 announcement of the expansion of 11,000 ATMs under TSI India management taking total ATMs to ~13,000.

Table 1 – Source TSI India

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Table 2 – Source TSI India

New payment managed services platform

TSI India’s managed services platform provides end-to-end management of ATMs, Bill Pay kiosks, e-surveillance and Power Management deployments on a pan-India basis.

There is significant underlying capacity to grow operations on an organic and inorganic basis which is being actively pursued by TSI India.

Current capacity of the TSI India managed services platform allows for the management of up to 50,000 ATMs. Currently, the platform manages 13,000 ATMs, therefore growth of approximately 75% or a further 37,000 ATMs is available.

Additionally, the TSI India managed services platform will assist in allowing for growth in e-payment and m-payment services so as to enhance the customer experience across its network.

Some of the increased offerings TSI India will now be able to provide banks, institutions and utility companies include but are not limited to:

1. Comprehensive and complete end-to-end ATM deployment and managed services, helping clients to increase their reach while reducing operation costs and increasing uptime.
2. State-of-the-art, large primary ATM managed services centre including disaster recovery data centre, housing over 250 human resources to fulfil all services.
3. Flexible and customised cash management models for servicing ATMs across various locations, incorporating both scheduled and emergency cash replenishment.
4. Large team of trained field services executives for uninterrupted services.
5. Full round the clock help-desk and 24-hour ATM monitoring with committed service level agreements.
6. First line and second line maintenance to increase uptime and efficiencies in ATM management.

7. Cash monitoring, forecasting and replenishment services.
8. Reconciliation and customer dispute management.
9. Electronic Journal, Image retrieval and screen distribution.
10. Customised partner tools to streamline processes and increase efficiency.
11. Technology innovation.
12. Use of cloud based technology and workflow systems which integrates and track the entire lifecycle of a project on a real time basis.
13. One single central repository of information for all site details, landlord details, photographs, agreements and legal documentation.
14. Customised graphical dashboards and reports for clients.
15. In-house built Geographic Information System (G.I.S.) to optimise ATM placement and convenience in non-competitive strategic locations.

The managed services platform allows TSI India to substantially increase its product offerings and expand in the areas of fin-tech innovation such as digital payments, financial inclusion and the remittance markets.

Some very near term opportunities that TSI India are focussed on is the capability of the managed services platform to support the TSI India IP offerings of e-surveillance and power management to the broader banking market.

E-Surveillance

TSI India has developed its own in-house IP for e-surveillance services which provides enhanced features to asset owners, not available in the Indian market today. TSI India has proven the operational success of the new service and intends to aggressively seek new sites for the implementation of this solution both with the bank sector and outside.

Both TSI India and new clients will be able to see an immediate business benefit and TSI India will charge a monthly fixed surveillance fee for the service.

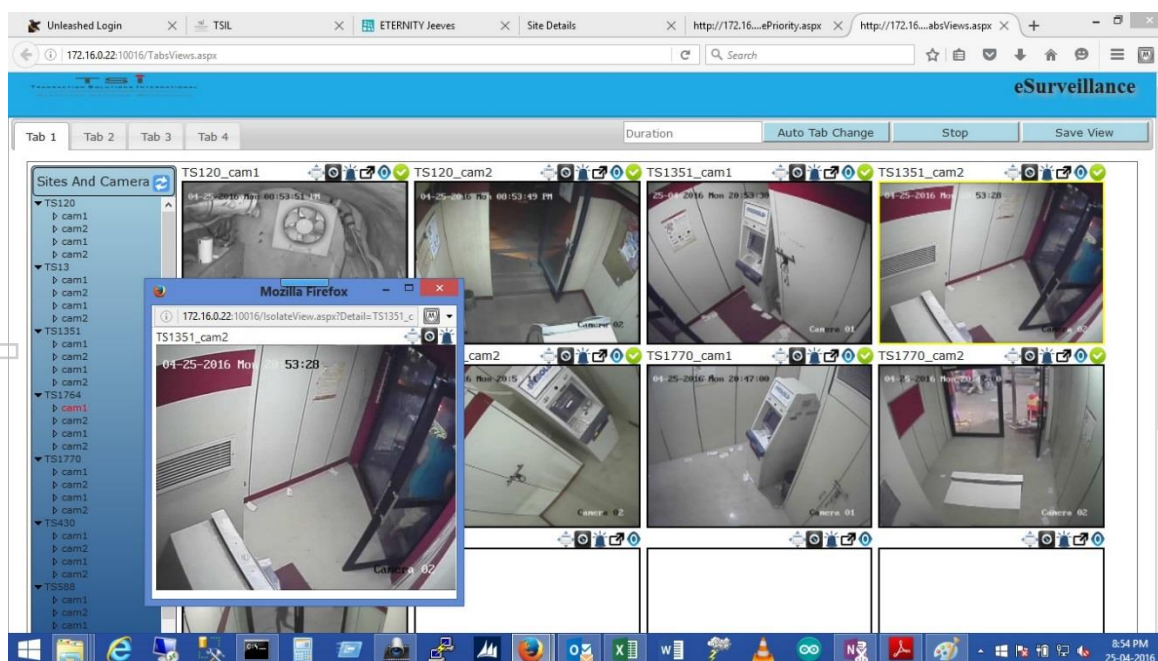


Image 1 – Screen snapshot of the TSI India e-surveillance cameras in action.

Source: TSI India

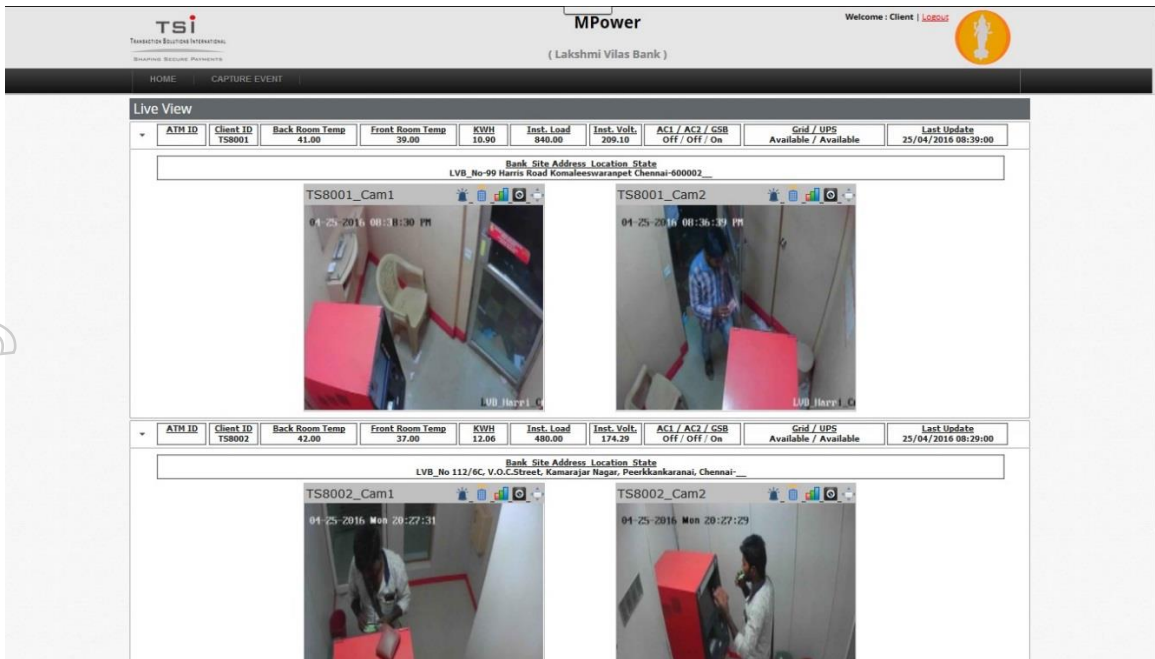


Image 2 – Screen snapshot of the TSI India e-surveillance cameras at work

Source: TSI India

Power Management

TSI India has successfully built, installed and operated its own in-house power management system. The system is remotely managed through a central platform and has the ability to track, monitor, recognise and react to unusual power usage increases, such as excessive use of air conditioning on moderate temperature days. The system can remotely control running times in such cases thereby reducing power consumption.

The power management system has proven itself to be a significant success. Across 800 ATM trial sites within the TSI India network, results were recorded over a three-month period.

Amortising the results for 12 months, based on a current run rate of an approximate 20% power saving, TSI India will see a direct cost saving over its network.

TSI India intends to market this in-house solution to Indian banks. Based on the current savings profile experienced by TSI India, it is possible that larger Indian banks with larger networks may be able to realise material cost savings.

TSI India will have the ability and capacity through its new managed services network to provide the power management services to these banks with the intention of charging a recurring fixed monthly service fee.

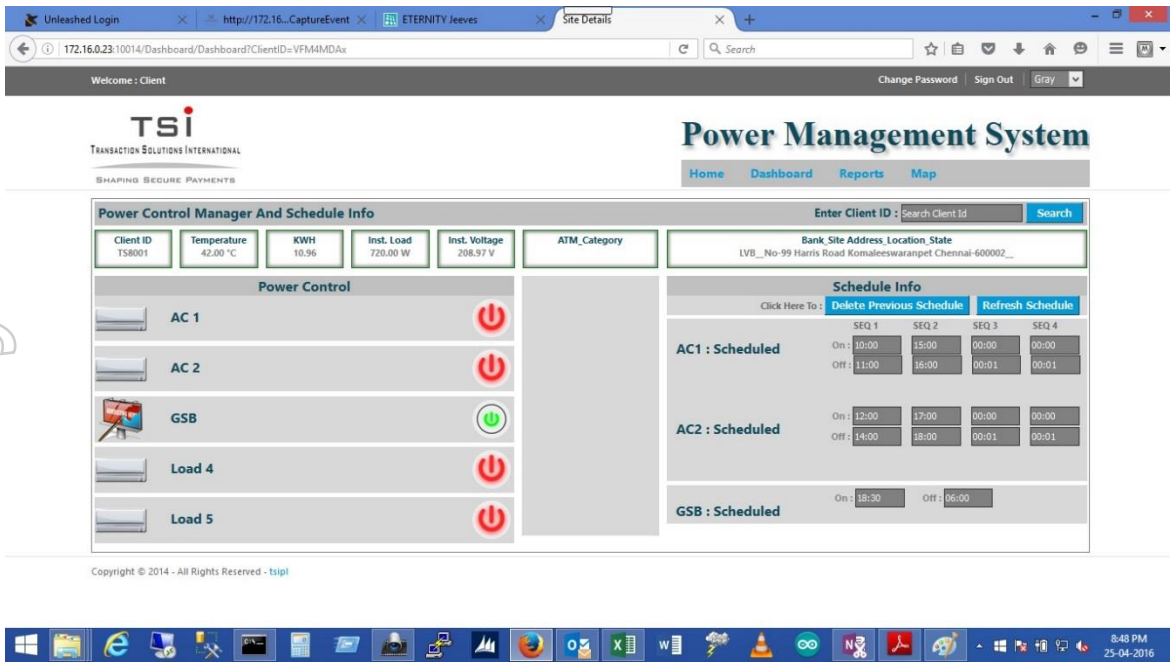


Image 3 – TSI India Power Management Control Centre tracking energy usage by appliance

Source: TSI India



Image 4 – TSI India Power Management Control House tracking energy usage by appliance

Source: TSI India

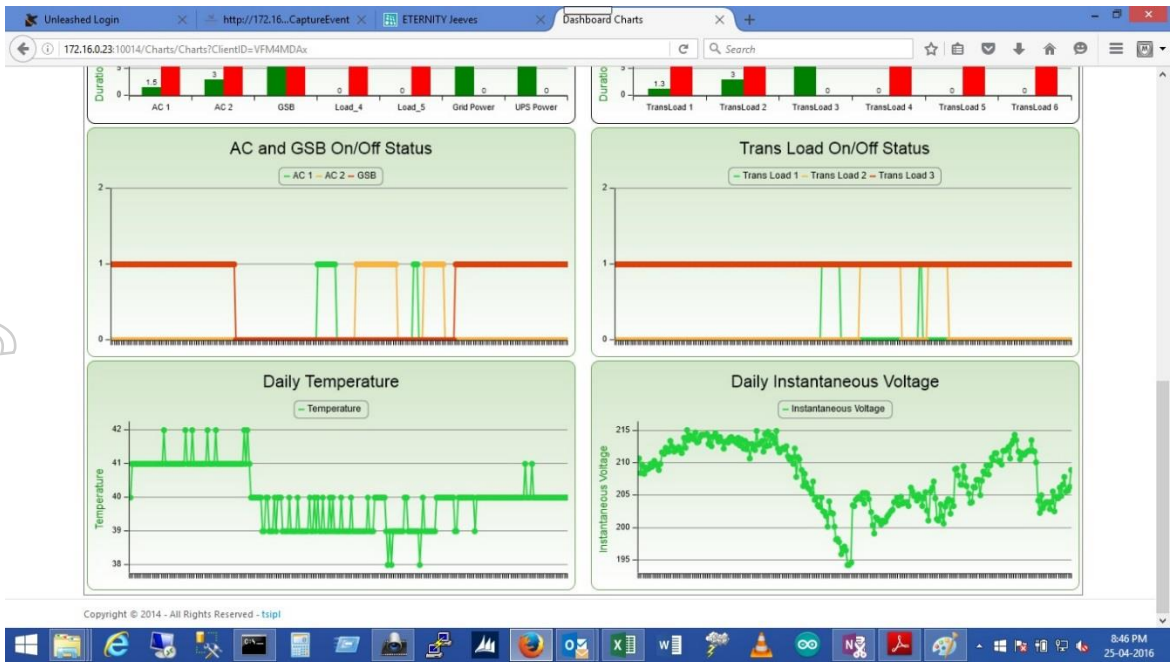


Image 5 – TSI India Power Management Control House tracking energy usage by appliance

Source: TSI India

Bill Payments

TSI India currently owns and operates a network of bill payment machines that facilitate bill payments in excess of 850,000 people per month. TSI India intends to continue to expand and grow its Bill Payments business this year, greatly assisted by the capabilities of the new managed services platform.

The Motilal Oswal report, “Indian Payments 2015 – Approaching Critical Mass”, reports that the “Overall size of the bill payment market in India is expected to increase by ~50% to reach INR9,300 billion (AU\$180.5 billion) in 2019. The bill payment universe extends across utilities, telephone, mobile services, and financial services. Of the total universe, utilities will contribute to ~30% of all bill payments.” The report also states that the E-bill payment penetration is expected to reach 250 billion INR (AU\$4.8 billion) by 2019.

Indian Market Opportunity

Unique Identity Card (“UID”) Enrolments cross 1 billion people.

On the 1st April 2016, The Economic Times of India reported that UID enrolments were set to hit the 1 billion mark in during that month. With statutory backing for the new UID, the universalisation of the program will allow the direct linking of beneficiaries of government payments and rebates through bank accounts. The effect of this program is an expected 253 million new bank accounts, which is expected to lead to higher usage of electronic transactions such as ATM withdrawals.

The Indian Government still requires acceptance by the Supreme Court of India for the UID due to the nature of personalised information being stored by the Government, but with such strong enrolments from the citizens, it is expected that the program will be looked upon favourably.

The Company is strongly encouraged by the growth opportunities that the Indian market provides with the Reserve Bank of India strongly supporting the adoption of digital financial services as well as financial inclusion,

through the new generation Small Finance Banks and Payment Banks as well as the growing e-Commerce market. This is evidenced in the below graph showing the rapid growth of debit cards in India.

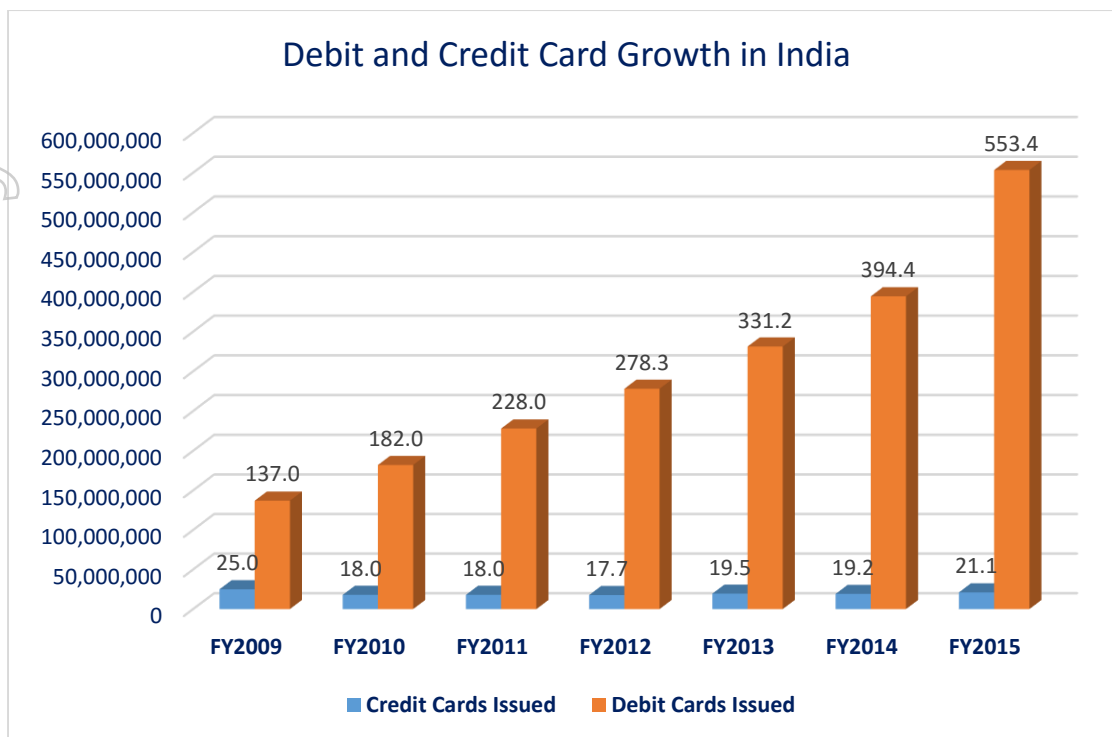


Table 3:

Source: Reserve Bank of India Credit and Debit Card Growth

Further evidence of significant growth opportunity specifically in TSI India’s market segment is presented by the Motilal Oswal Report “Indian Payments 2015 – Approaching Critical Mass” with the report stating that “The expansion of the ATM network has made it easier for consumers to transact in cash. As subsidies flow directly to recipient bank accounts as part of direct benefit transfer schemes, ATM usage for cash withdrawals will increase.”

TSI INDIA FUTURE STRATEGIC DIRECTION AND SUMMARY

TSI India has been working consistently on achieving growth and development within its identified Indian market segment. The company has identified a number of key success factors to ensure strong and consistent future growth, and has positioned itself to take advantage of the dynamics in India.

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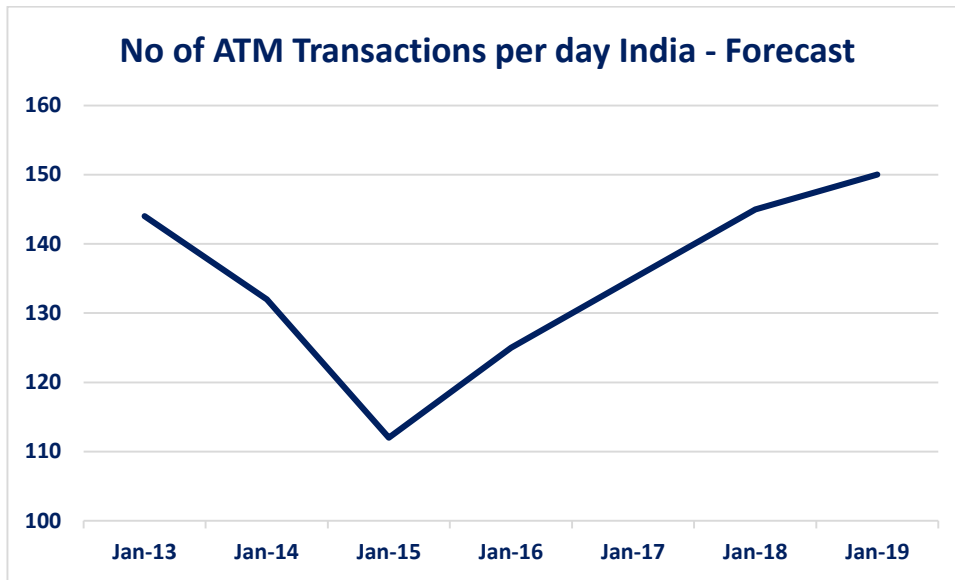


Table 4

Source: Indian Payments 2015 – Approaching Critical Mass

The key driver of growth in the Indian ATM market is India’s agenda of financial inclusion. The opening up of the Indian banking sector to new entrants is also set to stimulate demand for ATM’s. TSI India is geared and capable to offer a full suite of services to this market sector.

TSI India is confident of being able to realise strong and consistent growth by continuing to focus on:

1. Continuous innovation in its business model by continuing to provide and identify efficiencies such as e-surveillance, power management and newly identified technologies to its existing customer base;
2. Smart location strategy for ATMs, supported by an analytics base coming from the managed services platform;
3. Increase in revenue sources as already reflected by TSI India initiatives of e-surveillance and power management; and
4. Growth strategy focussing on developing integration of services and technology across existing and new customers in the areas of ATM outsourcing, managed services and improving operational efficiencies.

TSN intends to support TSI India in its endeavours of achieving strong and consistent growth by identifying innovation and technology opportunities in the e-transaction sector that can be provided to TSI India to provide opportunities for increasing its revenue lines to the large and expanding, base of customers in one of the largest and fastest growing economies in the world.

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About TSN and TSI India

Transaction Solutions International (TSN) was founded in 2005 by current directors, Paul Boyatzis and Gary Foster, Australian nationals with considerable experience in the financial services industry. Based on their knowledge of financial markets in more developed countries, TSI India was formed to take advantage of the opportunity to create shareholder value by creating scalable operations in the field of e-transactions and payments within India.

At the time of entering India, TSI India was first to market with its unique recurring revenue outsourcing model, focussed on partnering with Banks to increase the size of its bank branded ATM network.

Today, TSI India remains firmly entrenched in the e-transaction sector. With this agreement, TSI India will become one of the largest operators of Bank branded ATMs in India, with over 13,000 ATMs under management along with its automated Bill Pay solutions for utility companies.