2018

TRANSACTION CAPITAL INTERIM RESULTS AND DIVIDEND DECLARATION

FOR THE HALF YEAR ENDED 31 MARCH

Transaction Capital

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COMMENTARY

HIGHLIGHTS

CORE HEADLINE EARNINGS PER SHARE[1] **50.8 cents** ↑ 17% 2017: 43.3 cents

INTERIM DIVIDEND PER SHARE **21.0 cents** ↑ 40% 2017: 15.0 cents

	TRANSACTION CAPITAL GROUP	SA TAXI	TRANSACTION CAPITAL RISK SERVICES
CORE HEADLINE EARNINGS[1]	↑ 22% R310 MILLION	↑ 20% R173 MILLION	↑ 28% R119 MILLION

1 *Core financial ratios exclude once-off acquisition costs of R22 million incurred during the 2017 financial year.*

INTRODUCTION

Transaction Capital owns businesses that operate in highly specialised and under-served segments of the South African and Australian financial services markets. Its divisions, SA Taxi and Transaction Capital Risk Services (TCRS), are led by entrepreneurial and experienced management teams, represent a diversified and scalable financial services platform, and are underpinned by a mature governance framework. The divisions leverage their proprietary data and technology to create value for their customers. Positioned deliberately in relation to demographic and socio-economic realities, they deliver good commercial returns and positive social impact.

Since it listed on the JSE Limited in June 2012, the group has delivered growth in earnings per share at a compound annual growth rate of about 21%, with high cash conversion rates. In the first half of the 2018 financial year, the group extended its track record of high-quality organic earnings growth. Core headline earnings grew by 22% to R310 million. Core headline earnings per share rose 17% to 50.8 cents, diluted by issuing 28.4 million shares as part of the accelerated bookbuild concluded on 2 February 2017, which raised R419 million. The group's balance sheet remains well capitalised, liquid and ungeared, with excess capital of over R650 million providing the capacity and flexibility for acquisitions.

The early adoption of IFRS 9 in the 2015 financial year, ahead of the 2018 deadline, has resulted in a more conservative, lower-risk balance sheet and higher-quality earnings. It also removed uncertainty relating to the effect of IFRS 9 on future financial results and ratios.

COMMENTARY *continued*

MACRO- AND SOCIO-ECONOMIC ENVIRONMENT

SA Taxi and TCRS are well positioned within their chosen markets and continue to demonstrate their defensive character. Both divisions have adjusted to South Africa's challenging macro- and socio-economic conditions, by refining and diversifying their scalable fintech platforms and achieving high operational efficiency.

Recent political developments in South Africa are supporting a recovery in consumer and business confidence, evidenced by a stronger Rand and the 25 basis point interest rate cut since December 2017. These factors together with greater direct investment from both foreign investors and local business are expected to stimulate the economy with domestic and international institutions revising GDP growth rates upward for the next three years. This should result in higher employment, consumer spending and consumer credit extension.

The difficult economic conditions over the past few years combined with high vehicle prices have placed the minibus taxi industry under pressure. The industry could benefit from improved economic conditions, with lower interest rates and a growing commuter base supporting more affordable finance instalments. In an improving consumer credit environment, supported by lower levels of household debt to income and stable inflation rates, the volume of matters flowing to TCRS for collection should increase. Furthermore, returns on its acquired non-performing loan portfolios and contingency matters already under management should improve.

While the depth of this economic improvement remains to be seen, we expect our businesses to perform better in this more positive environment. However, we have not provided for an economic upturn in our guidance, so there may be upside potential for our growth expectations over the medium term.

ACCELERATED BOOKBUILD IN MARCH 2018

In March 2018, Everglen Capital (Pty) Ltd (Everglen) reduced its shareholding from 41% to 29%, disposing of 72 million shares via an accelerated bookbuild offering. Everglen is still the largest shareholder in the company, and remains the shareholder of reference. The bookbuild increased the company's free float significantly, which should enhance liquidity and daily trade. New and existing investors, both local and international, took up the offer to increase their shareholding. International investors accounted for 80% of the bookbuild, taking the company's international investor base to 15% from 5% in the prior period. Further information on the bookbuild can be found in the Stock Exchange News Service (SENS) announcements released on 7 and 8 March 2018, at www.transactioncapital.co.za.

SA TAXI

		For the half year ended 31 March		
		2018	2017	Movement
Financial performance				
Headline earnings attributable to the group	Rm	**173**	144	20%
Non-interest revenue	Rm	**258**	195	32%
Net interest income	Rm	**491**	412	19%
Net interest margin	%	**11.3**	11.0	
Cost-to-income ratio	%	**46.1**	50.1	
Return on average equity	%	**25.7**	24.1	
Credit performance				
Gross loans and advances	Rm	**8 907**	7 757	15%
Non-performing loan ratio	%	**17.2**	17.2	
Credit loss ratio	%	**3.7**	3.3	

MARKET POSITIONING

SA Taxi is a vertically integrated taxi platform incorporating a unique blend of vehicle procurement, retail, repossession and refurbishment capabilities with asset-backed developmental finance and insurance competencies for focused vehicle types. Combined with its proprietary data, analytics capabilities and technology, this division is able to provide small and medium-sized enterprises (SMEs) operating within the minibus taxi industry with a complete financial and allied services offering. SA Taxi delivers commercial benefits to its taxi operators, helping them ensure the viability and sustainability of their businesses whilst creating shared value in the minibus taxi industry.

As the largest and most critical component of South Africa's integrated public transport network, the minibus taxi industry creates significant value as an employer and enabler of socio-economic activity. As a key transformation partner in the public transport value chain, SA Taxi is cognisant of its responsibility to operate in a way that supports the overall sustainability of the public transport industry. This approach is essential to delivering defensible and sustainable financial returns over the long term.

SA Taxi's social impact extends to financial inclusion, job creation and economic transformation. Most SMEs operating in the minibus taxi industry do not easily qualify for traditional finance. Since 2008, the division has provided loans of more than R20.2 billion to taxi operators, supporting the creation of an estimated 68 600 SMEs, and more than 123 000 direct and 205 000 indirect jobs. More broadly, enabling taxi operators to replace old vehicles with new, safer and reduced emission minibus taxis improves South Africa's public transport infrastructure.

OPERATING CONTEXT

The structural dynamics, detailed in previous announcements and the group's latest integrated report, remain unchanged and continue to support the minibus taxi industry's resilience.

With 69% of all South African households using minibus taxis, equating to more than 15 million commuter trips a day, this is the country's main mode of public transport. However, the industry receives no government subsidy. In contrast, bus and rail combined account for less than 2 million commuter trips a day, and require significant capital investment and subsidisation from government. Minibus taxi transport is thus a non-discretionary expense for most South Africans, which supports the minibus taxi industry's resilience even without financial support from government.

Notwithstanding this resilience, the challenging economic environment in South Africa compounded by high minibus taxi vehicle prices and minibus taxi operators' lack of participation in the industry value chain, is having an impact on the industry at grass roots level. SA Taxi continues to work closely with industry leadership to deliver more suitable and sustainable products to minibus taxi operators. These combined efforts to secure the effectiveness and sustainability of the industry are expected to have a positive impact on SA Taxi's business over the long term.

VEHICLE FINANCING

The limited supply of new minibus taxis exacerbates the under-capitalisation and ageing of the estimated 250 000 national minibus taxi fleet. This has resulted in long-term demand exceeding supply, which has supported SA Taxi's credit performance as it is able to resell refurbished vehicles and be selective on credit risk.

SA Taxi's loans and advances portfolio, which comprises 29 921 vehicles, grew 15% to R8.9 billion. Growth of 4% in the number of loans originated and a slight increase in minibus taxi prices supported this result. SA Taxi expects vehicle prices to increase at lower than historical rates for the 2018 year, with the lower exchange rate since December 2017 expected to support this.

SA Taxi's higher level of loan originations has been achieved while improving credit quality. Focused loan origination strategies resulted in repeat loans to existing clients increasing to approximately 31%. SA Taxi does not restructure distressed clients' loan accounts.

Net interest income grew 19% to R491 million. SA Taxi's net interest margin improved to 11.3%, due to effective capital management and a stable non-performing loan ratio, despite an increase in the cost of borrowing. The risk-adjusted net interest margin remained robust at 7.6%. The credit loss ratio of 3.7% remains within the division's risk tolerance of 3% to 4% and the non-performing loan ratio remained stable at 17.2%. Good collection performance and conservative credit granting criteria supported this result.

Enhancing the value of vehicles through refurbishment enables SA Taxi to recover more than 73% of loan value on the sale of repossessed vehicles. The division operates one of the largest minibus taxi repair facilities in Africa, and the average cost to repair repossessed vehicles reduced further in the period. This was due to efficiencies achieved in the combined auto body repair and mechanical refurbishment centre. New initiatives in the parts procurement and distribution channels and salvage operations are expected to generate more efficiencies and reduce costs further over the medium term.

COMMENTARY *continued*

Stable non-performing loans, the reduced average cost to repair repossessed vehicles and higher recoveries on the re-sale of these vehicles, allowed the division to reduce provision coverage to 4.9%. At this level, SA Taxi's after tax credit loss remains covered at 1.8 times.

SA Taxi's funding requirements into the 2019 financial year are already secured. With funding from more than 40 distinct debt investors, the division continues to diversify its funding sources. SA Taxi returned to the local listed debt capital markets in November 2017, issuing R505 million of Moody's credit rated and JSE-listed debt via its Transsec 3 securitisation programme. This was priced at a weighted average cost of 180 basis points above three-month JIBAR, 81 basis points lower than the previous Transsec issuance. The business continues to balance the cost of debt from international sources against the benefit of funding diversification.

NON-INTEREST REVENUE

SA Taxi's vertically integrated business model generates diversified non-interest revenue streams, including revenue from the sale of vehicles, telematics services and insurance products. Non-interest revenue for the period grew 32% to R258 million, and now comprises 34% of SA Taxi's revenue after interest expense.

Encouragingly, a direct outcome of the industry protests during June 2017 has been deeper collaboration and joint participation by SA Taxi and the industry in augmenting existing and creating new non-interest revenue streams.

Insurance operations

SA Taxi's short-term insurance business is the main driver of non-interest revenue growing at a faster rate than our vehicle financing operation. The division's gross written premium has grown by broadening its product and client base.

In response to industry requests, during October 2017 SA Taxi again broadened its product base by launching a highly competitive credit life product. On average SA Taxi's insured clients now each have 1.8 SA Taxi insurance products.

In the highly competitive vehicle insurance sector, more than 85% of SA Taxi's financed clients choose to be insured by SA Taxi, with the remainder insured by other reputable insurers. In addition, SA Taxi has broadened its client base, now also insuring taxi operators not financed by the division, with the number of these clients up 22.5% from the prior period. Annualised new business premium grew to R161 million for the half year period from R135 million.

Loss ratios for both the financed and non-financed insurance portfolios continue to improve as a growing proportion of insurance claims are processed via SA Taxi's combined auto body and mechanical repair facility. This is further enhanced by operational efficiencies achieved in this facility, with new initiatives in the parts procurement and distribution channels and salvage operations expected to generate efficiencies and reduce costs even further over the medium term.

The insurance operation has been consolidated in accordance with IFRS, resulting in a full and stable effective tax rate.

CONCLUSION

With 15% growth in gross loans and advances, increasing net interest margins, strong credit performance, growth in non-interest revenue exceeding 20% and significant operational leverage via the improvement in the cost-to-income ratio to 46.1% (2017: 50.1%), SA Taxi's credit, operational and financial performance remains robust. This supported 20% growth in headline earnings to R173 million for the half year.

TRANSACTION CAPITAL RISK SERVICES

		For the half year ended 31 March		
		2018	2017	Movement
Financial performance				
Core headline earnings attributable to the group[1]	Rm	**119**	93	28%
Non-interest revenue	Rm	**854**	642	33%
Purchased book debts				
Value of purchased book debts acquired	Rm	**222**	210	6%
Purchased book debts	Rm	**1 030**	930	11%
Estimated remaining collections	Rm	**1 992**	1 492	34%

1. *Core financial ratios exclude once-off acquisition costs of R22 million incurred during the 2017 financial year.*

MARKET POSITIONING

TCRS is a technology-led, data-driven provider of customer management solutions in South Africa and Australia. The division's scalable and bespoke fintech platform improves its clients' ability to originate, manage and collect from their customers. The division leverages its technology and data to mitigate risk and maximise value for clients throughout the customer engagement lifecycle.

TCRS acts both as an agent on an outsourced contingency or fee-for-service (FFS) basis, and as a principal in acquiring and then collecting on non-performing loan portfolios. This diversified revenue model across various consumer credit sectors and geographies is central to the division's defensive positioning, supporting its performance in different market conditions.

Management's focus remains on driving organic earnings growth from existing operations, while ensuring the smooth operational integration of the acquired businesses, Recoveries Corporation in Australia and Road Cover in South Africa, all of which are in line with expectations.

OPERATING CONTEXT

Credit rehabilitation is a crucial element in growing an inclusive economy, as it allows consumers to again become economically active through access to conventional finance. At the same time, it allows lenders to maintain strong balance sheets and to continue extending credit at affordable interest rates. Of the 25.3 million credit-active South African consumers at December 2017, almost 40% of these (9.7 million) had impaired credit records. TCRS maintains proprietary data on the majority of these distressed consumers.

Transaction Capital's Consumer Credit Rehabilitation Index (CCRI) tracks the South African consumer's rehabilitation prospects. The CCRI samples over five million consumers in credit default from TCRS' proprietary database, and uses an algorithm to estimate their propensity to repay debt and progress towards financial rehabilitation. The national rehabilitation prospects of South African consumer already in a default position continued to deteriorate throughout 2016 and into 2017, in line with the general economic environment. Encouragingly, the CCRI reflected a marginal sequential improvement of 0.4% when comparing the third quarter of 2017 to quarter two of 2017, and a further 1.0% improvement when comparing the fourth quarter of 2017 to the third. Unfortunately, the CCRI reflected a marginal sequential deterioration of 0.8% when comparing the first quarter of 2018 to the preceding final quarter of 2017. This shows that credit active consumers remain vulnerable, but a recovery may be underway. Other indicators supporting a potential recovery include slightly improved unemployment rates of 26.7%, household debt to income improving to 71.9%, the 25 basis points rate cut in March 2018 and inflation staying within the targeted band.

Collection services: Acquisition of non-performing loan portfolios as principal

The current economic climate and TCRS' data, scale and capital position still favour the acquisition of non-performing loan portfolios in South Africa from risk averse clients who prefer an immediate recovery against their non-performing loans. As predicted, activity in this sector remained at the high levels experienced during the 2017 financial year. In South Africa TCRS acquired 17 portfolios with a face value of R8.3 billion for R218 million with Recoveries Corporation investing a further R4 million in portfolios during the period under review. TCRS now owns 219 principal portfolios with a face value of R20.6 billion, valued at just above R1 billion at 31 March 2018 up 11% from R930 million a year ago. Estimated remaining collections is now just under R2 billion, up from R1.5 billion a year ago, which will support future performance.

In Australia, TCRS continues to be cautious as it seeks to apply its analytics, pricing expertise and capital raising capabilities to the selective purchase of non-performing loan portfolios in a highly fragmented debt collection market.

Collection services: Contingency and FFS revenue

The difficult consumer credit environment experienced during the 2016 and 2017 years, resulted in lower levels of consumer credit extension and the consequent contraction in volumes of contingency matters handed over for collection in South Africa. As a result, contingency and fee-for-service revenue grew moderately during that period. Encouragingly, TCRS' strategy to deepen its penetration in its traditional market segments (i.e. retailers, specialist lenders and banks) and grow revenue from adjacent sectors (i.e. insurance, telecommunication and public sectors) supported its organic earnings growth, with local contingency and fee-for-service revenue growing by 23% during the first half of this year. In 89% of its 201 collection mandates in South Africa, TCRS is ranked either as the best or second-best recoveries agent. The adjacent insurance, telecommunication and public sectors now contribute 38% of TCRS' local contingency and FFS revenue, compared to 20% in the prior period.

Although still a small component of TCRS, contributing 5% of Transaction Capital's annual earnings, Recoveries Corporation in Australia has diversified the division's agency and FFS revenue. Recoveries Corporation grew its revenues on a like-for-like basis over the first half of the financial year in line with expectations. This was earned from a diversified client base in the insurance (26%), telecommunication and utility (14%), banking and commercial (30%) and public (30%) sectors.

COMMENTARY *continued*

Transaction Capital remains focused on investing further into this business, including deepening management skill set and overlaying TCRS' technology and business information capability to ensure the success of the investment case. Whilst the initial investment was relatively small, the opportunity to gain a deep understanding of the Australian collections industry, as well as participate in the emerging opportunities, is meaningful. As management implement this integration strategy, we expect the earnings growth rate from Recoveries Corporation this year to be below that of the rest of TCRS.

Other services

Headline earnings from our value-added services segment (Road Cover) grew in line with expectations well above 20% on a like-for-like basis. Actual earnings growth will be higher, as the acquisition of Road Cover was effective from 1 December 2016.

The transactional services segment, including Transaction Capital Payment Solutions and Transaction Capital Business Solutions, is performing in line with expectations.

CONCLUSION

Excluding the acquisitions, TCRS' cost-to-income ratio has continued to improve. Including acquisitions, core headline earnings growth of 28% to R119 million was achieved for the half year under review. Solid organic growth, augmented by the earnings accretive business acquisitions, underpinned this result.

GROUP EXECUTIVE OFFICE

The group executive office contributed R18 million to the group's headline earnings for the half year, resulting from efficient capital management and treasury functions relating to the excess capital of over R650 million.

PROSPECTS AND STRATEGY

Transaction Capital's strategy is to drive organic growth in each division through deep vertical integration within core and adjacent market segments. As SA Taxi and TCRS gain deeper insight into their respective sectors, underpinned by a maturing understanding of their social relevance, they continue to identify opportunities to create more value for all stakeholders.

Over the past few years SA Taxi and TCRS have adjusted to South Africa's challenging economic conditions, to become highly efficient. Although both divisions are defensively positioned, a sustained economic recovery will support their potential to outperform our current performance expectations.

The group's conservative approach to acquisitions focuses on acquiring and developing established platforms within core and adjacent market segments. With excess capital of over R650 million, the group has the flexibility for immediate cash settlement of any future acquisitions. Our growth expectations are based on the assumption that this excess capital is not deployed into earnings accretive acquisitions, so there may well be further upside potential over the medium term.

Robust organic growth together with the returns of the acquired businesses, position Transaction Capital to continue growing earnings and dividends in line with past periods and current interim performance.

Any forecast financial information has not been reviewed or reported on by the company's auditors.

DIVIDEND DECLARATION

In line with the stated dividend policy of 2 to 2.5 times, the board has declared an interim gross cash dividend of 21 cents per share (2017: 15 cents per share) for the six months ended 31 March 2018, to those members on the record date appearing below. The dividend is declared out of income reserves. A dividend withholding tax of 20% will be applicable to the dividend to all shareholders that are not exempt from the dividend withholding tax, resulting in a net dividend of 16.8 cents per share.

The salient features applicable to the final dividend are as follows:

Issued shares as at declaration date	610 422 717
Declaration date	Wednesday 16 May 2018
Last day to trade cum dividend	Tuesday 5 June 2018
Ex-dividend	Wednesday 6 June 2018
Record date	Friday 8 June 2018
Payment date	Monday 11 June 2018

Tax reference number: 9466/298/15/6

Share certificates may not be dematerialised or rematerialised between Wednesday 6 June 2018 and Friday 8 June 2018, both dates inclusive.

On Monday 11 June 2018 the cash dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic fund transfer is not available or desired, cheques dated 11 June 2018 will be posted on that date. Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday 11 June 2018.

BASIS FOR PREPARATION

The condensed consolidated interim financial results have been prepared under the supervision of R Goldstein (CA) SA. The financial information on which this announcement is based has not been reviewed and reported on by Transaction Capital's external auditors. The unaudited results of the group for the half year ended 31 March 2018 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act, 71 of 2008. The Listings Requirements require interim reports to be prepared in accordance with, and containing the information required by, IAS 34: Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies and their application are in terms of IFRS and are consistent, in all material respects, with those details in Transaction Capital's prior year annual financial statements.

APPROVAL BY THE BOARD OF DIRECTORS

Signed on behalf of the board of directors:

David Hurwitz
Chief executive officer

Ronen Goldstein
Financial director

16 May 2018

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Sponsor: RAND MERCHANT BANK (A division of FirstRand Bank Limited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH

	2018 Unaudited Rm	2017 Unaudited Rm
Assets		
Cash and cash equivalents	**904**	782
Tax receivables	**24**	30
Trade and other receivables	**786**	617
Inventories	**354**	222
Loans and advances	**9 054**	7 785
Leased assets	**–**	28
Purchased book debts	**1 030**	930
Other loans receivable	**38**	32
Other investments	**–**	590
Intangible assets	**263**	212
Property and equipment	**156**	122
Goodwill	**1 103**	666
Deferred tax assets	**315**	314
Total assets	**14 027**	12 330
Liabilities		
Bank overdrafts	**265**	147
Tax payables	**15**	13
Trade and other payables	**665**	390
Provisions	**123**	45
Interest-bearing liabilities	**8 735**	7 895
Senior debt	**7 668**	6 959
Subordinated debt	**1 067**	936
Deferred tax liabilities	**355**	250
Total liabilities	**10 158**	8 740
Equity		
Ordinary share capital	**1 060**	1 046
Reserves	**(26)**	139
Retained earnings	**2 781**	2 358
Equity attributable to ordinary equity holders of the parent	**3 815**	3 543
Non-controlling interest	**54**	47
Total equity	**3 869**	3 590
Total equity and liabilities	**14 027**	12 330

Refer to the group data sheet for the 30 September 2017 comparative.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 MARCH

	2018 Unaudited Rm	2017 Unaudited Rm
Interest and other similar income	**1 064**	939
Interest and other similar expense	**(511)**	(475)
Net interest income	**553**	464
Impairment of loans and advances	**(164)**	(125)
Risk-adjusted net interest income	**389**	339
Non-interest revenue	**1 112**	843
Operating costs	**(1 067)**	(868)
Non-operating loss	**(4)**	(2)
Profit before tax	**430**	312
Income tax expense	**(112)**	(75)
Profit for the period	**318**	237
Profit for the period attributable to:		
Ordinary equity holders of the parent	**310**	232
Non-controlling interests	**8**	5
Earnings per share (cents)		
Basic and headline earnings per share	**50.8**	39.5
Diluted basic and headline earnings per share	**50.3**	39.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH

	2018 Unaudited Rm	2017 Unaudited Rm
Profit for the period	**318**	237
Other comprehensive income		
Movement in cash flow hedging reserve	**(13)**	(2)
Fair value losses arising during the period	**(18)**	(2)
Deferred tax	**5**	<1
Movement in equity instruments held at fair value	**–**	<1
Exchange losses on translation of foreign operations	**(61)**	(2)
Total comprehensive income for the period	**244**	233
Total comprehensive income attributable to:		
Ordinary equity holders of the parent	**236**	228
Non-controlling interests	**8**	5

CONDENSED HEADLINE EARNINGS RECONCILIATION

FOR THE HALF YEAR ENDED 31 MARCH

Headline earnings is equal to profit after tax for the period as there are no headline earnings adjustments required.

	2018 Unaudited Rm	2017 Unaudited Rm
Headline earnings	**310**	232
Transaction and other acquisition-related costs	**–**	22
Core headline earnings	**310**	254

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 MARCH

	Share capital Unaudited Rm	Reserves Unaudited Rm	Retained earnings Unaudited Rm	Ordinary shareholders equity Unaudited Rm	Non-controlling interests Unaudited Rm	Total equity Unaudited Rm
Balance at 31 March 2017	1 046	139	2 358	3 543	47	3 590
Total comprehensive income	–	(61)	323	262	9	271
Profit for the period	–	–	323	323	9	332
Other comprehensive income	–	(61)	–	(61)	–	(61)
Grant of share appreciation rights and conditional share plan	–	9	–	9	–	9
Settlement of share appreciation rights	–	(5)	(9)	(14)	–	(14)
Transfer to retained earnings	–	(48)	48	–	–	–
Dividends paid	–	–	(92)	(92)	(2)	(94)
Issue of shares	21	–	–	21	–	21
Repurchase of shares	(11)	–	–	(11)	–	(11)
Balance at 30 September 2017	**1 056**	**34**	**2 628**	**3 718**	**54**	**3 772**
Total comprehensive income	**–**	**(74)**	**310**	**236**	**8**	**244**
Profit for the period	**–**	**–**	**310**	**310**	**8**	**318**
Other comprehensive income	**–**	**(74)**	**–**	**(74)**	**–**	**(74)**
Grant of share appreciation rights and conditional share plan	**–**	**16**	**–**	**16**	**–**	**16**
Settlement of share appreciation rights	**–**	**(2)**	**(4)**	**(6)**	**–**	**(6)**
Dividends paid	**–**	**–**	**(153)**	**(153)**	**(8)**	**(161)**
Issue of shares	**8**	**–**	**–**	**8**	**–**	**8**
Repurchase of shares	**(4)**	**–**	**–**	**(4)**	**–**	**(4)**
Balance at 31 March 2018	**1 060**	**(26)**	**2 781**	**3 815**	**54**	**3 869**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 MARCH

	2018 Unaudited Rm	2017 Unaudited Rm
Cash flow from operating activities		
Cash generated by operations	**670**	505
Income taxes paid	**(39)**	(35)
Dividends received from insurance activities	**–**	47
Dividends paid	**(161)**	(105)
Cash flow from operating activities before changes in operating assets and liabilities	**470**	412
Increase in operating assets and liabilities	**(401)**	(572)
Loans and advances	**(765)**	(713)
Leased assets	**–**	–
Purchased book debts	**(180)**	(277)
Net proceeds from interest-bearing liabilities	**544**	418
Changes in working capital	**(145)**	(125)
Increase in inventories	**(143)**	(20)
Increase in trade and other receivables	**(124)**	(75)
Increase/(decrease) in trade and other payables	**122**	(30)
Net cash utilised by operating activities	**(76)**	(285)
Cash flow from investing activities		
Business combinations	**(35)**	(482)
Acquisition of property and equipment	**(23)**	(14)
Acquisition of intangible assets	**(31)**	(28)
Disposal of property and equipment	**–**	2
Increase in other investments	**–**	(115)
Decrease in other loans receivable	**3**	3
Net cash utilised by investing activities	**(86)**	(634)
Cash flow from financing activities		
Repurchase of shares	**(4)**	–
Issue of shares	**–**	451
Net cash (utilised)/generated by financing activities	**(4)**	451
Net decrease in cash and cash equivalents	**(166)**	(468)
Cash and cash equivalents at the beginning of the period*	**808**	1 103
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(3)**	–
Cash and cash equivalents at the end of period*	**639**	635

* *Cash and cash equivalents are presented net of bank overdrafts.*

CONDENSED SEGMENT REPORT
FOR THE HALF YEAR ENDED 31 MARCH

	SA Taxi	
	2018 Unaudited Rm	2017 Unaudited Rm
Condensed income statement for the half year ended 31 March		
Net interest income	**491**	412
Impairment of loans and advances	**(162)**	(124)
Non-interest revenue	**258**	195
Operating costs	**(345)**	(304)
Non-operating profit	**–**	–
Profit before tax	**242**	179
Headline earnings attributable to equity holders of the parent	**173**	144
Once-off transaction and other acquisition-related costs	**–**	–
Core headline earnings attributable to equity holders of the parent	**173**	144
Condensed statement of financial position at 31 March		
Assets		
Cash and cash equivalents	**689**	483
Loans and advances	**8 467**	7 305
Purchased book debts	**–**	–
Other investments	**–**	496
Other assets	**1 618**	977
Total assets	**10 774**	9 261
Liabilities		
Bank overdrafts	**265**	141
Interest-bearing liabilities	**7 364**	6 757
Group loans**	**1 163**	910
Other liabilities	**519**	199
Total liabilities	**9 311**	8 007
Total equity	**1 463**	1 254

* *Group executive office numbers are presented net of group consolidation entries.*

** *Of SA Taxi's total group loans of R1 163 million at 31 March 2018 (2017: R910 million), R426 million (2017: R100 million) is repayable on demand as part of the group's treasury management function. The remaining R737 million (2017: R810 million) group loans is subordinated debt with fixed repayment terms. TCRS' total group loans of R213 million (2017: R205 million) is repayable on demand as part of the group's treasury management function.*

Transaction Capital Risk Services		Group executive office*		Group	
2018 Unaudited Rm	2017 Unaudited Rm	**2018 Unaudited Rm**	2017 Unaudited Rm	**2018 Unaudited Rm**	2017 Unaudited Rm
30	28	**32**	24	**553**	464
(2)	(1)	**–**	–	**(164)**	(125)
854	642	**–**	6	**1 112**	843
(716)	(560)	**(6)**	(4)	**(1 067)**	(868)
(4)	(2)	**–**	–	**(4)**	(2)
162	107	**26**	26	**430**	312
119	71	**18**	17	**310**	232
–	22	**–**	–	**–**	22
119	93	**18**	17	**310**	254
170	91	**45**	208	**904**	782
587	480	**–**	–	**9 054**	7 785
1 030	930	**–**	–	**1 030**	930
–	–	**–**	94	**–**	590
1 404	1 228	**17**	38	**3 039**	2 243
3 191	2 729	**62**	340	**14 027**	12 330
–	6	**–**	–	**265**	147
996	794	**375**	344	**8 735**	7 895
213	205	**(1 376)**	(1 115)	**–**	–
617	511	**22**	(12)	**1 158**	698
1 826	1 516	**(979)**	(783)	**10 158**	8 740
1 365	1 213	**1 041**	1 123	**3 869**	3 590

BUSINESS COMBINATIONS
FOR THE HALF YEAR ENDED 31 MARCH 2018

Subsidiaries acquired

	Acquirer	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration transferred Rm
Accsys Proprietary Limited (Accsys)	Transaction Capital Risk Services	People management solutions	01/12/2017	**100**	**44**

Transaction Capital Risk Services (TCRS) acquired 100% of the voting equity in Accsys Proprietary Limited (Accsys). Accsys is a South African software company specialising in people management solutions. Accsys has the potential to unlock value through synergies with TCRS, including Transaction Capital Payment Solutions (TCPS) gaining access to approximately 1 million disbursements via the Accsys system each month to employees of clients.

Consideration for IFRS 3 purposes

	Accsys Rm	Total Rm
Cash	**44**	**44**
Total	**44**	**44**

Assets acquired and liabilities recognised at the date of acquisition

	Accsys Rm	Total Rm
Current assets		
Cash and cash equivalents	**9**	**9**
Trade and other receivables	**10**	**10**
Inventories	**1**	**1**
Non-current assets		
Deferred tax assets	**3**	**3**
Current liabilities		
Trade and other payables	**(18)**	**(18)**
Net assets acquired and liabilities recognised	**5**	**5**

The initial accounting for the acquisition of Accsys has been provisionally determined at the end of the reporting period. For tax purposes, the tax values of certain Accsys assets are required to be reset based on market values of the assets at the date of the acquisition. At the date of finalisation of these interim results, the necessary market valuations and other calculations from a tax perspective had not been finalised and have therefore only been provisionally determined based on the directors' best estimate of the likely tax values.

The receivables acquired in this transaction have a fair value of R10 million. The receivables acquired compromise principally of trade receivables with a gross contractual amount of R11 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected is R2 million.

Goodwill arising on acquisition

	Accsys Rm	Total Rm
Consideration for IFRS 3 purposes	**44**	**44**
Less: intangible assets identified from business combinations	**(19)**	**(19)**
Plus: deferred tax on intangible assets identified from business combinations	**5**	**5**
Less: fair value of identifiable net assets acquired	**(5)**	**(5)**
Goodwill arising on acquisition	**25**	**25**

The consideration paid for the business combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Accsys. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of subsidiary

	Rm
Consideration paid in cash	**44**
Less: cash and cash equivalent balance acquired	**(9)**
Net cash outflow	**35**

Impact of acquisition on the results of the group

Included in profit attributable to equity holders of the group for the period, is R2 million attributable to Accsys. Revenue for the period includes R19 million in respect of Accsys.

Had the business combination been effected at 1 October 2017, revenue for the group would have been R2 186 million, and the profit for the period attributable to equity holders of the group would have been R311 million. The directors consider these pro forma numbers to represent approximate measure of the performance of the combined group on an annualised basis year to date and to provide a reference point for comparison in future periods.

FAIR VALUE DISCLOSURE
FOR THE HALF YEAR ENDED 31 MARCH

The fair values of financial assets and financial liabilities are disclosed below:

	Carrying value 2018 Rm	**Fair value 2018 Rm**	Carrying value 2017 Rm	Fair value 2017 Rm
Assets				
Loans and advances	**9 054**	**9 053**	7 785	7 772
Purchased book debts	**1 030**	**1 030**	930	930
Other loans receivable	**38**	**38**	32	32
Trade and other receivables*	**633**	**633**	527	527
Cash and cash equivalents	**904**	**904**	782	782
Total	**11 659**	**11 658**	10 056	10 043
Liabilities				
Interest-bearing liabilities	**8 735**	**9 029**	7 895	7 955
Fixed rate liabilities	**42**	**46**	238	238
Floating rate liabilities	**8 693**	**8 983**	7 657	7 717
Trade and other payables**	**591**	**591**	328	328
Bank overdrafts	**265**	**265**	147	147
Total	**9 591**	**9 885**	8 370	8 430
Net exposure	**2 068**	**1 773**	1 686	1 613

* *Prepayments are not financial assets and therefore have been excluded from trade and other receivables.*

** *Revenue received in advance and deferred lease liabilities are not financial liabilities and therefore have been excluded from trade and other payables.*

LEVEL DISCLOSURES
FOR THE HALF YEAR ENDED 31 MARCH

	2018			
	Level 1 Rm	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**
Financial assets at fair value through profit or loss				
Loans and advances: entry-level vehicles	**–**	**–**	**27**	**27**
Other financial assets	**–**	**–**	**36**	**36**
Financial assets at fair value through other comprehensive income				
Derivatives	**–**	**9**	**–**	**9**
Total financial assets	**–**	**9**	**63**	**72**
Financial liabilities at fair value through profit or loss				
Trade and other payables	**–**	**–**	**34**	**34**
Financial liabilities at fair value through other comprehensive income				
Derivatives	**–**	**144**	**–**	**144**
Total financial liabilities	**–**	**144**	**34**	**178**

	2017			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets at fair value through profit or loss				
Loans and advances: entry-level vehicles	–	–	39	39
Other financial assets	–	–	172	172
Financial assets at fair value through other comprehensive income				
Derivatives	–	56	–	56
Other investments	94	–	496	590
Total financial assets	94	56	707	857
Financial liabilities at fair value through profit or loss				
Trade and other payables*	–	–	70	70
Financial liabilities at fair value through other comprehensive income				
Derivatives	–	6	–	6
Total financial liabilities	–	6	70	76

* *Provisional accounting for acquisitions made during the previous financial period was finalised during December 2017. In terms of IFRS 3: Business Combinations fair value accounting of the contingent consideration relating to the acquisition of Recoveries Corporation was restated from R100 million to R70 million in the prior period, with a corresponding adjustment to goodwill. The impact on the statement of comprehensive income is negligible.*

FAIR VALUE DISCLOSURE *continued*

Reconciliation of level 3 fair value measurements of financial assets

	2018		
	Fair value through profit or loss Rm	**Fair value through other comprehensive income Rm**	**Total Rm**
Opening balance	**88**	**–**	**88**
Total gains or losses			
In profit or loss	**–**	**–**	**–**
In other comprehensive income	**–**	**–**	**–**
Other movements*	**(25)**	**–**	**(25)**
Closing balance of fair value measurement	**63**	**–**	**63**

	2017		
	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
Opening balance	220	370	590
Total gains or losses			
In profit or loss	(53)	–	(53)
In other comprehensive income	–	–	–
Other movements*	44	–	44
Closing balance of fair value measurement	211	370	581
Capital deployed to cell	–	126	126
Closing balance of financial instrument	211	496	707

* *Other movements include charges on accounts less collections received and write-off's on loans for entry-level vehicles as well as movements in other financial assets.*

Sensitivity analysis of valuations using unobservable inputs

As part of the group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The financial instruments that are most impacted by this sensitivity analysis are those with the more illiquid and/or structured portfolios. The stresses are applied independently and do not take account of any cross correlation between separate asset classes that would reduce the overall effect on the valuations. A significant parameter has been deemed to be one which may result in a change in the fair value of the asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis which includes a reasonable range of possible outcomes.

Movement in fair value given the 10% change in significant assumptions

SA Taxi – loans and advances: loans for entry-level vehicles	**2018** 10% Favourable Rm	**2018** 10% Unfavourable Rm	2017 10% Favourable Rm	2017 10% Unfavourable Rm
Significant unobservable input and description of assumption				
Average collateral value	**1**	**(1)**	2	(2)
Discount rate: the rate used to discount projected future cash flows to present value	**1**	**(1)**	2	(2)
Total	**2**	**(2)**	4	(4)

SA Taxi – investment in unlisted entity	**2018** 10% Favourable Rm	**2018** 10% Unfavourable Rm	2017 10% Favourable Rm	2017 10% Unfavourable Rm
Significant unobservable input and description of assumption				
Premium per policy: average insurance premium per policy in a year	**–**	**–**	15	(15)
Gross loss ratio: reported claims (excluding the movement in the claims that are incurred but not yet reported reserve) expressed as a percentage of gross written premium in a year	**–**	**–**	95	(95)
Mid-term insurance cancellations: number of policies cancelled during a year expressed as a percentage of total policies insured at the beginning of a year	**–**	**–**	5	(5)
Discount rate: the rate used to discount projected future cash flows to present value	**–**	**–**	6	(6)
Total	**–**	**–**	121	(121)

Transaction Capital Recoveries – other financial assets	**2018** 10% Favourable Rm	**2018** 10% Unfavourable Rm	2017 10% Favourable Rm	2017 10% Unfavourable Rm
Significant unobservable input and description of assumption				
Cash flows: change in the expected revenue	**<1**	**<(1)**	<1	(1)
Cash flows: change in expected costs	**<1**	**<(1)**	<1	(1)
Discount rate: the rate used to discount projected future cash flows to present value	**<1**	**<(1)**	1	(2)
Total	**<1**	**<(1)**	1	(4)

Transaction Capital

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