

Transaction Capital Limited
Registration number: 2002/031730/06
(Incorporated in the Republic of South Africa)
("Transaction Capital" or "the company" or "the group")
JSE share code: TCP
ISIN code: ZAE000167391
Tax reference number: 9466/298/15/6

TRANSACTION CAPITAL

PROVISIONAL AUDITED SUMMARISED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

COMMENTARY

OVERVIEW

At the core of Transaction Capital's 2015 three year strategy is the reconstitution of its portfolio of assets into two autonomous and decentralised divisions of scale, being the asset-backed lending and risk services divisions. The restructuring of the divisions, together with their leading and defensive market positions has enabled Transaction Capital to prosper despite South Africa's challenging macro- and socio-economic environment. Transaction Capital's financial, credit and operational performance was in line with expectations for the 2015 financial year, growing headline earnings per share organically by 20% to 69.0 cents, whilst continuing to report an improvement in all credit metrics.

ENVIRONMENT

South Africa's economic growth remains constrained, exacerbated by various macro- and socio-economic challenges. Employment levels have remained low for a prolonged period, with little or no real wage growth. Economic pressure has intensified due to recent currency weakness, a 50 basis point increase in the repo interest rate over the last 12 months (with a likelihood of further increases as the US Fed raises rates), and increased electricity and fuel costs. The level of social unrest and protest action continues to increase mainly as a result of the stressed macro- and socio-economic environment. The combined effect of these conditions, in addition to electricity supply constraints, results in pressure on the economy as a whole with both the consumer and the small-to-medium enterprise (SME) sectors remaining at risk.

While both the asset-backed lending and risk services divisions perform better in a positive economic environment, they are also highly defensive businesses intentionally positioned to withstand these difficult economic conditions.

This depressed consumer economy provides Transaction Capital's risk services division with substantial opportunity to take advantage of its strong market position and reputation, as its clients strive to mitigate credit and operational risks associated with their customer base, reduce costs, simplify processes, raise capital and improve working capital cash flow via our credit risk management and capital solutions.

The estimated national fleet of circa 200 000 privately owned minibus taxis remains the primary means of transport for most South African commuters, accounting for an estimated 69% of all household trips. The replacement of ageing minibus taxis continues to create robust demand for the finance, vehicles and related services provided by SA Taxi, intensified by the under-supply of Premium minibus taxis into the South African vehicle market. Furthermore, regardless of the depressed consumer economy, with transport spend being non-discretionary, commuters' use of minibus taxis has remained consistently high.

The regulatory environment remains volatile. Regulatory changes have been proposed or enacted regarding caps on interest rates, fees and related credit insurance premium charges. Legislation containing amendments to the National Credit Act (specifically as regards the prescription of debt) was enacted earlier this year while regulations regarding affordability assessments have also been introduced. Finally, recent court activity regarding the use of emolument attachment orders has been widely publicised and awaits clarification from the Constitutional Court. None of this should have a material financial impact on Transaction Capital's risk services division, as business processes were aligned and amended in anticipation of these changes almost three years ago. Furthermore, these events are largely irrelevant to the asset-backed lending division.

EARLY ADOPTION OF IFRS 9

Shareholders are referred to the SENS announcement released by Transaction Capital on 18 November 2015 for a detailed explanation of the early adoption of IFRS 9, as well as to Annexure 1 to this SENS announcement which further sets out the impact of the adoption and presents pro forma information for the 2014 financial year as if Transaction Capital adopted IFRS 9: Financial Instruments - classification and measurement (IFRS 9) on 1 October 2013. This will enable a like-for-like comparison between current and prior year results.

Excess capital held since the sale of two of its subsidiaries, Bayport Financial Services (Pty) Ltd and Paycorp Holdings (Pty) Ltd in the 2014 financial year, positioned Transaction Capital well to early adopt IFRS 9 and absorb the resulting one-off equity adjustment. In summary, the early adoption of IFRS 9 results in the following benefits to Transaction Capital:

- Accounting policies are more closely aligned to Transaction Capital's operational and risk management policies and strategic intentions;
- Increased provisions result in lower balance sheet risk, an approach favoured by management, especially in challenging economic conditions; and
- Future uncertainty relating to the implementation of IFRS 9 on financial results and ratios has been removed.

In addition to the general benefits explained above, there are two specific benefits of early adoption for our operating divisions:

- Asset-backed lending: The compulsory reclassification of Entry-level vehicle loans to fair value under IFRS 9 requires the business to consider all forward looking information and risks in the measurement of the asset class at market related discount rates rather than applying information arising from past events as required by IAS 39. This forward looking methodology results in lower fair values for this category of assets under IFRS 9 than the net carrying value (after provisions) as calculated according to IAS 39. This methodology aligns with management's strategy to accelerate the discontinuance of the Entry-level vehicle loan portfolio, now comprising only 2% of loans and advances, and thus achieving the objective of operating an exclusively premium vehicle business from a financial perspective.
- Risk services: The application of IFRS 9 results in a better alignment of the amortisation profile of purchased book debts with the expected collections profile.

FINANCIAL PERFORMANCE

The financial tables and commentary incorporated in this SENS announcement provide a comparison of the 2015 results prepared in accordance with IFRS 9 with: (i) the 2014 published results prepared in accordance with IAS 39 and (ii) pro forma 2014 results calculated as if IFRS 9 was adopted on 1 October 2013. Throughout this document, all 2014 comparatives are pro forma numbers calculated as if IFRS 9 was adopted on 1 October 2013, unless otherwise indicated with a *. This is to enable comparison on a 'like-for-like' basis. Numbers marked with a * are based on previously published 2014 numbers prepared in terms of IAS 39. The pro forma financial information has been reported on by Deloitte & Touche in terms of International Standard on Assurance Engagements 3420 – Assurance Engagements to Report on the compilation of Pro Forma Financial Information and their Reporting Accountants Report can be inspected at the registered office of the company and the assumptions underlying these numbers are set out in Annexure 1 to this SENS announcement.

TRANSACTION CAPITAL GROUP

		Twelve months ended 30 September			Movement	
		2015	2014	2014	2015 IFRS 9	2015 IFRS 9
		IFRS 9	IFRS 9	IAS 39	v 2014 IFRS 9	v 2014 IAS 39
Consolidated income statement						
Headline earnings from continuing operations	Rm	393	302	330	30%	19%
Net interest income	Rm	821	725	814	13%	1%
Consolidated statement of financial position						
Loans and advances	Rm	6 160	5 540	6 386	11%	(4%)
Equity	Rm	2 611	2 291	2 963	14%	(12%)
Shareholder statistics						
Headline earnings per share from continuing operations	cents	69.0	52.4	57.3	32%	20%
Performance indicators						
Gross loans and advances	Rm	6 713	6 089	6 737	10%	(0%)
Provision coverage	%	8.2	9.0	5.7	(9%)	44%
Non-performing loan ratio	%	17.0	18.8	25.7	(10%)	(34%)
Non-performing loan coverage	%	48.6	47.9	22.1	2%	120%
Non-performing loans	Rm	1 138	1 145	1 731	(1%)	(34%)
Capital adequacy ratio	%	43.3	45.4	49.5	(5%)	(13%)
Net interest margin	%	12.8	13.0	13.1	(2%)	(2%)
Credit loss ratio	%	3.6	4.2	5.2	(14%)	(30%)
Return on average assets (ROA)	%	4.4	3.5	3.5	26%	26%
Return on average equity (ROE)	%	16.7	12.8	10.9	30%	53%
Final dividend per share	cents	12.0	10.0	10.0	20%	20%
Total dividend per share	cents	22.0	16.0	16.0	38%	38%
Total dividend cover	times	3.1	3.3	3.6	(6%)	(14%)

Transaction Capital's operations delivered pleasing results in line with expectations, despite challenging market conditions. Headline earnings from continuing operations grew by 19% from R330* million to R393 million and continuing headline earnings per share increased by 20% from 57.3* cents per share to 69.0 cents per share. When compared to 2014 IFRS 9 pro forma numbers the headline earnings growth is 30% and headline earnings per share growth is 32%.

Net interest income increased by 13%, driven by a 10% growth in gross loans and advances from R6 089 million to R6 713 million and increases in the prime interest rate offset in part by a higher average cost of borrowings of 10.7% from 10.4% the year before. Non-interest revenue increased by 5% to R1 195 million, mostly driven by MBD's improved agency collections but offset by a more subdued contribution from insurance operations. The cost-to-income ratio has improved to 64.2% from 67.8% last year.

Effective collection strategies, strict credit origination criteria and an improved quality of repossessed vehicles produced by Taximart have continued to promote improved credit metrics. Consequently, the non-performing loan (NPL) ratio showed excellent improvement from 18.8% to 17.0%, the credit loss ratio improved from 4.2% to 3.6%, and NPL coverage strengthened from 47.9% to 48.6%.

Return on average equity increased to 16.7% in the current period driven by the increase in earnings, effective but conservative capital deployment, as well as the lower equity base resulting from the IFRS 9 adoption.

Transaction Capital's equity and debt capital position remains robust, despite the IFRS 9 equity charge, with a capital adequacy level of 43.3% and uninterrupted access to the debt capital markets.

OPERATIONAL HIGHLIGHTS AND STRATEGY

ASSETBACKED LENDING - SA TAXI

		Twelve months ended 30 September			Movement	
		2015	2014	2014	2015 IFRS 9	2015 IFRS 9
		IFRS 9	IFRS 9	IAS 39	v 2014 IFRS 9	v 2014 IAS 39
Credit performance						
Gross loans and advances	Rm	6 238	5 592	6 240	12%	(0%)
Carrying value of written off book	Rm	-	-	32	0%	(100%)
Impairment provision	Rm	(535)	(526)	(364)	2%	47%
Non-performing loan ratio	%	18.2	20.5	27.7	(11%)	(34%)
Credit loss ratio	%	3.9	4.4	5.5	(11%)	(29%)
Provision coverage	%	8.6	9.4	5.8	(9%)	48%
Non-performing loan coverage	%	47.0	45.9	21.0	2%	124%
Performance						
Headline earnings	Rm	212	176	176	20%	20%
Net interest margin	%	11.3	11.3	11.6	0%	(3%)
Average cost of borrowing	%	10.0	9.7	9.7	3%	3%
Cost-to-income ratio	%	48.7	48.9	44.1	0%	10%

The asset-backed lending division utilises its proprietary data sets and vertically integrated specialist capabilities to extend developmental credit, insurance, telematics, technology and allied services to the underserved and emerging SME market. Leveraging off its market positioning and strong balance sheet, the asset-backed lending division is:

- the leading provider of financial and allied services to SMEs in the fixed route minibus taxi industry. The division continues to entrench its strong market position encompassing the entire value chain within the fixed route minibus taxi industry, by augmenting its distinctive competencies well beyond credit assessment, collections and capital mobilisation. SA Taxi continues to uplift, diversify and enhance its revenue via the procurement and direct sales of new vehicles, the re-sale of refurbished vehicles and telematics services. Another key component of the value chain from which SA Taxi benefits is its short-term insurance business which continues to grow both its financed and non-financed policy portfolios. New developments include the planned establishment of a dedicated SA Taxi panel repair facility and vehicle dealership, to augment Taximart's refurbishment and direct sales capabilities;
- realising its intention to apply its competencies in adjacent markets where it is able to create defensible positions, such as the financing of income producing vehicles including bakkies used by SMEs and metered and Uber point-to-point taxis.

With moderate growth in gross loans and advances, improving credit metrics and a stable net interest margin and cost-to-income ratio it is evident that SA Taxi's credit, operational and financial performance is robust. The division increased headline earnings by 20% to R212 million from R176 million in the prior year, by way of a 12% increase in gross loans and advances, no change in the impairment expense, and a continued diversification of its revenue streams. The stable impairment charge despite the growth in the loans and advances was driven by improved credit quality and a better construct of its loans and advances with only 2% being Entry-level vehicles.

Credit granting criteria remained conservative and access to new Premium vehicles was interrupted from March 2015 onwards due to the temporary closure by Toyota of its local assembly facility to enable a full plant rebuild. The constrained supply of new Toyota minibus taxis has however, provided SA Taxi with an opportunity to re-finance more of its repossessed and refurbished vehicles as well as the recently launched Nissan minibus taxi.

Credit losses have improved from 4.4% in the prior year to 3.9% due to the improved quality of loans and advances, as well as the efficiency of the procurement, repair and resale operations of Taximart (now one of the largest Toyota repair centres in Southern Africa).

Continued strong collection trends and the improved quality of repossessed vehicles produced by Taximart, have resulted in an improved NPL ratio of 18.2% from 20.5% the year before.

With Entry-level vehicles comprising a minimal proportion of loans and advances, Transaction Capital expects the NPL ratio to remain in the high teens and the credit loss ratio to remain around 4% over the medium term.

The net interest margin has remained stable at a healthy level of 11.3%, while the cost of borrowing increased slightly from 9.7% to 10.0% due to the recent focus on raising offshore funding which is priced more expensively.

SA Taxi's cost-to-income ratio has improved slightly from 48.9% for the comparative period, and remains lean at 48.7%.

RISK SERVICES - RAND TRUST, MBD AND PRINCIPA

		Twelve months ended 30 September			Movement	
		2015	2014	2014	2015 IFRS 9	2015 IFRS 9
		IFRS 9	IFRS 9	IAS 39	v 2014 IFRS 9	v 2014 IAS 39
Performance						
Headline earnings	Rm	134	88	116	52%	16%
Non-interest revenue	Rm	953	861	861	11%	11%
Purchased book debts	Rm	561	471	552	19%	2%
Cost-to-income ratio	%	82.5	86.9	82.1	(5%)	0%

The risk services division provides customer management and capital solutions, leveraging its large consumer credit data base, analytical capabilities and technology, thus improving its clients' ability to originate, manage and collect from their customers. The division works with large consumer credit providers across multiple industries, including banking, credit retailer, telecommunications, insurance, specialist lending, the public sector; as well as providing working capital and commercial receivables management solutions to SMEs.

The risk services division will build upon its leading market position, long established relationships, efficient operating platform and highly experienced team to:

- develop industry specialisation and bespoke solutions to go deeper into existing verticals, with specific focus on the credit retail, banking and specialist lending market segments;
- apply its scalable platform and expertise to expand into adjacent verticals; with both the insurance and telecommunications market sectors identified as growth segments, whilst continuing to focus on the public and municipal sectors;
- maximise the combined division's capabilities through a coordinated go-to-market approach;
- provide solutions earlier in the collections cycle and over time expand to offer full BPO solutions; and
- leverage its equity capital with external debt to design and deliver innovative, client specific capital solutions, thus increasing the volume and size of principal portfolios to be acquired.

At the beginning of the financial year, the executive team of the risk services division was restructured and augmented to facilitate the above strategic objectives. The reconstitution of this division has yielded promising results, with headline earnings increasing by 16%* to R134 million. Despite earnings growth in MBD and Rand Trust exceeding 30%, the disappointing performance of Principa, driven mainly by the challenging local consumer credit environment together with losses in its Qarar joint venture, significantly tempered performance. For these reasons, the Qarar joint venture was sold during September 2015 to Simah, Principa's Saudi joint venture partner.

The 11% increase in non-interest revenue from R861 million to R953 million during this period was encouraging, despite the challenging consumer environment. The risk services division continues to make pleasing progress with its existing and newly identified clients, with further benefits being realised from lucrative capital deployment opportunities. The division progresses with caution in the municipal sector as most municipalities are in financial distress.

Principal portfolios acquired this year are performing in line with expectations, with further books being purchased for R166 million in the current financial year. MBD currently owns 154 principal book portfolios.

A continued focus on effective cost management contributed to an improved cost-to-income ratio of 82.5% from 86.9% in the prior year.

GROUP EXECUTIVE OFFICE

The group executive office contributed R51 million to headline earnings in the current year, an increase of 34% from prior year earnings of R38 million, largely driven by cost savings as a result of the simplified group office structure.

FUNDING AND CAPITAL ADEQUACY

The local funding market is characterised by constrained liquidity and issuers paying a premium for access to a reduced funding pool. Although local investors have been more cautious in their approach, Transaction Capital has enjoyed uninterrupted access to both local and international funding pools.

SA Taxi returned to the local listed debt capital markets during April and November 2015 via the issuances of credit rated debt instruments via the asset-backed note programme of Transsec (RF) Ltd, successfully raising slightly less than R1 billion on a cumulative basis. To augment SA Taxi's access to the listed debt capital markets, our funding strategy remains innovative and continuously pursues multiple tactics in order to further diversify SA Taxi's funding base and access new pools of capital. As usual, the remainder of SA Taxi's debt requirement was successfully raised via both offshore and local unlisted funding sources.

PROSPECTS

The reconstitution of Transaction Capital's portfolio of assets under two distinct divisional pillars and the devolvement of authority and responsibility to competent divisional management teams is largely complete. This has enabled the group to focus on deploying its capital and resources to drive organic and acquisitive growth, thus enhancing the scale and entrenching the leading market positions of its divisions.

These divisions operate in market segments of the financial services sector perceived to be of higher risk that require a greater level of specialisation, which the group's businesses have developed and refined over a number of years. Transaction Capital's strategy is to augment and refine its specialised competencies to achieve deep vertical integration within its chosen market segments, as well as to leverage its existing and scalable platforms to create defensible positions within identified adjacent market segments.

Considering the low growth costs in the South African economy and its many challenges coupled with asset values which are at elevated levels, and in light of the attractive risk adjusted returns being achieved organically from Transaction Capital's established businesses, management remains circumspect and conservative in its acquisitive search. Transaction Capital favours a narrow focus on assets whose value can be enhanced by active management within its existing divisions. Transaction Capital thus applies stringent criteria when evaluating potential investments to ensure acquisitions will either enhance its specialist capabilities, enable access to adjacent market segments or diversify risk via international expansion.

In light of Transaction Capital's positioning within this socio-economic context, management believes that it is well positioned to achieve continued growth in the medium term.

DIVIDEND DECLARATION

In line with the stated dividend policy of 3 to 4 times and following the interim dividend of 10 cents per share, the board has declared a final gross cash dividend of 12 cents per share for the six months ended 30 September 2015, to those members recorded in the register of members on the record date appearing below. The dividend is declared out of income reserves. A dividend withholding tax of 15% will be applicable to the dividend to all shareholders that are not exempt from the dividend withholding tax, resulting in a net dividend of 10.20 cents per share. The salient features applicable to the final dividend are as follows:

Issued shares as at declaration date	568 055 166
Declaration date	Tuesday 24 November 2015
Last day to trade cum dividend	Thursday 10 December 2015
First day to trade ex dividend	Friday 11 December 2015
Record date	Friday 18 December 2015
Payment date	Monday 21 December 2015

Share certificates may not be dematerialised or rematerialised between Friday, 11 December 2015 and Friday, 18 December 2015, both dates inclusive.

On Monday, 21 December 2015 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 21 December 2015 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, 21 December 2015.

AUDITOR'S OPINION

Deloitte & Touche have audited the provisional summarised consolidated financial statements and issued an unmodified audit opinion thereon. A copy of this report is available for inspection at the registered office of the company. These provisional summarised consolidated financial statements have been derived from the group audited financial statements and are consistent in all material respects with the annual financial statements. The group's external auditors have issued their unmodified opinion on the group's financial statements for the year ended 30 September 2015. The audit was performed in accordance with International Standards on Auditing. A copy of the external report is available for inspection at the company's registered office. Any reference to future financial performance and operational information included in this announcement has not been audited or reported on by the group's external auditors. The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of the report together with the accompanying financial information from the registered office of the company.

BASIS FOR PREPARATION

These summarised financial results have been prepared under the supervision of M D Herskovits (CA)SA. They represent a summary of the audited consolidated financial statements of Transaction Capital Limited approved on 24 November 2015. The complete set of consolidated financial statements is available at Transaction Capital's registered office for inspection.

The summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of 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 detailed in Transaction Capital's prior year annual financial statements, with the exception of the adoption of IFRS 9.

SUBSEQUENT EVENTS

No events which would have a material impact on either the financial position or operating results of Transaction Capital have taken place between 30 September 2015 and the date of the release of this report.

APPROVAL BY THE BOARD OF DIRECTORS

Signed on behalf of the board of directors:

D M Hurwitz	M D Herskovits
Chief executive officer	Chief financial officer

24 November 2015

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2015

	2015 Audited Rm	2014 Audited Rm	Change %
Assets			
Cash and cash equivalents	1 169	1 345	(13)
Tax receivables	27	17	59
Trade and other receivables	621	493	26
Inventories	21	4	425
Loans and advances	6 160	6 386	(4)
Purchased book debts	561	552	2
Other loans receivable	257	293	(12)
Other investments	343	238	44
Equity accounted investments	-	7	(100)
Intangible assets	32	19	68
Property and equipment	60	51	18
Goodwill	197	192	3
Deferred tax assets	255	93	174
Total assets	9 703	9 690	0
Liabilities			
Bank overdrafts	52	101	(49)
Tax payables	13	2	550
Trade and other payables	253	242	5
Provisions	17	18	(6)
Interest-bearing liabilities	6 640	6 178	7
Senior debt	5 446	4 911	11
Subordinated debt	1 194	1 267	(6)
Deferred tax liabilities	117	186	(37)
Total liabilities	7 092	6 727	5
Equity			
Ordinary share capital and premium	468	483	(3)
Other reserves	122	96	27
Retained earnings	1 991	2 384	(16)
Equity attributable to ordinary equity holders of the parent	2 581	2 963	(13)
Non-controlling interests	30	-	100
Total equity	2 611	2 963	(12)
Total equity and liabilities	9 703	9 690	0

SUMMARISED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 Audited Rm	2014 Audited Rm	Change %
Interest and other similar income	1 504	1 413	6
Interest and other similar expense	(683)	(599)	14
Net interest income	821	814	1
Impairment of loans and advances	(233)	(322)	(28)
Risk adjusted net interest income	588	492	20
Non-interest revenue	1 195	1 133	5
Operating costs	(1 295)	(1 220)	6
Non-operating profit	14	1	1 300
Equity accounted (loss)/earnings	(3)	3	(200)
Profit before tax	499	409	22
Income tax expense	(94)	(79)	19
Profit from continuing operations	405	330	23
Profit from discontinued operations	-	607	(100)
Profit for the year	405	937	(57)
Attributable to non-controlling equity holders	4	-	100
Attributable to ordinary equity holders of the parent	401	937	(57)
Basic earnings per share	70.4	162.7	(57)
Diluted basic earnings per share	69.8	162.3	(57)
Headline earnings per share	69.0	61.0	13
Headline earnings per share - continuing operations	69.0	57.3	20
Headline earnings per share - discontinued operations	-	3.7	(100)

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 Audited Rm	2014 Audited Rm	Change %
Profit for the year	405	937	(57)
Other comprehensive income	14	(48)	129
Fair value losses arising on the cash flow hedge during the year	(1)	<1	0
Deferred tax	<1	<1	0
Fair value gains/(losses) arising on valuation of assets held at fair value through other comprehensive income	15	(48)	131
Total comprehensive income for the year	419	889	(53)
Attributable to non-controlling equity holders	4	-	100
Attributable to ordinary equity holders of the parent	415	889	(53)

SUMMARISED HEADLINE EARNINGS RECONCILIATION
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 Audited Rm	2014 Audited Rm	Change %
Profit attributable to ordinary equity holders of the parent	401	937	(57)
Headline earnings adjustable items			
Profit on sale of joint venture	(8)	-	(100)
Profit on sale of subsidiary companies net of de-grouping tax payable	-	(586)	100
Headline earnings	393	351	12
Less: Headline earnings from discontinued operations	-	(21)	(100)
Headline earnings from continuing operations	393	330	19

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Share capital and premium	Other reserves	Retained earnings	Ordinary shareholders equity	Non- controlling interests	Total equity
Balance at 30 September 2013	1 779	385	1 551	3 715	180	3 895
Total comprehensive income	-	(48)	937	889	-	889
Profit for the year	-	-	937	937	-	937
Other comprehensive income for the year	-	(48)	-	(48)	-	(48)
Dividends paid	-	-	(104)	(104)	-	(104)
Grant of share appreciation rights	-	12	-	12	-	12
Repurchase of treasury shares	(15)	-	-	(15)	-	(15)
Repurchase of shares	(72)	-	-	(72)	-	(72)
Capital distribution	(1 209)	-	-	(1 209)	-	(1 209)
Disposal of subsidiary companies	-	(253)	-	(253)	(180)	(433)
Balance at 30 September 2014	483	96	2 384	2 963	-	2 963
IFRS 9 transitional adjustments	-	-	(672)	(672)	-	(672)
Revised opening balance	483	96	1 712	2 291	-	2 291
Total comprehensive income	-	14	401	415	4	419
Profit for the year	-	-	401	401	4	405
Other comprehensive income for the year	-	14	-	14	-	14
Dividends paid	-	-	(114)	(114)	-	(114)
Grant of share appreciation rights	-	16	-	16	-	16
Share appreciation rights - settlements	-	(4)	(8)	(12)	-	(12)
Issue of shares	12	-	-	12	-	12
Repurchase of shares	(27)	-	-	(27)	-	(27)
Transactions with non-controlling equity holders	-	-	-	-	26	26
Balance at 30 September 2015	468	122	1 991	2 581	30	2 611

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 Audited Rm	2014 Audited Rm	Change %
Net cash utilised by operating activities	(9)	(68)	(87)
Net cash (utilised)/generated by investing activities	(91)	2 385	(104)
Net cash utilised by financing activities	(27)	(1 296)	(98)
Net (decrease)/increase in cash and cash equivalents	(127)	1 021	(112)
Cash and cash equivalents at the beginning of the year	1 244	671	85
Less: Cash and cash equivalents at the beginning of the year relating to discontinued operations	-	(448)	(100)
Cash and cash equivalents at the beginning of the year from continuing operations	1 244	223	458
Cash and cash equivalents at the end of the year relating to continuing operations	1 117	1 244	(10)

SUMMARISED SEGMENT REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Asset-backed lending		Risk services		Group executive office		Group - continuing operations		Discontinued operations		Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Summarised income statement												
for the year ended 30 September 2015												
Net interest income	672	674	71	57	78	83	821	814	-	-	821	814
Impairment of loans and advances	(233)	(317)	-	(5)	-	-	(233)	(322)	-	-	(233)	(322)
Non-interest revenue	242	250	953	861	-	22	1 195	1 133	-	-	1 195	1 133
Total operating costs	(445)	(408)	(845)	(760)	(5)	(52)	(1 295)	(1 220)	-	-	(1 295)	(1 220)
Non-operating profit	-	-	14	1	-	-	14	1	-	-	14	1
Equity accounted earnings	-	-	(3)	3	-	-	(3)	3	-	-	(3)	3
Profit before tax	236	199	190	157	73	53	499	409	-	-	499	409
Impact of classification to held for sale	-	-	-	-	-	-	-	-	-	11	-	11
Headline earnings from discontinued operations attributable to equity holders of the parent	-	-	-	-	-	-	-	-	-	10	-	10
Headline earnings attributable to equity holders of the parent	208	176	134	116	51	38	393	330	-	-	393	330
Total headline earnings	208	176	134	116	51	38	393	330	-	21	393	351
Summarised statement of financial position												
at 30 September 2015												
Assets												
Cash and cash equivalents	594	209	57	84	518	1 052	1 169	1 345	-	-	1 169	1 345
Loans and advances	5 703	5 908	457	478	-	-	6 160	6 386	-	-	6 160	6 386
Purchased book debts	-	-	561	552	-	-	561	552	-	-	561	552
Other investments	343	238	-	-	-	-	343	238	-	-	343	238
Other assets and receivables	888	534	299	276	283	359	1 470	1 169	-	-	1 470	1 169
Total assets	7 528	6 889	1 374	1 390	801	1 411	9 703	9 690	-	-	9 703	9 690
Liabilities												
Bank overdrafts	44	100	8	1	-	-	52	101	-	-	52	101
Interest-bearing liabilities	5 429	4 788	467	504	744	886	6 640	6 178	-	-	6 640	6 178
Group	1 019	788	166	172	(1 185)	(960)	-	-	-	-	-	-
Other liabilities and payables	134	195	246	223	20	30	400	448	-	-	400	448
Total liabilities	6 626	5 871	887	900	(421)	(44)	7 092	6 727	-	-	7 092	6 727
Total equity	902	1 018	487	490	1 222	1 455	2 611	2 963	-	-	2 611	2 963

Pro forma FINANCIAL EFFECTS OF THE ADOPTION OF IFRS 9

The pro forma statement of financial position as at 30 September 2014, income statement and statement of comprehensive income of Transaction Capital Limited (hereafter referred to as 'TCL') for the year ended 30 September 2014 set out below have been prepared to show the impact of the adoption of IFRS 9 on the consolidated financial statements of TCL.

The directors of TCL are responsible for the compilation, contents and preparation of financial information giving effect to the adoption of IFRS 9. Their responsibility includes determining that the pro forma financial information has been properly compiled on the basis stated, the basis is consistent with the accounting policies of TCL and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed pursuant to the Listings Requirements.

The pro forma statement of financial position, pro forma income statement and the pro forma statement of comprehensive income are presented in a manner consistent in all respects with IFRS, the Revised SAICA Guide on Pro forma Financial Information and the basis on which the historical financial information has been prepared in terms of accounting policies of TCL.

The pro forma statement of financial position, income statement and statement of comprehensive income as set out below should be read in conjunction with the Independent Reporting Accountant's unmodified report. Such report is available solely to comply with the requirements of the Listings Requirements and can be inspected at the registered office of the company. The rules and regulations related to the preparation of pro forma financial information in other jurisdictions may vary significantly from the requirements applicable in South Africa.

The pro forma statement of financial position set out below presents the effects of the adoption of IFRS 9 on the financial position of TCL as at 30 September 2014 based on the assumption that the adoption of IFRS 9 was implemented on 30 September 2014.

The pro forma income statement and statement of comprehensive income set out below presents the effects of the adoption of IFRS 9 on the consolidated results of TCL for the twelve months ended 30 September 2014 based on the assumption that the adoption of IFRS 9 was implemented on 1 October 2013.

The pro forma statement of financial position, income statement and statement of comprehensive income have been prepared for illustrative purposes only and because of their nature, may not fairly present TCL's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the adoption of IFRS 9 going forward.

ANNEXURE 1 Pro forma FINANCIAL EFFECTS OF THE ADOPTION OF IFRS 9

STATEMENT OF FINANCIAL POSITION

Amounts shown in Rm	2014 - ASSET-BACKED LENDING				2014 - RISK SERVICES				2014 - GROUP EXECUTIVE OFFICE			2014 - GROUP		
	Before 1	Adjustments for the adoption of IFRS 9	Notes	Unaudited Pro forma after the adoption of IFRS 9	Before 1	Adjustments for the adoption of IFRS 9	Notes	Unaudited Pro forma after the adoption of IFRS 9	Before 1	Adjustments for the adoption of IFRS 9	Unaudited Pro forma after the adoption of IFRS 9	Before 1	Adjustments for the adoption of IFRS 9	Unaudited Pro forma after the adoption of IFRS 9
Assets														
Cash and cash equivalents	209	-		209	84	-		84	1 052	-	1 052	1 345	-	1 345
Taxation receivable	15	-		15	3	-		3	-	-	-	18	-	18
Trade and other receivables	351	(3)	1	348	90	-		90	51	-	51	492	(3)	489
Inventories	3	-		3	1	-		1	-	-	-	4	-	4
Net Loans and advances	5 908	(842)		5 066	478	(4)		474	-	-	-	6 386	(846)	5 540
Gross loans and advances	6 240	(842)	2,3	5 398	497	-		497	-	-	-	6 737	(842)	5 895
Written off book	32	(32)	4	-	-	-		-	-	-	-	32	(32)	-
Impairment provision	(364)	(162)	2,5	(526)	(19)	(4)	9	(23)	-	-	-	(383)	(166)	(549)
Loans and advances held at fair value	-	194	6	194	-	-		-	-	-	-	-	194	194
Purchased book debts	-	-		-	552	(81)	10	471	-	-	-	552	(81)	471
Loans receivable	6	-		6	-	-		-	287	-	287	293	-	293
Equity accounted investments	-	-		-	7	-		7	-	-	-	7	-	7
Other investments	238	-		238	-	-		-	-	-	-	238	-	238
Intangible assets	12	-		12	7	-		7	-	-	-	19	-	19
Property and equipment	28	-		28	19	-		19	4	-	4	51	-	51
Goodwill	60	-		60	132	-		132	-	-	-	192	-	192
Deferred taxation	59	185	7	244	17	-		17	17	-	17	93	185	278
Total assets	6 889	(660)		6 229	1 390	(85)		1 305	1 411	-	1 411	9 690	(745)	8 945
Liabilities														
Loans from group companies	787	-		787	173	-		173	(960)	-	(960)	-	-	-
Bank overdrafts	100	-		100	1	-		1	-	-	-	101	-	101
Tax payables	1	-		1	1	-		1	-	-	-	2	-	2
Trade and other payables	146	-		146	84	-		84	30	-	30	260	-	260
Interest bearing liabilities	4 788	-		4 788	504	-		504	886	-	886	6 178	-	6 178
Deferred taxation	49	(49)	7	-	137	(24)	11	113	-	-	-	186	(73)	113
Total liabilities	5 871	(49)		5 822	900	(24)		876	(44)	-	(44)	6 727	(73)	6 654
Equity														
Ordinary share capital	-	-		-	-	-		-	483	-	483	483	-	483
Ordinary share premium	319	-		319	(319)	-		(319)	-	-	-	-	-	-
Other reserves	98	-		98	(16)	-		(16)	14	-	14	96	-	96
Retained earnings	601	(611)	8	(10)	825	(61)	12	764	958	-	958	2 384	(672)	1 712
Total equity attributable to ordinary equity holders of the parent	1 018	(611)		407	490	(61)		429	1 455	-	1 455	2 963	(672)	2 291
Total equity and liabilities	6 889	(660)		6 229	1 390	(85)		1 305	1 411	-	1 411	9 690	(745)	8 945

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

Notes and assumptions

The "before" statement of financial position, income statement and statement of other comprehensive income are the audited published consolidated financial results of TCL at 30 September 2014.

1. The adoption of IFRS 9 results in the increase of the provision on trade and other receivables to reflect an expected loss.
2. This represents gross loans and advances, as well as the related provision which continues to be held at amortised cost in accordance with IFRS 9 given TCL's business model to collect contractual cash flows and includes Premium level vehicles only.
3. This adjustment to gross loans and advances includes the following:

Reclassification of Entry-level gross loans and advances to loans and advances held at fair value*	(807)
Reclassification of suspended interest on credit impaired assets (Premium vehicles)**	(35)
	(842)

* Included in this balance of R807 million is repossessed stock of R142 million.

** The gross outstanding balance will increase each month based on the interest accrued for assets considered to be in a credit impaired state. The gross loans and advances and the provision held against these loans will be adjusted to reflect interest that has been suspended.

For more information, refer to note 2 in the consolidated income statement.

4. The adoption of IFRS 9 results in the reversal of the written off book valuation in accordance with paragraph 5.4.4 of IFRS 9 as the effects of post write off recoveries are now considered in the IFRS 9 credit impairment model (R32m).
5. The provision for doubtful debts after the adoption of IFRS 9 relates to the Premium vehicles. Included in the IFRS 9 adjustment are the following:

Reclassification of the provision on Entry-level vehicles to 'loans and advances held at fair value'	152
Reclassification of suspended interest on credit impaired assets	35
Measurement impact of the adoption of IFRS 9*	(349)
	(162)

* The expected loss is calculated on the gross loans and advances by applying the following formula:

Expected loss = Gross loans and advances x Probability of default (PD) x Loss given default (LGD).

This approach is consistent with the methodology applied in the 2015 audited financial results, and all parameters are recalculated based on 2014 information.

The expected loss calculations are performed before the interest in suspense (IIS) adjustments:

	Pre-IIS adjustment	IIS adjustment	As reported
Gross loans and advances	5 433	(35)	5 398
Impairment provision	(561)	35	(526)

The LGD term is calculated explicitly using the appropriate time to default (TTD), exposure at default (EAD), time to repossession (TTR), expected future recovery value and contractual interest rate, as recalculated at 30 September 2014 based on the methodology applied in the 2015 audited financial results.

6. Loans and advances held at fair value include entry level vehicles which have been reclassified to fair value through profit and loss given TCL's business model of managing these assets on a fair value basis in accordance with IFRS 9.

The fair value at 30 September 2014 represents management's expectation of future cash flows, taking account of the anticipated value of the collateral discounted at a market related rate of 25%. This approach is consistent with the methodology applied in the 2015 audited financial results.

7. The adoption of IFRS 9 will result in the creation of, or increase in deferred tax assets based on IAS12, 'Income Tax'. The deferred tax asset has been recognised to the extent that it is probable that future taxable profits will be available against which to utilise deductible temporary differences.

	Deferred taxation asset	Deferred taxation liability
Opening balance - 30 September 2014	59	(49)
Impact of the adoption of IFRS 9	185	49
Revised closing balance - 30 September 2014	244	-

8. The total impact on retained earnings as a result of the adoption of IFRS 9.
9. The expected loss model requires an increase of R4 million to the provision against loans and advances in Rand Trust.

10. Purchased book debts are now carried at the uncapped amortised cost in accordance with IFRS 9 (previously capped amortised cost) based on the Group's business model of activating cash flows from its purchased book debts. The adjustment is calculated as the difference between the purchased book debts carrying value per the prior year audited results and the amount computed by applying the revised expected loss model compliant with IFRS 9. The following assumptions were made in the application of the expected loss model:
 - The gross cash flows used as input to the expected loss model remained unchanged;
 - The expected loss model was computed by applying a mathematical curve bringing forward the timing of expected future credit losses in a manner consistent with past experience of their timing;
 - The explanatory contribution of macro-economic factors was tested and found to be insignificant. It was therefore concluded that the timing of future expected credit losses is sufficiently explained by micro-economic factors within the purchased book debts;
11. The adoption of IFRS 9 will result in the decrease in deferred tax liabilities based on IAS12, 'Income Tax'.
12. The total impact on retained earnings as a result of the adoption of IFRS 9.
13. No events which would have a material impact on the financial position of the group have taken place between 30 September 2015 and the date of release of this report.

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2015

Amounts shown in Rm	2014 - ASSET-BACKED LENDING			2014 - RISK SERVICES			2014 - GROUP EXECUTIVE OFFICE			2014 - GROUP			
	Before 1	Adjustments for the adoption of IFRS 9 5	Notes Unaudited Pro forma after the adoption of IFRS 9	Before 1	Adjustments for the adoption of IFRS 9 5	Notes Unaudited Pro forma after the adoption of IFRS 9	Before 1	Adjustments for the adoption of IFRS 9 5	Notes Unaudited Pro forma after the adoption of IFRS 9	Before 1	Adjustments for the adoption of IFRS 9 5	Notes Unaudited Pro forma after the adoption of IFRS 9	
Interest and other similar income	1 183	(89)	1	1 094	110	-	110	120	-	120	1 413	(89)	1 324
Interest and other similar expense	(509)	-		(509)	(53)	-	(53)	(37)	-	(37)	(599)	-	(599)
Net interest income	674	(89)		585	57	-	57	83	-	83	814	(89)	725
Impairment of loans and advances	(317)	88	1,2	(229)	(5)	-	(5)	-	-	-	(322)	88	(234)
Risk adjusted net interest income	357	(1)		356	52	-	52	83	-	83	492	(1)	491
Non-interest revenue	250	-		250	861	-	861	22	-	22	1 133	-	1 133
Non operating profit and equity accounted earnings	-	-		-	4	-	4	-	-	-	4	-	4
Total operating costs	(408)	-		(408)	(760)	(38)	(798)	(52)	-	(52)	(1 220)	(38)	(1 258)
Profit before tax	199	(1)		198	157	(38)	119	53	-	53	409	(39)	370
Income tax expense	(23)	-	3	(23)	(41)	11	(30)	(15)	-	(15)	(79)	11	(68)
Profit from continuing operations	176	(1)		175	116	(27)	89	38	-	38	330	(28)	302

Notes and assumptions

The "before" statement of income statement are the audited published consolidated financial results of TCL at 30 September 2014.

1. This interest in suspense is reclassified from interest income to impairment of loans and advances and represents interest suspended for the period 1 October 2013 to 30 September 2014, which under IFRS 9 is not recognised.

The interest raised on the gross balance of all credit impaired advances are adjusted to reflect interest on only the net carrying value. The same approach is applied to all loans held at fair value.

The calculation is as follows: suspended interest = average rate x average gross outstanding balance - average rate x average net carrying value, where the rate = contractual interest across the average loan book for the respective period.

2. This represents the movement on the IFRS 9 provision for the period 1 October 2013 to 30 September 2014 and includes the following components:

Fair value gains and losses on 'loans and advances held at fair value'*	(21)
Current year measurement impact of the adoption of IFRS 9*	20
Trade and other receivables	1
Gross Loans and advances	22
Written off book	(2)
Reclassification of suspended interest on credit impaired assets	89
	88

* The provision and fair value at 30 September 2013 was calculated by applying the restated IFRS 9 coverage ratio as determined at 30 September 2014 to the gross loans balance at 30 September 2013. The movement results in a net R1.1 million increased impairment charge for the year.

3. Represents the tax effects of the above IFRS 9 adjustments for the current period.
Tax effect of IFRS 9 adjustments (calculated at 28%) - R453 000, therefore less than R1 million and rounded to zero.
4. Adjustment to the carrying amount of purchased book debts as relates to the year ended 30 September 2014. The adjustment was calculated by rerunning the new IFRS 9 compliant amortised cost model as at 30 September 2013 and comparing the outcome to the audited results of September 2013. This amount was calculated as R43 million. The difference of R38 million (R81 million - R43 million) is the adjustment relating to September 2014.
5. Deferred tax effect of the 2014 year adjustment to the carrying amount of purchased book debts.
6. All IFRS 9 adjustments represent adjustments of a continuing nature.

Transaction Capital Limited
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(Incorporated in the Republic of South Africa)
("Transaction Capital" or "the company" or "the group")
JSE share code: TCP
ISIN code: ZAE000167391
Tax reference number: 9466/298/15/6

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Company secretary:
Ronen Goldstein

Auditors:
Deloitte & Touche

Sponsor:
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Transfer secretaries:
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