



TranServ
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TRANSPORT SERVICES

5 September 2005

Mr. A Walsh
Assistant Manager
Australian Stock Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir,

Directors wish to announce that the acquisition that had been contemplated when our letter to the ASX dated 29 July 2005 was lodged will not now be proceeding as negotiations have been discontinued between the respective companies.

The Board is still determined to address the present unacceptably low level of its operational revenue base by the purchase of existing businesses rather than concentrating on internal growth.

A potential transaction with a more profitable target is under advanced consideration and it is anticipated that a further announcement will be made next weeks. The possible arrangements are based on a script only purchase with no cash element unlike the negotiations with the previous target.

The preference share issue to raise \$2,500,000 that was to have been undertaken to fund the previous transaction has been deferred for the time being. In the interim period the existing debtor finance facilities are adequate to support the requirements of the business operations.

Yours sincerely,
TranServ Australia Limited

Kim Gardner
Director