Transaction Solutions International

Limited

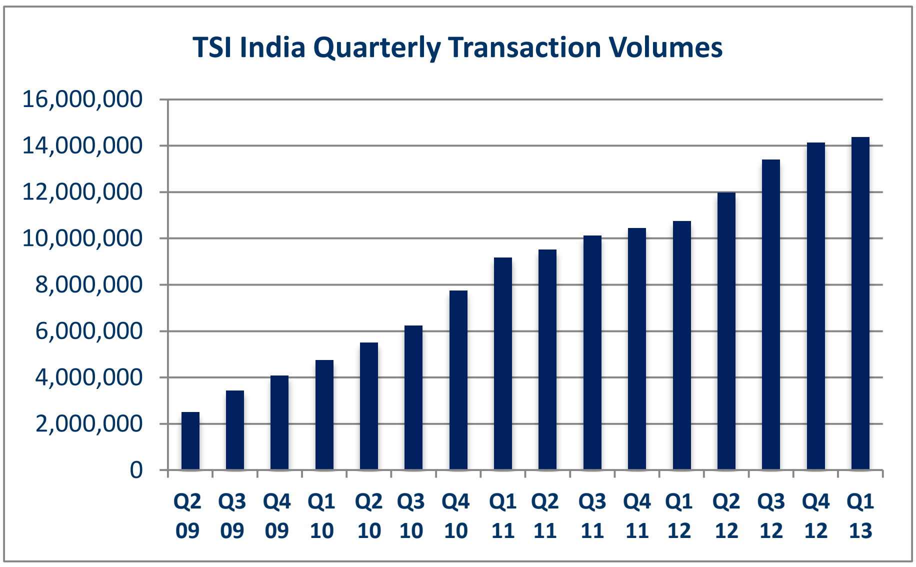
Operations Update

- **4.5% transaction growth for Q1, 2013 (March year end)**
- **900 ATM network target achieved (installed and operating)**
- **Advanced discussions for a further 100 ATMs**

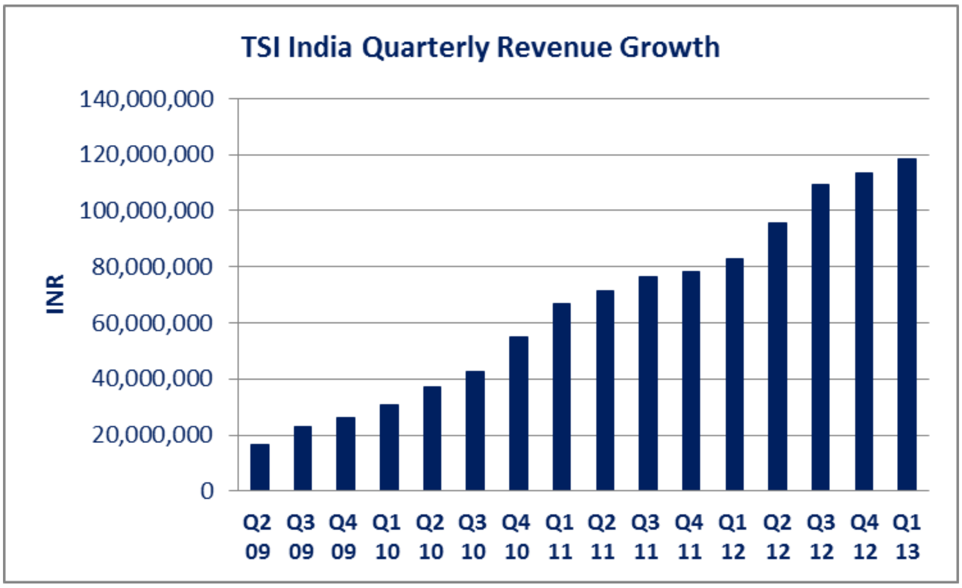
The Directors of Transaction Solutions International Ltd ("TSI") are pleased to provide an operations update along with Q1, 2013 operating highlights. (TSI has a March year end.)

During the quarter, TSI was able to maintain a 4.5% transaction volume growth compared to the previous quarter, despite the following events:

1. A serious fire at Punjab National Bank operations centre which killed and injured a number of PNB employees, also causing the financial switching network which runs all ATMs to be inoperable for approximately two weeks during the quarter. This meant no PNB ATMs including TSI's PNB ATMs were capable of operating during this period impacting transactions. The issue has been resolved and all ATMs are fully functioning.
2. Intermittent and widespread power outages in regions across India affecting ATM up time.
3. New TSI ATMs ramped up at a slower pace than previously deployed ATMs
4. India's total Bank ATM network growth according to data released by Reserve Bank of India indicating only a 1% increase in transactions for the quarter compared to the March quarter.



Similarly, revenues grew by approximately 2% during the quarter as per the chart below.



900 ATMs installed and operating

During the quarter TSI India continued its expansion by installing its 900th ATM. Currently, TSI India has 915 ATMs installed.

Advanced discussions for a further 100 ATMs

TSI India is in advanced discussions to secure a new contract for a minimum of 100 new ATM sites for an existing Bank client. It is expected that this will be completed in the near term.

Indian ATM Regulatory Environment

White Label ATMs - Update

In a recent keynote address at the IDRBT Banking Technology Awards, the Reserve Bank of India Governor, D. Subbarao advised that *"Although there has been a steady year-on-year 25 percent growth in the number of ATMs in the country, their penetration as measured by the number of ATMs per million population is still very low when compared to other emerging markets. In proportional terms, India has one of the lowest numbers of ATMs and PoS (Point of Sales) terminals – 63 ATMs and 497 PoS per million population"*, he said.

On the 20th June 2012, the Reserve Bank of India ("RBI") circulated new guidelines available on its website, to allow non-bank, independent ATM branding and ownership. This initiative is consistent with the RBI strategy of allowing more Indians to enter the banking system, by allowing ease of access to typical banking services such as cash withdrawals and balance enquiries.

It is expected but not confirmed, that another iteration of these guidelines for independent ATM deployment, allowing greater flexibility will be circulated in the coming months.

Finance Ministry ATM Tenders

As previously reported, The Finance Ministry of India were issuing 3rd party ATM deployment tenders, divided by geographical region, on behalf of the public sector banks in India. The majority of these tenders have been completed. TSI India did not participate in these tenders, as after careful consideration of the terms and economics of the tender, it was unlikely that the financial requirements of TSI India would be met in such a deployment, along with the view that some conditions would be onerous.

As per tender requirements, the winners of these tenders should have initiated deployment in June. As of date, no ATMs have been installed under these tenders, due to a number of issues being faced by third party deployers and the tender requirements.

The management of TSI India recently visited a number of private and public banks in India. Feedback unanimously supports TSI's strategy of not participating in such tenders as the banks with which TSI India met felt the terms and conditions of such tenders will be arduous to effectively execute.

Further Bank ATM contracts

The majority of ATM deployers have been focusing on the above mentioned government bank tenders. During this time, TSI has increased its discussions with a number of new and existing private banks. TSI is confident of being able to continue its growth by securing suitable ATM agreements with these banks in the near term.

Summary

TSI India maintained its upward growth trajectory albeit this quarter had challenges in relation to its existing and new ATM networks. Managing Director, Gary Foster commented that, *"In relation to current operations, we are focused on a further reduction in operating costs, whilst seeking ways to increase revenues. We have initiatives in place that will assist in addressing this. We are readdressing contracts and seeking ways to ensure continuous improvement. Whilst expectation was to see greater transaction volume growth from both existing and new ATMs this quarter, we remain focused on continuing to build a strong sustainable business over the long term."*

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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 900 ATMs fully operational and generating revenue. It has further contracts to allow deployment for up to a further 150 ATMs.

The company's business model is to build recurring revenue through the deployment of ATMs as well as 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 large number of national companies including major banks, utilities and corporates. It is these corporations (not consumers) who form TSI's customer base, and from who 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.

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