

02 March 2011

SHAREHOLDER UPDATE

Highlights

- *Increasing number of current ATM deployments fuelling growth;*
- *Visible pipeline of contracts in the short and medium term*
- *Strong existing UK institutional shareholder support*
- *Half Year results (Dec 2010) confirm TSI's growth gaining traction*

The Directors of Transaction Solutions International Ltd ("TSI") are pleased to provide shareholders with a current Shareholder update.

State of the Indian Bank ATM sector

During the last three years, the Reserve Bank of India has developed policies that enable banks to increase their reach to customers through financial networks such as Automatic Teller machines ("ATMs").

In relation to Bank ATM requirements, various independent reports (Research Banking Report 2010 and Independent Banks Association of India 2007) state approximately 175,000 to 200,000 Bank ATMs required over the next three to five years. Currently only 55,000-60,000 is estimated to make up the entire country's Bank ATM network.

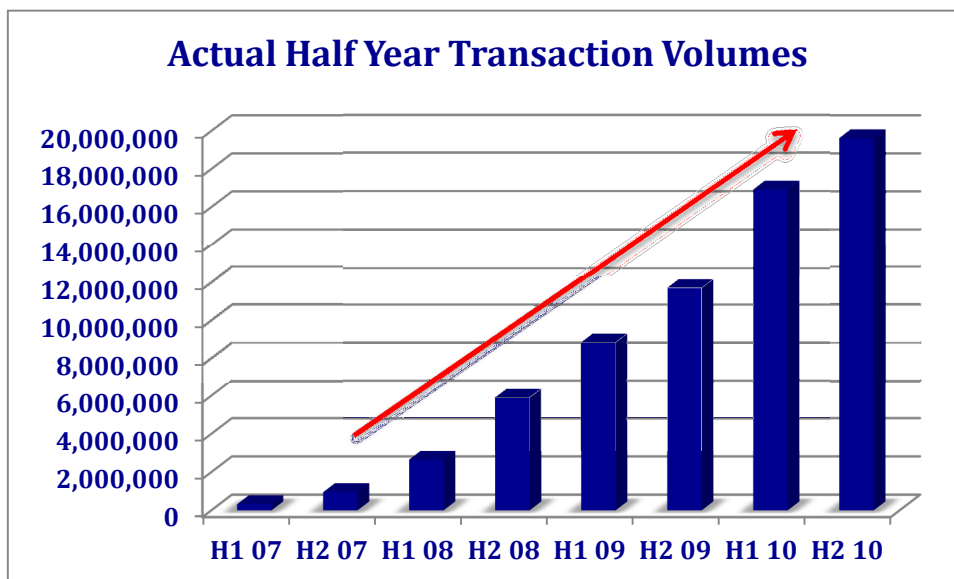
TSI is ideally positioned to participate in satisfying the increasing demand from major Indian Banks by continuing to offer outsourcing services that make sound economic sense to the banks and TSI.

TSI's Expanding Bank ATM networks

Currently the Company has over 440 Bank branded ATM's operational and expect to have approximately 500 installed by March end 2011, with a target of 1000 Bank ATMs by calendar year end.

The Company is in active discussions with a number of major banks in India relating to their ATM roll out programmes. The effect of securing these potential agreements will be the increasing cash generation due to the Company's scalable recurring revenue model. This cash generation, along with alternative sources of funding will assist TSI in its continued growth plans.

This potential for growth was reflected in the recent half-year results (Dec 2010) that identified that TSI continues to strengthen its financial position as it continues to place more machines in to the Indian market.



Notes to the chart: Historical performance may not be reflective of future performance

Strong Existing UK Shareholder Support

Senior management recently met with various UK based fund managers, some of whom indicated support should funds be required. Due to the interest expressed, the Company is considering an equity placing with investors introduced by TSI's London advisers, Arden Partners.

The Company is also evaluating the potential of a secondary listing in the UK to complement its ASX listing.

About TSI

Founded in 2005, TSI's business is a rapidly growing bank ATM deployment and e-transaction financial services business based in India. Operational in India since 2006 the company now has in excess of 400 ATMs fully operational and further contracts for another 100 ATMs to be installed.

The Company's business model is to build recurring revenue through the deployment of ATMs on behalf of major banks in India. In addition, TSI has contracts to service the financial payments sector through automation of bill payment processes, in a market that is migrating from paper based to electronic transactions.

TSI owns, manages and operates its financial hardware and systems, in return for a fee per transaction. This recurring revenue model assists TSI in producing a business model that is highly scalable.

TSI has agreements with a number of national companies including major banks, utilities and corporates. It is these corporations (not consumers) who form TSI's customer base, and from whom TSI receives its revenues.

Supported by the strong infrastructure and business platform built over the last 5 years and a leading market reputation, the business is now scalable by the installation of new ATM's and building on the recently introduced bill payments capability. Barriers to entry in the sector are high with regulatory and banking approvals required. TSI has successfully overcome those barriers, as reflected in its growth profile and the increasing demand for its ATM outsourced business.