

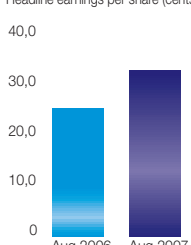


ABRIDGED FINANCIAL RESULTS

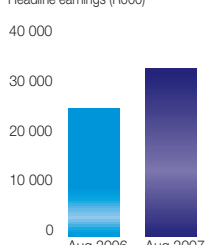
FOR THE YEAR ENDED 31 AUGUST 2007

Kagisano Group Holdings Limited • (Incorporated in the Republic of South Africa) • (Registration number: 2002/003827/06)

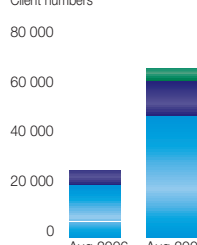
Headline earnings per share (cents)



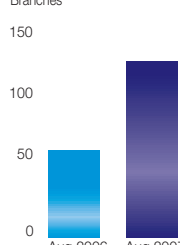
Headline earnings (R'000)



Client numbers



Branches



Headline earnings ↑ 32%

Headline earnings per share ↑ 30%

Number of clients ↑ 145%

Net loans and advances ↑ 138%

Number of outlets ↑ 102%

CONDENSED CONSOLIDATED INCOME STATEMENT

for the year ended 31 August 2007

R'000	Audited 2007 (12 months)	Unaudited* 2006 (12 months)	Audited 2006 (14 months)
Revenue from loans and advances	167 434	141 712	165 331
Net impairment charge on loans and advances	(20 554)	(36 845)	(42 986)
Risk adjusted revenue from loans and advances	146 880	104 867	122 345
Gross profit from other products and services	8 367	2 687	3 134
Other income	315	1 345	1 569
Net revenue from operations	155 562	108 899	127 048
Other interest income	467	185	216
Finance costs	(9 536)	(6 981)	(8 144)
Operating costs	(101 346)	(66 229)	(77 267)
Net income before taxation	45 147	35 874	41 853
Income tax expense	(13 293)	(11 572)	(13 501)
Attributable earnings	31 854	24 302	28 352
Basic earnings (cents)	31,3	24,3	28,4
Dividends per share (cents)	3,5	–	–
Number of shares in issue ('000)			
Total shares in issue (net of treasury shares)	115 750	100 000	100 000
Weighted number of shares in issue	101 640	100 000	100 000

These numbers were converted to a 12 month equivalent by multiplying the audited 2006 numbers by 12 and dividing by 14.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2007

R'000	Issued share capital and premium	Reserves	Minority interest	Total equity
Balance at 1 July 2005	–	8 640	(405)	8 235
Profit for the year	–	28 352	–	28 352
Business combinations	–	–	405	405
Balance at 1 September 2006	–	36 992	–	36 992
Shares acquired by staff share incentive trust	(4 750)	–	–	(4 750)
Shares issued during the year	52 000	–	–	52 000
Share issue expenses	(4 359)	–	–	(4 359)
Profit for the year	–	31 854	–	31 854
Dividends	–	(3 500)	–	(3 500)
Balance at 31 August 2007	42 891	65 346	–	108 237

CONDENSED CONSOLIDATED BALANCE SHEET

as at 31 August 2007

R'000	Audited 2007 (12 months)	Audited 2006 (14 months)
Assets		
Non-current assets	29 784	19 606
Current assets	152 739	66 442
Loans and advances	119 523	50 239
Other current assets	33 216	16 203
Total assets	182 523	86 048
Equity and liabilities		
Equity	108 237	36 992
Issued share capital and premium	42 891	–
Reserves	65 346	36 992
Non-current liabilities	2 158	1 490
Current liabilities	72 128	47 566
Borrowings	30 500	23 195
Other current liabilities	41 628	24 371
Total liabilities	74 286	49 056
Total equity and liabilities	182 523	86 048
Number of shares in issue (net of treasury shares)	115 750	100 000
Net asset value per share (cents)	93,51	36,99

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 August 2007

R'000	Audited 2007 (12 months)	Audited 2006 (14 months)
Cash flows from operating activities	(45 004)	10 684
Cash flows from investing activities	(9 301)	(9 296)
Cash flow from financing activities	51 711	(4 344)
Net cash movement for the year/period	(2 594)	(2 956)
Cash at the beginning of the year/period	6 658	9 614
Total cash at end of the year/period	4 064	6 658

SEGMENTAL REPORT

for the year ended 31 August 2007

R'000	Credit	Mobile	Other	Cor-porate	Con-solidated
Revenue	166 748	37 125	686	–	204 559
Net income before taxation	52 446	3 687	(1 917)	(9 069)	45 147
Assets	145 622	24 640	10 749	1 512	182 523
Liabilities	38 927	3 986	1 334	30 039	74 286

COMMENTS

The Board of Directors is pleased to present the final audited financial results of the group for the year ended 31 August 2007.

Nature of the business

Kagisano is a financial services provider that targets the financial needs of clients in the LSM 4 to 7 bands with a broad range of Everyday Financial Services products to its customers, which include:

- Credit products
- Cellular products
- Insurance products
- Other financial solutions

The group deals primarily with customers through its national network of more than 125 branded outlets which is supported by its in-house call centre and website.

Kagisano's target market is clients in the LSM 4 – 7 category, a target market not effectively serviced by the prominent market players in the financial services industry, due to their focus on the higher income brackets.

The group operates only in South Africa.

Products and services

– Credit Products

Kagisano offers a range of unsecured credit products, such as educational, emergency and home improvement loans, that suit the need and risk profiles of applicants.

– Cellular Products

Kagisano Mobile acts as the group's cellular service provider where airtime is purchased from service providers, packaged and sold to Kagisano clients together with state of the art handsets. This product range is updated quarterly to stay in line with current market trends and the current cellular contract term is twenty four (24) months.

– Insurance Products

Kagisano Insurance is registered with the Financial Services Board and the current products include:

- Credit life, as part of all credit transactions being granted by Kagisano; and
- Protection Plan (Funeral Benefit) with added benefits.

– Other Financial Solutions

Through other service providers, Kagisano also offers access to medical, insurance, housing and vehicle finance through its outlets and call centre. Some of these products are currently still being tested.

These products are also offered as a solution to companies, resulting in a synergistic co-operation with the employer, which benefits the company employee.

Distribution

Kagisano deals primarily with clients through its national network of more than 125 outlets throughout South Africa. The national distribution structure is supported by an in-house call centre and website.

Each Kagisano branch has a modern interior layout and provides a personal interface to address the client's needs. In-store located kiosks position Kagisano in the retail environment frequently entered by clients.

Kagisano has a roll-out strategy with a ratio of 75:25 between own branches and in-store outlets, while the total number of outlets is expected to grow to more than two hundred (200) in 2009.

National Credit Act

We are of the opinion that the National Credit Act will, to a large extent, assist in preventing the development of a "sub-prime" lending problem in South Africa. In addition, its implementation has had the anticipated positive effect on our market segment and has added significant impetus to the growth in advances. There is, as yet, no sign that this trend is abating. Due to extensive preparation the transition to the new NCR regime has been smooth.

As stated in our pre-listing presentations, we continue to believe that the impact of the National Credit Act on our industry segment will create opportunities for robust organic growth as well as consolidations, as smaller lenders face a margin squeeze caused by the rising cost of compliance on the one hand and lower yields on the other hand.

Financial review

 The company converted to a public company on 29 June 2007 and subsequently listed on the ALT^x exchange of the Johannesburg Stock Exchange on 24 July 2007.

Headline earnings per share

R'000	Audited 2007 (12 months)	Unaudited 2006 (12 months)	Audited 2006 (14 months)
Net profit attributable to ordinary shareholders	31 854	24 302	28 352
Non-headline items after tax	147	–	–
Impairment of goodwill	–	–	–
Headline earnings attributable to ordinary shareholders	32 001	24 302	28 352
Weighted average number of ordinary shares in issue ('000)	101 640	100 000	100 000
Headline earnings per share (cents)	31,5	24,3	28,4

Loans and advances

Gross advances has more than doubled (up 113%) from R68,4 million to R146 million during the period under review. Non Performing Loans are at 28%, which is within the target range of 25 – 30% and in line with the industry. In the period post the implementation of the National Credit Act demand for advances has accelerated and new loans for the first three months since the implementation – which corresponds with the last quarter of the group's financial year – were 67% higher than new loans for the corresponding period in 2006.

Cellular division

Turnover for the business unit increased by 204% with a 211% increase in gross profit. This resulted in a substantial increase in trade receivables and inventory at 31 August 2007.

Non-current assets

Non-current assets increased by 52% mainly due to infrastructure expansion as well as the acquisition and development of new business management systems. The deferred tax assets increased by 125% mainly as a result of increased timing differences due to higher impairment provisions on the loan book.

Other current assets

Other current assets increased by 105% as a result of increased cellular product activity and performance that have increased mobile client receivables as well as inventory on hand.

Equity

The group restructured its equity by sub-dividing the issued share capital and issuing additional share capital in two tranches at a premium of 199,9 cents and 299,99 cents. At year-end there were 118 000 000 shares in issue with 2 250 000 shares held by the Staff Share Incentive Trust as treasury shares.

Borrowings

The group's debt increased as a result of the growth in advances. We will continue to raise debt using the balance sheet in line with the forecasted growth in advances.

Other current liabilities

Other current liabilities include provisions, general trade payables and tax liabilities. Tax for the year has been provided for at an effective rate of 29%.

Non-Performing Loans (NPLs)

NPLs are at 28% of gross advances at balance sheet date. NPLs are identified with reference to the contractual status of a loan. As this methodology was adopted recently, a comparative number based on the same methodology for 2006 is not available.

While we expect that one of the effects of the National Credit Act will be to encourage more responsible borrowing and better quality lending, it is too early to predict what effect its implementation and the whole new default management regime will have on the behaviour of lenders and thus NPLs in our segment of the industry.

When viewed against the backdrop of the recently increased cost of credit, it is premature to set a target range for NPLs for next year. For the period under review, however, we believe that the applicable target range for the risk profile of the group is 25 – 30% and we are within that range.

The group is satisfied that the impairment models which were introduced during the year are robust. During 2008 the models will be re-calibrated to take into effect the data gathered and a migration matrix approach will in future be applied. For 2007 the impairments are at 18% of Gross Advances which is in line with our industry.

Prospects

The total credit market of South Africa is a R500 billion industry. Short-dated credit is around R100 billion, with overdrafts and credit card debt representing R60 billion.

The total credit costs of the industry result in about R25 billion in service charges. With the growth of the black middle class, more than 800 000 people joined South Africa's middle class in 2006. This contributed to the increase in the size of South Africa's LSM 7 category, thereby increasing the size of Kagisano's target market.

Since the establishment of the Micro Finance Regulatory Council ("MFRC"), Kagisano has adhered to the regulatory requirements. With the evolution of the MFRC into the National Credit Regulator ("NCR"), companies like Kagisano have continuously upgraded their operations and management systems to comply with newly formulated requirements. The group's management systems also operate along the National Credit Act guidelines, with the group's back office and management systems capable of assessing new applications reliably, as stipulated by the Act.

In order to capitalise on its penetration of the target market, the group continually seeks to expand its product range with Everyday Financial Products that will satisfy the needs of its typical customer. Product expansion will continue with various industry players, in order to ensure that best-of-breed products are provided to the Kagisano target market.

Kagisano values the interaction with its customer as key to its successful growth in the past. In order to reach its target market effectively, it intends to grow the number of outlets to 200.

The first part of the new financial year has so far been characterised by an acceleration of the already high demand for the group's products. This is further proof that the underlying business conditions within the industry segment will continue to present favourable business conditions for the group.

Basis of preparation

The financial report is prepared in accordance with IAS 34 Interim Financial Reporting and Schedule 4 of the South African Companies Act, 1973, as amended. Kagisano prepares its accounts in accordance with International Financial Reporting Standards. The accounting policies applied are consistent with the prior year annual financial statements. All IFRS and IFRIC interpretations issued and effective at 31 August 2007 have been applied.

Post balance sheet events

Effective 1 September 2007, the remaining 50% of the shares in Fount Investments (Pty) Limited were acquired.

Contingencies

Guarantees to the value of R752 758 were issued through ABSA Bank Limited on properties leased by the group.

Corporate governance

The group subscribes to the principles of, and implements where possible, the recommendations of the King II Code on Corporate Governance.

Dividends

Based on the 2006 financial results a dividend of R3 500 000 was declared and paid on 19 October 2006.

No dividends are proposed for the current year.

Audit opinion

The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the year ended 31 August 2007. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the company's registered office. These summarised financial statements have been derived from the group financial statements and are consistent in all material respects, with the group financial statements.

For and on behalf of the Board

Eugene van Niekerk

Chief Executive Officer

Registered office:

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Transfer secretaries:

 Computershare Investors Services 2004 (Pty) Limited
 Ground Floor, 70 Marshall Street, Johannesburg

Directors:

E van Niekerk (CEO), W Bornman, E Grobbelaar, C de Beer, GAF van Niekerk*, RL Hendricks*, DA Bosman* * Non-executive