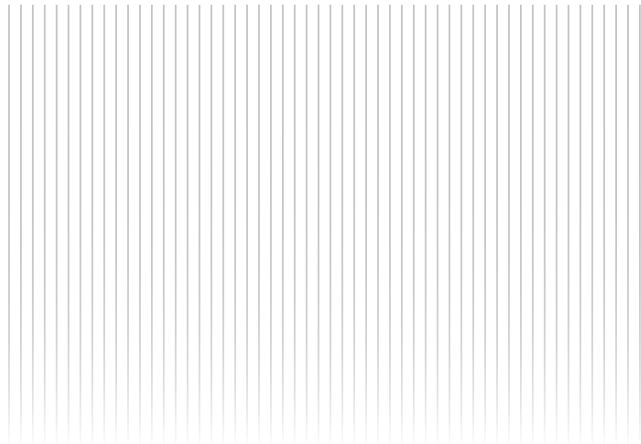


# PERFORMANCE



→ 60 Financial director's report

## FINANCIAL DIRECTOR'S REPORT



TRANSACTION CAPITAL'S OPERATIONS DELIVERED GRATIFYING FINANCIAL RESULTS DESPITE CHALLENGING MARKET CONDITIONS PERSISTING THROUGHOUT THE 2016 FINANCIAL YEAR. HEADLINE EARNINGS AND HEADLINE EARNINGS PER SHARE INCREASED BY 17% TO R458 MILLION AND 80.6 CENTS PER SHARE RESPECTIVELY. GROUP AND DIVISIONAL PERFORMANCE AND RETURN ON EQUITY ARE PRESENTED BELOW:

	Transaction Capital Risk Services		Group
	SA Taxi	(TCRS)	
Growth in headline earnings	20%	25%	17%
Return on average equity (ROE)	25.5%	31.5%	16.9%

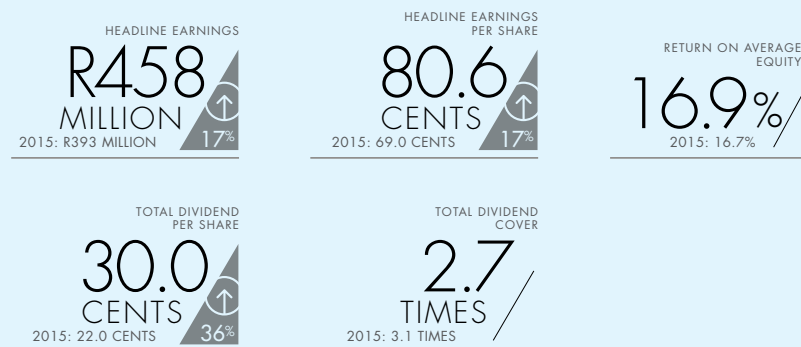
Shareholders are reminded that IFRS 9 was early adopted in the 2015 financial year, resulting in a higher quality of earnings due to more conservative provisioning methodology against loans and advances, and the amortisation profile of purchased book debts being better aligned with the collection profile. This early adoption has reduced balance sheet risk for Transaction Capital and removed uncertainty relating to the implementation of IFRS 9 on future financial results and ratios.

The financial tables and commentary in this report provide a comparison of the 2016 results and the 2015 published results, both of which have been prepared in accordance with IFRS 9. All 2014 comparative numbers in this report are pro forma, calculated as if IFRS 9 was adopted on 1 October 2013.



The condensed financial results of the group are included in the financial results section starting on page 102.

### KEY PERFORMANCE HIGHLIGHTS



FINANCIAL DIRECTOR'S REPORT *continued*

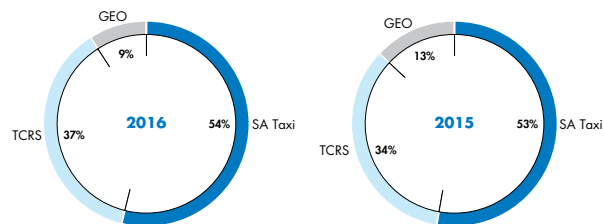
## SUMMARISED DIVISIONAL REPORT

	SA Taxi		TCRS		Group executive office (GEO)		Group	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm
<b>Condensed income statement for the year ended 30 September 2016</b>								
Net interest income	744	672	65	71	70	78	879	821
Impairment of loans and advances	(206)	(233)	(3)	-	-	-	(209)	(233)
Non-interest revenue	315	242	964	953	-	-	1 279	1 195
Total operating costs	(541)	(445)	(796)	(845)	(11)	(5)	(1 348)	(1 295)
Non-operating profit	-	-	-	14	-	-	-	14
Equity accounted earnings	-	-	-	(3)	-	-	-	(3)
<b>Profit before tax</b>	<b>312</b>	<b>236</b>	<b>230</b>	<b>190</b>	<b>59</b>	<b>73</b>	<b>601</b>	<b>499</b>
Headline earnings attributable to equity holders of the parent	249	208	168	134	41	51	458	393
<b>Condensed statement of financial position at 30 September 2016</b>								
<b>Assets</b>								
Cash and cash equivalents	761	594	72	57	443	518	1 276	1 169
Loans and advances	6 675	5 703	515	457	-	-	7 190	6 160
Leased assets	40	-	-	-	-	-	40	-
Purchased book debts	-	-	728	561	-	-	728	561
Other investments	477	481	-	-	-	-	477	481
Other assets and receivables	924	750	364	299	92	283	1 380	1 332
<b>Total assets</b>	<b>8 877</b>	<b>7 528</b>	<b>1 679</b>	<b>1 374</b>	<b>535</b>	<b>801</b>	<b>11 091</b>	<b>9 703</b>
<b>Liabilities</b>								
Bank overdrafts	173	44	-	8	-	-	173	52
Interest-bearing liabilities	6 482	5 429	558	467	437	744	7 477	6 640
Group loans	913	1 019	230	166	(1 143)	(1 185)	-	-
Other liabilities and payables	167	134	285	246	11	20	463	400
<b>Total liabilities</b>	<b>7 735</b>	<b>6 626</b>	<b>1 073</b>	<b>887</b>	<b>(695)</b>	<b>(421)</b>	<b>8 113</b>	<b>7 092</b>
<b>Total equity</b>	<b>1 142</b>	<b>902</b>	<b>606</b>	<b>487</b>	<b>1 230</b>	<b>1 222</b>	<b>2 978</b>	<b>2 611</b>

## DIVISIONAL REVIEW

### HEADLINE EARNINGS PER DIVISION

	Rm		Growth	Contribution	
	2016	2015	2016	2016	2015
SA Taxi	249	208	20%	54%	53%
TCRS	168	134	25%	37%	34%
GEO	41	51	(20%)	9%	13%
<b>Total</b>	<b>458</b>	<b>393</b>	<b>17%</b>	<b>100%</b>	<b>100%</b>
<b>Cents per share</b>	<b>80.6</b>	<b>69.0</b>	<b>17%</b>		



The composition of headline earnings following the three acquisitions in TCRS in the 2017 financial year will be more evenly weighted.

## SA TAXI

### FINANCIAL AND OPERATING PERFORMANCE

		2016	2015	Movement
<b>Financial performance</b>				
Headline earnings attributable to the group	Rm	249	208	20%
Non-interest revenue	Rm	315	242	30%
Net interest income	Rm	744	672	11%
Net interest margin	%	11.1	11.3	
Average cost of borrowing	%	10.6	10.0	
<b>Credit performance</b>				
Gross loans and advances	Rm	7 151	6 238	15%
Impairment provision	Rm	(476)	(535)	(11%)
Non-performing loan ratio	%	17.4	18.2	
Credit loss ratio	%	3.1	3.9	
Provision coverage	%	6.7	8.6	
Non-performing loan coverage	%	38.3	47.0	

SA Taxi is a vertically integrated minibus and metered taxi platform utilising specialist capabilities and enriched proprietary data to judiciously deploy developmental credit and allied business services to empower small- and medium-sized enterprises (SMEs), ensuring the sustainability of a fundamental mode of transport.

SA Taxi's strategic and operational results have translated into pleasing financial performance in 2016, with headline earnings attributable to the group increasing by 20% to R249 million.

SA Taxi's number of active loan clients increased by 2%. The total number of clients was impacted by the active wind-down of SA Taxi's loan portfolio of entry-level vehicles, together with constrained supply of new Toyota minibus taxis as a result of Toyota closing its local assembly facility for five months during the prior year to enable a full plant rebuild. Toyota supply subsequently normalised, with the number of active clients within the Toyota loan portfolio increasing by 9.2% for the year. Growth in gross loans and advances was further positively impacted by Toyota steadily increasing vehicle prices by 13.6% since 1 October 2015, resulting in 15% growth in SA Taxi's gross loans and advances for the year. SA Taxi's R7.2 billion loans and advances portfolio as at 30 September 2016 comprised 26 352 vehicles.

The net interest margin decreased marginally to 11.1%. SA Taxi's average cost of borrowing increased slightly by 60 basis points to 10.6%. This increase is attributable to the 100 basis point increase in the repo rate over the past 12 months, and an increased component of SA Taxi's funding being raised in foreign currency and fully hedged to the South African rand. In addition, with growing concerns of a potential downgrade of South Africa's credit rating, SA Taxi raised more than R3.5 billion of debt during the 2016 financial year, filling most of its annual debt requirements for the 2017 financial year but resulting in excess cash on hand and thus a negative cost of carry. To counter this, SA Taxi selected better quality clients, with the combined effect of the increased funding cost and reduced credit losses yielding an improved risk-adjusted net interest margin of 8.0%, compared to 7.4% in the prior year.

SA Taxi's credit loss ratio continued to improve to 3.1% for the year, compared to 3.9% for the prior year. SA Taxi is able to recover more than 72% of the loan value when re-selling repossessed vehicles, as the security value of a taxi vehicle is enhanced through SA Taxi's mechanical refurbishment centre; now one of the largest Toyota repair centres in Africa. The average cost to repair repossessed stock has continued to decrease due to further efficiencies achieved from SA Taxi's investment into its combined auto body repair and mechanical refurbishment centre, offset slightly by more expensive spare parts procurement as a result of the weaker rand. Further, a positive second-order effect of Toyota increasing new vehicle prices is that pre-owned minibus taxi vehicle prices follow a similar trend, increasing by 10.4% this year in SA Taxi's retail dealership.

The non-performing loan ratio continued to improve, reducing from 18.2% in the prior year to 17.4% due to a combination of continued strong collection performance, loans of superior credit quality being originated via its retail dealership and conservative credit granting criteria, which are continuously enhanced based on the analytics applied to SA Taxi's telematics data. This data is accumulated daily from each minibus taxi and applied to credit scorecards, route profitability assessments, collection strategies and insurance pricing.

A more conservative provisioning methodology against loans and advances was assumed during the 2015 financial year with the early adoption of IFRS 9. This accounting statement requires SA Taxi's loans and advances portfolio to be segregated based on expected credit risk/loss. A greater component of the portfolio is currently categorised as lower risk when compared to the prior year (70.5% currently in the lowest risk stage [being stage 1], versus 68.6% at 30 September 2015), which is driven by SA Taxi's record collection levels, lower non-performing loans and lower credit losses. Due to this, SA Taxi's provision coverage has reduced but remains adequate as evidenced by the better-quality loans and advances portfolio. With provision coverage levels at 6.7%, SA Taxi's after tax credit loss remains conservatively covered at 3.1 times (2015: 3.1 times).

### CREDIT PROFILE OF LOANS ON BOOK

AVERAGE LOAN TERM  
**67 MONTHS**

MINIMUM MONTHLY PROFIT OF SME (PER VEHICLE)  
**>R6 000**

AVERAGE DEPOSIT ON NEW VEHICLES  
**17.3%**

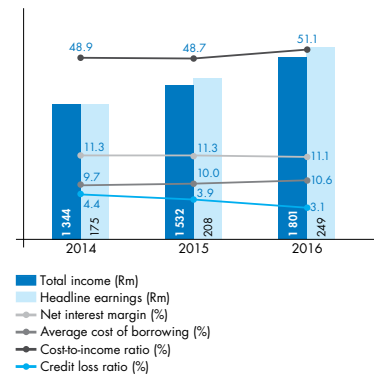
WEIGHTED AVERAGE INTEREST RATE AT ORIGINATION  
**25.2%**

WEIGHTED AVERAGE REMAINING TERM  
**44 MONTHS**

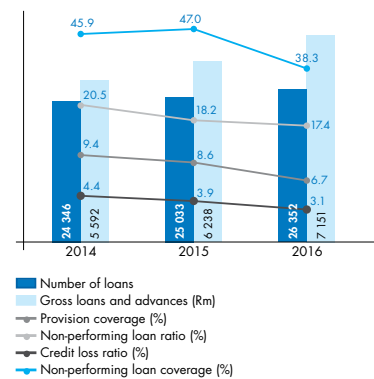
AVERAGE APPROVAL RATE  
**59%**

AVERAGE EMPIRICA SCORE  
**602**

FINANCIAL PERFORMANCE



CREDIT PERFORMANCE



SA Taxi's financial and operational risk exposure to entry-level vehicles has significantly reduced, supporting the higher credit quality of its portfolio. Entry-level vehicles now account for less than 1.0% of the value of SA Taxi's loan portfolio.

In line with SA Taxi's strategic objective to achieve deep vertical integration within South Africa's taxi industry, it continues to uplift, diversify and enhance its non-interest revenue. The component of SA Taxi's earnings derived from non-interest revenue increased by 30% to R315 million. This was mainly achieved through:

> **Direct sales via SA Taxi's retail dealership:**

SA Taxi's retail dealership is considered to be one of the largest dedicated taxi dealerships in South Africa selling Toyota, Nissan and Mercedes minibuses, and bespoke Toyota Corolla metered taxi vehicles. A second dealership in KwaZulu-Natal selling pre-owned vehicles only has been piloted, with a further dealership in Polokwane currently under consideration. SA Taxi anticipates selling, financing and insuring more than 2 600 vehicles per year directly via its retail dealerships, which will constitute approximately 30% of the vehicles financed by SA Taxi. The profitability of vehicles financed directly through SA Taxi's dealership outstrips the profitability of loans originated through other sales channels (being affiliated and non-affiliated dealerships). This can be ascribed to a greater proportion of non-interest revenue earned (being product margin and insurance revenue) and better loan performance.

> **SA Taxi's short-term insurance activities:**

SA Taxi requires its financed minibus taxis to be fully insured, and has thus designed a bespoke insurance product to meet its taxi clients' specific needs, including comprehensive vehicle cover as well as passenger liability and business interruption cover. As at 30 September 2016, 84.5% of SA Taxi's financed portfolio was insured directly through SA Taxi, with an additional 3 756 insurance policies taken up by non-financed clients. SA Taxi is responsible for distributing the insurance product, collecting premiums and managing claims. Given these responsibilities, SA Taxi participates in the underwriting profits associated with this insurance business.

> **Metered taxis:**

Zebra Cabs commenced operations in Gauteng during the 2016 financial year, operating approximately 260 metered taxis on its platform at the end of the financial year. Zebra Cabs contributed slightly towards SA Taxi's non-interest revenue growth for the year.

SA Taxi's investment into its retail dealership, insurance businesses and Zebra Cabs, and the establishment of its auto body repair centre, contributed to an increase in the cost-to-income ratio to 51.1%, from 48.7% in the prior year.

With positive growth in gross loans and advances, improving credit performance, strong growth in non-interest revenue and a marginally increasing cost-to-income ratio, it is evident that SA Taxi's credit, operational and financial performance remained robust in the 2016 financial year.

TRANSACTION CAPITAL RISK SERVICES

FINANCIAL AND OPERATING PERFORMANCE

		2016	2015	Movement
<b>Financial performance</b>				
Headline earnings	Rm	168	134	25%
Non-interest revenue	Rm	964	953	1%
Total costs	Rm	796	845	(6%)
Cost-to-income ratio	%	77.4	82.5	
Return on sales	%	15.3	13.1	
<b>Purchased book debts</b>				
Number of purchased book debts acquired	Number	13	7	86%
Value of purchased book debts acquired	Rm	184	166	11%
Purchased book debts	Rm	728	561	30%
Estimated remaining collections (ERC)	Rm	1 313	1 034	27%
Asset turnover ratio	%	71.1	71.7	

TCRS is a technology-led, data-driven provider of customer management and capital solutions through a scalable and bespoke platform, enabling its clients to mitigate risk through their customer engagement lifecycle.

In the context of a challenging operating environment, it is pleasing to report that TCRS grew headline earnings by 25% to R168 million in the 2016 financial year. Operational leverage was achieved as total operating costs across TCRS reduced by 6%, with return on sales increasing to 15.3% from 13.1% in the prior year.

TCRS's ability to grow agency revenue and generate returns from acquired non-performing loan portfolios has remained constrained during the year, mainly caused by negative key economic indicators such as increased inflation, increased interest rates, low economic growth and static employment rates, all contributing to increased financial pressure on an already distressed and vulnerable consumer credit sector. Thus, TCRS's non-interest revenue grew by 1%, impacted mainly by modest growth in both agency collections and principal collections in particularly difficult trading conditions, as well as revenue contraction at Principa. Earnings from the Transaction Capital Business Solutions division (previously Rand Trust) were only marginally higher this year, as management maintained credit risk at acceptable levels by targeting better quality SME clients and thus yielding high quality earnings.

However, TCRS is a defensive business intentionally positioned to withstand difficult economic conditions. In this environment, TCRS can apply its strong balance sheet and extensive data towards the selective acquisition of an

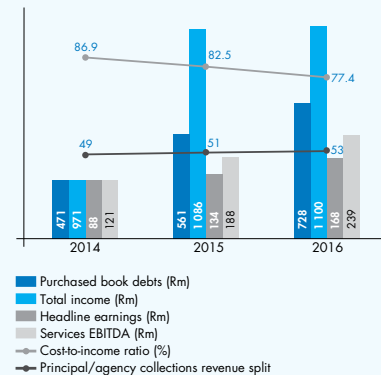
increased number of non-performing loan portfolios available for purchase from clients who require an immediate recovery of non-performing loans in this difficult consumer credit market. In total, 13 new portfolios were purchased during the 2016 financial year for R184 million. TCRS has also initiated exclusive negotiations for the structured and ongoing sales of portfolios with several of its larger clients.

TCRS owns 167 principal portfolios valued at R728 million as at 30 September 2016, increasing by 30% from R561 million in the prior year. The asset turnover ratio remains high at levels greater than 70%, with estimated remaining collections increasing to R1 313 million, from R1 034 million as at 30 September 2015. Thus recent successful book acquisitions are expected to deliver positive future performance.

In this depressed consumer economy, TCRS is able to take advantage of its strong market position and reputation to further service existing and new clients who are displaying increased demand for collection and related credit risk management services. In 91% of its 254 mandates, TCRS continues to be the top or second ranked recoveries agent. As a result, TCRS enjoys deep penetration into the credit retail and specialist lending segments of its market, and aims to increase revenue from the Tier 1 banks where its penetration has been disproportionately lower. TCRS is also well positioned to assist municipalities in enhancing the collection of both their performing and non-performing loan portfolios and remains cautiously optimistic about its prospects in this market.

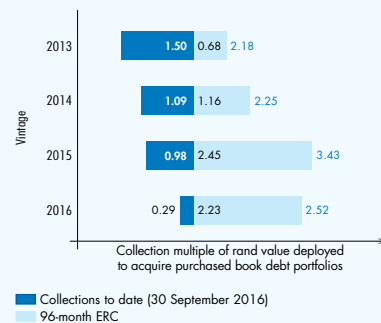
FINANCIAL DIRECTOR'S REPORT *continued*

FINANCIAL PERFORMANCE

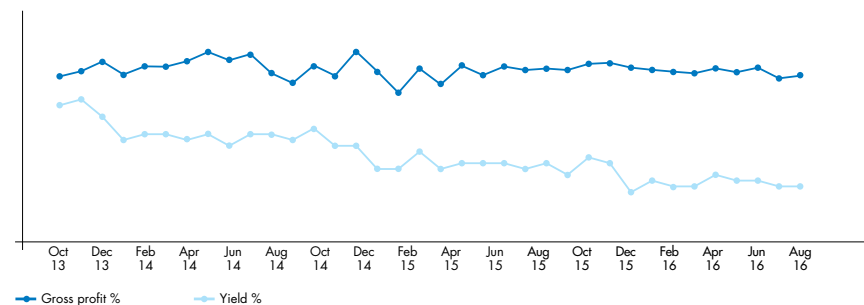


PURCHASED BOOK DEBT PERFORMANCE

Estimated remaining collections (ERC)  
Vintage performance as at 30 September



PRINCIPAL BOOKS YIELD PERFORMANCE (%)



TCSR's defensive business model produces steady returns in an environment of falling yields.

Further, after a successful pilot earlier in the year, an enhanced predictive dialer was implemented alongside the existing preview dialer in the Johannesburg, Durban and Cape Town call centres in July 2016, resulting in increased call centre activity, improved right party contact and an associated increase in payments. Future technological enhancements are expected to create significant operational leverage in the years to come. This, together with other aggressive cost containment initiatives, contributed to an improved cost-to-income ratio of 77.4% from 82.5%.

While the deadline for migration from non-authenticated early debit orders (NAEDO) to authenticated collections was originally set by regulators for 1 October 2016, the implementation of this legislation has been delayed and is to be phased in up until October 2019. In addition, TCSR welcomes the Constitutional Court judgment on 13 September 2016 regarding emolument attachment orders (EAOs) and as a matter of policy does not initiate new EAOs as a collection mechanism. Previously EAOs were only used as a last resort, with less than 0.2% of TCSR's revenue at 30 September 2016 being generated from historical EAOs.

The strength of TCSR's services was reaffirmed in 2016 with Global Credit Ratings Co. (GCR) upgrading the primary and special servicer ratings assigned to Transaction Capital Recoveries (previously MBD) to SQ1(ZA) and SQ1(ZA) respectively; with the outlooks accorded as stable.

GROUP EXECUTIVE OFFICE

The group executive office contributed R41 million to the group's headline earnings in the 2016 financial year, a decrease of 20% from the 2015 financial year, largely due to lower interest earned on cash on hand after the scheduled receipt of the R215 million vendor loan from Bayport as part of the sale of that business during 2014.

CAPITAL MANAGEMENT

FUNDING

Transaction Capital, as a non-deposit taking financial services business, relies on a proven wholesale funding model. Transaction Capital believes that the group's ability to source funding results in part from the attractiveness of its high-yielding operating assets, its transparent, ring-fenced funding structures, and its direct and strong relationships with debt capital investors. The group continued to raise its funding from diversified sources both locally and internationally. Local funding sources comprise debt capital market issuances, banks, Development Finance Institutions (DFIs) and impact investor funding. International funding is raised from commercial funders, foreign DFIs, impact investors and commercial funders.

With growing concerns regarding a potential downgrade of South Africa's credit rating, Transaction Capital intensified its fundraising activities during the year and the group continued to find strong support, accessing approximately R4.6 billion in debt from over 20 institutions. The substantial diversification of debt investors as well as a number of recurring investments from existing debt investors is illustrative of funders' recognition of the group's strong performance and risk-adjusted returns.

SA Taxi successfully returned to the local listed debt capital markets during November 2015 and August 2016 with issuances of listed, S&P Global-rated notes via the asset-backed note programme of Transsec 2 (RF) Ltd, raising over R800 million on a cumulative basis with six new investors participating. In October 2016, S&P Global performed their annual review of the Transsec 1 structure, upgrading the ratings on the class B notes (from zaAA to zaAA+), class C notes (from zaA to zaA+), and class D notes (from zaBBB- to zaBBB+), and reaffirming the ratings on the class A notes (zaAAA). The improvement in credit ratings correlates to the strong performance of SA Taxi.

Transaction Capital Business Solutions (TCBS) and Transaction Capital Recoveries both secured additional term facilities which will be drawn down over the relevant availability periods. Notably, TCBS secured investments from two new funders, one of which is an international DFI and the other a local impact investment fund.

In line with Transaction Capital's strategy to diversify its funding structures and instruments, Transaction Capital received formal approval from the JSE limited to list its R2 billion Domestic Note Programme (Programme). As guarantor under the Programme, Transaction Capital has been awarded an A- (Long Term, National Scale) and A1- (Short Term, National Scale) credit rating from GCR. The Programme will enable Transaction Capital to further diversify its sources of funding by accessing new capital pools at competitive rates to fund both organic and acquisitive growth opportunities. The Programme is anticipated to launch its debut issuance during the course of 2017, subject to business requirements and market conditions.

Pressure in the corporate credit market remains a concern, in light of the macro-economic backdrop. This has, however, largely been offset by a general lack of supply of corporate paper in the market resulting in demand for issuers such as the Transaction Capital group being robust.

Political risks both within and outside South Africa could still contribute to further market volatility. In particular, the impact on the exchange rate and sovereign credit ratings could negatively affect fundraising activities, especially in the international market. It is for this reason that SA Taxi has been proactive in securing a significant pipeline from international funders during the year, leaving the business in a very healthy position for the foreseeable future. Although the market has had its difficulties, Transaction Capital has enjoyed uninterrupted access to both local and international funding pools and has already satisfied most of its funding requirements for the 2017 financial year.

LOOKING FORWARD

Transaction Capital has a structured, well-articulated and agile funding strategy. The overall objective of the funding strategy is to ensure that the group raises diversified funding while maintaining acceptable funding costs and minimising liquidity, interest rate and foreign exchange risk. In ensuring successful implementation of the funding strategy Transaction Capital focuses on the following philosophy:

INNOVATION IN FUNDING

Innovation is encouraged to cultivate unorthodox thinking and develop pioneering funding solutions.

Transaction Capital's approach to funding seeks:

Diversified and engaged debt investors

- > Diversification by geography, capital pool, debt investor and funding structure
- > Recurring investment motivated by performance, the ease of transacting and appropriate risk-adjusted returns
- > Transparent and direct relationships with debt investors, and where necessary facilitated by valued intermediaries

Judicious risk mitigation

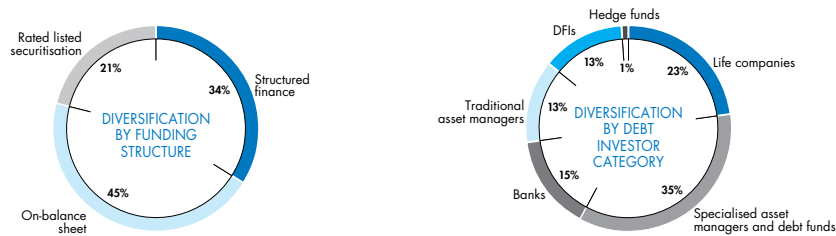
- > Positive liquidity management between asset and liability cash flows
- > No exposure to overnight debt instruments and limited exposure to short-term instruments
- > No exposure to currency risk and effective management of interest rate risk
- > Minimising roll over risk

Optimal capital structures

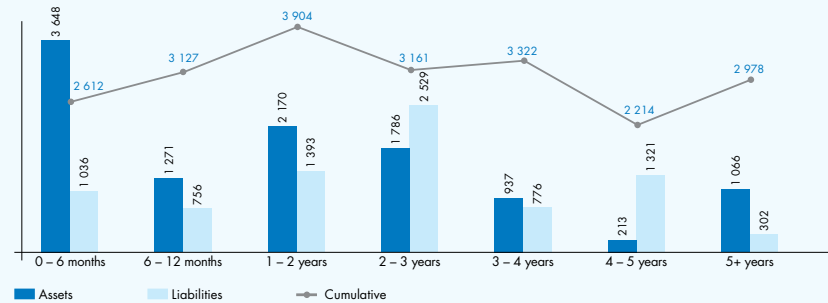
- > Bespoke and innovative funding structures to meet investment requirements and risk appetite of a range of debt investors
- > Targeted capital structure per asset class
- > No cross-default or guarantees between structures

FINANCIAL DIRECTOR'S REPORT *continued*

Over the next five years, the anticipated funding requirements for the group amount to approximately R15 billion. Transaction Capital has developed a robust long-term funding strategy to ensure these requirements are met.



POSITIVE LIQUIDITY MISMATCH (R.m)

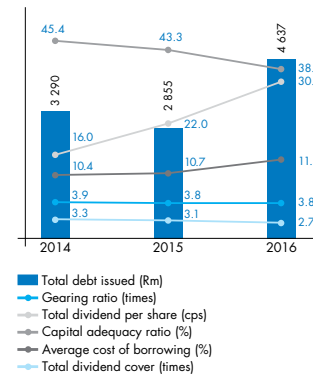


CAPITAL

Transaction Capital's balance sheet remained well capitalised, liquid and net ungeared at a holding company level. Capital adequacy levels at 30 September 2016 remained high at 38.9%.

		2016	2015	Movement
<b>Capital adequacy ratio</b>				
Equity	Rm	2 978	2 611	14%
Subordinated debt	Rm	965	1 194	(19%)
Total capital	Rm	3 943	3 805	4%
Less: Goodwill	Rm	(200)	(197)	2%
Total capital less goodwill	Rm	3 743	3 608	4%
Total assets less goodwill and cash and cash equivalents	Rm	9 615	8 337	15%
Capital adequacy ratio	%	38.9	43.3	
Equity	%	28.9	29.0	
Subordinated debt	%	10.0	14.3	

CAPITAL PERFORMANCE



Subsequent to the financial year-end, Transaction Capital deployed in excess of R500 million in the acquisition of Australian-based Recoveries Corporation Group Limited (Recoveries Corporation) as well as RC Value Added Services (Pty) Ltd (Road Cover) and The Beancounter Financial Services (Pty) Ltd (The Beancounter). After these acquisitions, the group remains appropriately capitalised with approximately R300 million liquid cash on its balance sheet to fund organic and acquisitive growth, over and above the available funding discussed above.

EQUITY

Transaction Capital's dividend policy has been amended to a reduced cover ratio of 2.5 to 3 times, from 3 to 4 times previously. This change has been implemented due to the higher quality of earnings as evidenced by lower balance sheet risk, the stable capital requirements of the group, and the ungeared position of the holding company, which have all allowed for a higher sustainable dividend policy going forward.

The board approved and declared a final dividend of 18 (2015: 12) cents per share on 22 November 2016, bringing the total dividend declared for the year to 30 (2015: 22) cents per share. The dividend is declared out of income reserves. Dividend cover of 2.7 times is in line with the group's revised dividend policy.

Return on equity improved to 16.9%, driven by higher headline earnings and effective but conservative capital deployment. Generating an appropriate risk-adjusted return on the capital deployed within the divisions remains a key strategic objective, which has been enhanced by the deployment of excess capital.

ACCOUNTING POLICIES AND ESTIMATES

It is Transaction Capital's objective to ensure that appropriate, understandable and sustainable accounting policies are adopted and implemented, that are aligned with the group's commercial realities, risks and strategies to the greatest extent possible. There were no significant changes in accounting policies during the year under review. Accounting estimates have also been assessed for appropriateness and validity.

AUDIT REPORT

In terms of the International Auditing and Assurance Standards Board (IAASB), new reporting requirements for the external audit report will be applicable for years ending on or after 15 December 2016. Transaction Capital has elected to early adopt this requirement, with the auditors reporting their audit opinion per the updated standards. The auditors issued an unmodified audit opinion for the financial period. Refer to the 2016 annual financial statements for more detail.

SUBSEQUENT EVENTS

The following events have taken place between 30 September 2016 and the date of the release of this report and may have a material impact on either the financial position or operating results of Transaction Capital:

- > Refer to the chairman's report (page 74) regarding the specific issues for shares for cash to JMR Holdings (Pty) Ltd.
- > On 20 October 2016, shareholders approved the conditional share plan, the first issue of which was granted to participants on 22 November 2016.
- > On 13 November 2016, the company signed a share sale agreement to acquire 100% of Recoveries Corporation for AUD33 million with an additional AUD10 million payable within 18 months, subject to performance conditions. Refer to the announcement released on SENS on 14 November 2016 for more detail.
- > During November 2016, Transaction Capital concluded agreements to acquire a controlling interest in Road Cover and a majority share in The Beancounter. Refer to the announcement released on SENS on 22 November 2016 for more information.

APPRECIATION

My sincere thanks to the group and operational finance teams for their diligence in ensuring that Transaction Capital is able to provide stakeholders with an accurate and meaningful analysis of its financial and operating performance, in line with the objectives set at the time of listing the group.

RONEN GOLDSTEIN  
24 January 2017