

P R O S P E C T U S



AN EVERYDAY FINANCIAL SERVICES PROVIDER





Kagisano Group Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 2002/003827/06)

(JSE code: KGH ISIN: ZAE000098448)

("Kagisano" or "the company")

Prospectus

Prepared and issued in terms of the Listings Requirements ("the Listings Requirements") of JSE Limited ("the JSE") relating to a private placement of Kagisano ordinary shares by way of an offer for subscription of 15 000 000 ordinary shares at an issue price of 300 cents per ordinary share and an offer for sale of a further 10 000 000 ordinary shares in the issued share capital of the company by the existing shareholders at a price of 300 cents per ordinary share (together, "the private placement") and the subsequent listing of the ordinary shares of Kagisano on the Alternative Exchange ("ALT^X") of the JSE.

Opening date of private placement at 09:00 on	Monday, 16 July 2007
Closing date of private placement at 12:00 on*	Tuesday, 17 July 2007
Anticipated listing date on ALT ^X at 09:00 on	Tuesday, 24 July 2007

**Shareholders wishing to receive shares in dematerialised form must advise their Central Securities Depository Participant ("CSDP") or broker of their acceptance of the offer to subscribe for shares in the manner and cut-off time stipulated by their CSDP or broker.*

This prospectus is not an invitation to the general public to subscribe for shares in Kagisano. This is an offer to selected members of the public to subscribe for shares in Kagisano and is issued in compliance with the Listings Requirements and the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), for the purpose of providing information to the public and investors with regard to Kagisano.

At commencement of business on the date of listing, the authorised share capital of Kagisano will consist of 500 000 000 Kagisano ordinary shares with a par value of 0.0001 cent each. After the private placement, there will be 118 000 000 issued ordinary shares of 0.0001 cent each. The issue price was as per the directors' valuation of the shares before the listing.

The ordinary shares issued in terms of the private placement will rank *pari passu* with all other ordinary shares issued by Kagisano. Applications must be for a minimum of 5 000 shares and in multiples of 1 000 shares thereafter. There is a minimum subscription, sufficient to meet the listing requirements, for the listing to proceed. The ordinary shares issued will be issued either in dematerialised form or in certificated form, as requested by the applicant.

The shares will only be traded in electronic form and, as such, all shareholders who elect to receive shares in certificated form will have to dematerialise their certificated shares should they wish to trade therein (conversion to dematerialised shares could take up to 10 days).

Subject to the required spread of public shareholders in terms of the Listings Requirements being obtained pursuant to the private placement, the JSE has granted Kagisano a listing in respect of 118 000 000 ordinary shares on ALT^X under the abbreviated name "Kagisano", share code "KGH" and ISIN ZAE000098448, with effect from the commencement of business on Tuesday, 24 July 2007.

The directors of Kagisano, whose names are given in Annexure 1 of this document collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that the prospectus contains all information required by law and the Listings Requirements.

Deloitte & Touche, Registered Auditors, whose reports are included in this prospectus, have given and have not, prior to publication, withdrawn their written consent to the inclusion of their reports in the form and context in which they appear. The Designated Adviser, attorneys, commercial banker and transfer secretaries, whose names are included in this prospectus, have given and have not, prior to registration, withdrawn their written consents to the inclusion of their names in the capacities stated and, where applicable, to their reports being included in this prospectus.

An English copy of this prospectus, accompanied by the documents referred to under "Documents available for inspection" as set out in paragraph 34 of this prospectus, was registered by the Registrar of Companies on Wednesday, 11 July 2007 in terms of section 155(1) of the Act.

Designated Adviser



Auditors and reporting accountants



Attorneys



Date of issue: 11 July 2007

CORPORATE INFORMATION

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E Grobbelaar
W Bornman
G A F van Niekerk*
R L Hendricks*
D A Bosman*

*Non-executive

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Telephone: (011) 447 2951
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Telephone: (011) 806 5200
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Transfer secretaries

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SALIENT FEATURES

The salient features are a summary only. For full appreciation, this prospectus should be read in its entirety. The definitions commencing on page 11 of this prospectus apply *mutatis mutandis* to the salient features.

1. INCORPORATION AND HISTORY

Date of incorporation: 1 March 2002

- 1.1 The origins of Kagisano can be traced back to 1996 when the current directors and senior management under leadership of Eugene van Niekerk established a financing company that focused on the provision of short-term loans. Kagisano Group Holdings (Pty) Ltd was founded in 2002, with the company's offering focusing on the provision of medium-term loans. A thorough understanding of the market environment allowed the company to expand its product offering, using its national network of more than 110 branded outlets supported by a staff contingent of more than 500.
- 1.2 Through its understanding of market requirements, the company expanded its current product range to include loans, insurance and cellular phone contracts. The company's business model focuses on the delivery of Everyday Financial Services to its customer base of LSM 4 to 7 category employees through its product range.
- 1.3 Kagisano's success can be attributed to a strategy of innovation based on technology, using its centralised Information Technology management systems and a state-of-the-art call centre that improved cost effectiveness. The company regards its national network of branded outlets as the critical interface with its customers, and aims to expand it into under-served areas throughout the country.
- 1.4 Kagisano converted to a public company on 29 June 2007.

2. NATURE OF THE COMPANY'S BUSINESS AND INDUSTRY

- 2.1 Kagisano is a financial services enterprise 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
 - Employee benefits
 - Other financial solutions

The product range is also offered as a solution to companies, resulting in a synergistic co-operation with the employer, which benefits the company employee.
- 2.2 The company deals primarily with customers through its national network of more than 110 branded outlets which is supported by its in-house call centre and website.
- 2.3 Kagisano's target market of clients is in the LSM 4 to 7 band, 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.

- 2.4** Since its inception, Kagisano has elected to comply with the regulations of its industry, adhering initially to the requirements of the Micro Finance Regulatory Council ("MFRC") and the Financial Services Board ("FSB") and more recently providing product and solutions compliant with the National Credit Act ("NCA").
- 2.5** The following companies within Kagisano are registered as authorised Credit and Financial Services Providers with the following institutions:
- Kagisano Financial Services 2 – FSB
 - Kagisano Financial Services – MFRC and NCR

3. PROSPECTS

- 3.1** 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 this industry result in about R25 billion in service charges.¹
- 3.2** Kagisano's market is also influenced by the growth of the middle class, which had grown by more than 800 000 in 2006. This contributed to the increase in the size of South Africa's LSM 7 market, thereby increasing the size of Kagisano's target market. The implementation of the National Credit Act may expand the size of the market segment utilising Kagisano's products.
- 3.3** It is envisaged that the implementation of the NCA will introduce a consolidation period for the micro lending industry. Smaller enterprises will either have their profit margins reduced or eliminated, resulting in growth potential for larger enterprises with the infrastructure to support the requirements of the National Credit Act.
- 3.4** Since the establishment of the MFRC, Kagisano has complied with the regulatory requirements. With the evolution of the MFRC into the NCR, companies such as Kagisano have continuously upgraded their operations and management systems to comply with newly formulated requirements. Its management systems also operate along the National Credit Act guidelines, with the company's back office and management systems capable of assessing new applications reliably as stipulated by the Act.
- 3.5** In order to capitalise on its penetration of the target market, the company seeks to expand its product range with Everyday Financial products that will satisfy the needs of its typical customer. Product expansion will be conducted with various industry players, in order to ensure that best-of-breed products are provided to the Kagisano target market.
- 3.6** Kagisano values the face to face interaction with its customer as key to its successful growth in the past. In order to reach its target market effectively, it intends to double the number of branches to over 200.

4. SUMMARY OF HISTORICAL AND FORECAST INCOME STATEMENTS

- 4.1** The audited historical financial information for Kagisano, the preparation of which is the responsibility of the directors, is presented in Annexure 2. Annexure 4 contains the independent reporting accountants report on the historical financial information of the Group.
- 4.2** The forecast financial information of Kagisano for the financial years ending 31 August 2007 and 31 August 2008, the preparation of which is the responsibility of the directors, is set out below (detailed forecast financial information is set out in paragraph 11.2 of the prospectus). The results must be read in conjunction with the independent reporting accountants' report thereon in Annexure 6 hereto.

¹ Goodwin-Groen, RP, "The National Credit Act and its Regulations in the context of Access to Finance in South Africa", November 2006, Finmark Trust.p 36.

- 4.3** The table below sets out the historical income statements of Kagisano for the years ended 30 June 2004, 30 June 2005, 31 August 2006 and the forecast income statements of Kagisano for the years ending 31 August 2007 and 31 August 2008.

Extracts from the historical and forecast income statements

Year ended	Reviewed for 12 months⁽³⁾ 30 June 2004 R'000	Reviewed for 12 months⁽³⁾ 30 June 2005 R'000	Adjusted audited for 12 months⁽²⁾ 31 August 2006 R'000	Reviewed interim results for 6 months 28 February 2007 R'000	Forecast for 12 months 31 August 2007 R'000	Forecast for 12 months 31 August 2008 R'000
Revenue	29 093	88 144	153 532	100 850	226 674	287 983
Gross profit	29 093	87 657	144 014	90 556	195 377	213 319
Other income	1	1 584	1 186	1 007	–	–
Operating expenses	(24 014)	(67 684)	(101 260)	(61 974)	(138 033)	(144 887)
EBITDA	5 080	21 557	43 940	29 589	57 344	68 432
Investment revenue	359	159	185	123	–	–
Depreciation and amortisation	(163)	(493)	(1 271)	(1 407)	(3 034)	(3 137)
Finance costs	(3 282)	(6 423)	(6 980)	(3 650)	(9 571)	(12 000)
Profit before taxation	1 994	14 800	35 874	24 655	44 739	53 295
Taxation	(418)	(4 718)	(11 572)	(8 519)	(14 340)	(14 735)
Earnings attributable to ordinary shareholders	1 576	10 082	24 302	16 136	30 399	38 560
<i>Pro forma weighted average shares in issue</i>	100 000 000	100 000 000	100 000 000	100 000 000	101 884 932	116 000 000
<i>Pro forma earnings per share (cents)</i>	1.58	10.08	24.30	16.14	29.84	33.24
<i>Pro forma diluted weighted average shares in issue</i>	100 000 000	100 000 000	100 000 000	100 000 000	102 383 562	118 000 000
<i>Pro forma diluted earnings per share (cents)</i>	1.58	10.08	24.30	16.14	29.69	32.68

Notes

- (1) The unaudited *pro forma* weighted average number of shares in issue is used to reflect the effect of the share capital restructuring (i.e. the conversion of the original 1 000 authorised shares to 100 000 000 shares at the last practicable date, 2 000 000 shares for the share incentive scheme, 1 000 000 shares for costs in lieu of fees and the further private placement of 15 000 000 shares on the earnings per share calculations).
- (2) The consolidated financial information for the year ended 31 August 2006 has been adjusted to reflect a 12 month comparative as the previous reporting period constituted a 14-month period. (Results for the full 14-month period are reflected in Annexure 2).
- (3) The consolidated financial information for the years ended 30 June 2004 and 30 June 2005 were audited by Ashton CA Inc. (Practice number 902124) and reviewed by Deloitte & Touche in terms of their report included in Annexure 4 to this prospectus.
- (4) The assumptions upon which the forecast income statements are based are set out in paragraph 11.2 of this prospectus.
- (5) Shares issued to the share trust are currently treated as treasury shares and will therefore have a dilution effect on the earnings per share should these share options be allocated and exercised.

5. PURPOSE OF THE PRIVATE PLACEMENT AND THE LISTING

5.1 The purpose of the private placement is to:

- enhance investor and general public awareness of Kagisano's activities;
- attract and retain intellectual capital through the incentive of meaningful equity participation;
- raise capital to grow its existing business, introduce new products, such as referred to in paragraph 2.1 and expand its footprint nationally;
- have the flexibility of listed shares in order to allow the company to take advantage of potential acquisition opportunities;
- broaden Kagisano's shareholder base and to obtain the spread of shareholders required for the listing of Kagisano's ordinary shares on the JSE;
- afford members of the investing public, clients and business associates of Kagisano the opportunity to participate directly in the income stream derived by Kagisano as well as in the future capital growth of its assets;
- enhance the national presence and rebranding of the group in line with the new product range as well as the company's vertical expansion strategy.

5.2 The private placement consists of an offer by Kagisano for the subscription of 15 000 000 ordinary shares at an issue price of 300 cents per share and an offer for sale by the existing shareholders of 10 000 000 ordinary shares at a price of 300 cents per share. A total amount of R45 000 000, before issue and listing expenses, will be raised by the company in terms of the offer for subscription to selected private individuals, corporations and institutions. The proceeds of the private placement will firstly be applied for increasing the debtors' book, capital expenditure and strategic acquisitions. Thereafter, the proceeds of the private placement will be applied to the offer for sale (R30 million), which will allow the existing shareholders to realise some of their investment in the group and to improve the shareholder spread of Kagisano's ordinary shares.

5.3 Private individuals, corporations and institutions that have been invited to apply should do so by completing the attached private placement application form in accordance with the provisions of this prospectus and the instructions contained in the private placement application form.

5.4 No offer will be made to the general public in terms of the private placement. The private placement will be made to selected applicants only.

5.5 Subject to the achievement of the required spread of at least 100 public shareholders holding a minimum of 10% of the ordinary shares of Kagisano, the JSE has formally approved the listing of 118 000 000 ordinary shares in the share capital of Kagisano on ALT^X with effect from commencement of business on Tuesday, 24 July 2007. The shares will trade under the abbreviated name "Kagisano", with the JSE code "KGH" and ISIN ZAE000098448.

6. DETAILS OF THE PLACEMENT

6.1 Salient features

6.1.1 The salient features of the private placement are as follows:

Offer price per ordinary share(cents)	300
Par value per ordinary share (cents)	0.0001
Premium per ordinary share (cents)	299.999
Number of ordinary shares offered in terms of the offer for subscription	15 000 000
Issue consideration, before expenses	R45 million
Number of ordinary shares offered for sale by the existing shareholders in terms of the private placement	10 000 000
Total consideration to be received by the existing shareholders	R30 million

6.1.2 The opening and closing dates of the private placement are as follows:

– Opening date of private placement at 09:00 on	Monday, 16 July 2007
– Closing date of private placement at 12:00 on	Tuesday, 17 July 2007
– Anticipated listing date on ALT ^X at 09:00 on	Tuesday, 24 July 2007

6.1.3 The placement will not be underwritten and is not subject to a minimum subscription being achieved. The proceeds received in terms of the private placement will be applied firstly to the offer for subscription and thereafter to the offer for sale. Applications for shares in Kagisano must be for a minimum of 5 000 ordinary shares and in multiples of 1 000 ordinary shares thereafter.

7. COPIES OF THE PROSPECTUS

English copies of the prospectus, may be obtained during business hours, from Monday, 16 July 2007 from the registered offices of Kagisano, Exchange Sponsors and the transfer secretaries, details of which are set out in the "Corporate Information" section of this prospectus. The prospectus will also be available in PDF format on the company's website (www.kagisano.co.za).

IMPORTANT DATES AND TIMES

2007

Abridged prospectus released on SENS on	Monday, 16 July
Opening date of private placement at 09:00 on	Monday, 16 July
Closing date of private placement at 12:00 on	Tuesday, 17 July
Listing of Kagisano on ALT ^X at 09:00 on	Tuesday, 24 July
Accounts at CSDP or broker updated in respect of dematerialised shareholders on or about ⁽²⁾	Tuesday, 24 July
Posting of share certificates in respect of certificated shareholders on or about	Tuesday, 24 July
Refund of surplus private placement application monies received (where applicable) on	Wednesday, 25 July

Notes:

- (1) The above dates are subject to change. Any such change will be released on SENS.
- (2) Shareholders wishing to receive shares in dematerialised form must advise their CSDP or broker of their acceptance of the offer to subscribe for shares in the manner and cut-off time stipulated by their CSDP or broker.

DEFINITIONS

In this prospectus, annexures and the attachment hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa* and the words in the first column hereunder have the meanings stated opposite them in the second column, as follows:

“ACOS” or “African Contact Outsource Solutions”	African Contact Outsource Solutions (Pty) Limited (formerly Kagisano Financial Services 6 (Pty) Limited) (Registration number 2004/004372/07), a private company incorporated in South Africa, a 50% owned subsidiary of Kagisano;
“Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“ALT ^X ”	the Alternative Exchange of the JSE;
“applicants”	selected private individuals, corporations and institutions that have been invited to subscribe for Kagisano shares in terms of the private placement;
“application form”	the application form in respect of the placement, attached to and forming part of this prospectus;
“auditors” or “independent reporting accountants”	The present auditors Deloitte & Touche, Registered Auditors (Practice number 902276);
“BBBEE”	as defined in the Broad-Based Black Economic Empowerment Act, (Act 53 of 2003) and which means the economic empowerment of all black people, including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“certificated shareholders”	Kagisano shareholders who elect to receive physical Kagisano share certificates;
“certificated shares”	Kagisano shares for which physical Kagisano share certificates have been issued;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“CSDP”	Central Securities Depository Participant as defined in terms of the Securities Services Act, 36 of 2004, appointed by an individual shareholder for purposes of, and in regard to the dematerialisation of documents of title for purposes of incorporation into the Strate system;
“Bosman Family Trust”	D A Bosman Family Trust (Master’s Reference IT12409/97), a trust duly incorporated in South Africa, which entity is an existing shareholder;
“Deed of Cession”	the Kagisano Deed of Cession entered into between the initial shareholders and Praesidium, in terms of which security is provided for the repayment of the shareholders’ loan funding by the ceding of the debtors’ book of Kagisano in favour of Kagisano and Kagisano shareholders in turn provides covering security in favour of the existing shareholders on a <i>pro rata</i> basis;

“dematerialised shareholder”	a shareholder who holds ordinary shares which have been incorporated into the Strate system and which are no longer evidenced by physical documents of title in terms of the Custody and Administration of Securities Act, 1992;
“Designated Adviser”	Exchange Sponsors (Pty) Limited (Registration number 1999/024433/07), a company incorporated in accordance with the laws of South Africa, a Designated Adviser as contemplated in the Listings Requirements;
“directors” or “board of directors”	the directors of Kagisano, further details of whom appear in Annexure 1;
“documents of title”	share certificates, certified transfer deeds, balance receipts or any other documents of title acceptable to Kagisano in respect of shares;
“EBITDA”	earnings before interest, taxation, depreciation and amortisation;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“existing shareholders”	collectively, the initial shareholders, Praesidium and the Share Incentive Trust;
“Fount Investments”	Fount Investments (Pty) Limited (Registration number 2003/012089/07), a private company incorporated in South Africa, a 50% owned subsidiary of Kagisano;
“Fredrika Henning”	Fredrika Petronella Henning (Identity number 7202280044087), which individual is an existing shareholder;
“FSB”	the Financial Services Board is an independent institution established by statute to oversee the South African non-banking financial services industry in the interest of the public;
“Gencel”	Gencel Investments (Pty) Limited (Registration number 2000/015614/07), a private company incorporated in South Africa, which entity is an existing shareholder of Kagisano;
“Government”	the Government of the Republic of South Africa;
“Group Restructuring Agreement”	the Kagisano Group Restructuring agreement entered into between Kagisano, Kagisano Financial Services, Kagisano Financial Services 3, Kagisano Financial Services 4, Kagisano Financial Services 5, Kagisano Financial Services 6, Kagisano Financial Services 7, Kagisano Financial Services 8, Kagisano Financial Services 9, Kagisano Financial Services 10, Fount, in terms of which Kagisano Financial Services, a wholly-owned subsidiary of Kagisano, became the centralised owner effective 1 July 2005 of, <i>inter alia</i> , all retail outlets of the group, with the exception of ACOS and Fount Investments;
“Hege”	Hege Enterprises (Pty) Limited (Registration number 2002/011862/07), a private company incorporated in South Africa, which entity is an existing shareholder of Kagisano;
“IFRS”	International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board, International Financial Reporting Interpretations Committee and International Accounting Standards, and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee;

"Imagine Wealth"	Imagine Wealth (Pty) Limited (Registration number 2004/000159/07), a private company incorporated in South Africa;
"incorporation"	the date of incorporation of Kagisano, being 1 March 2002;
"initial shareholders"	collectively, Gencel, Hege, Johan Nel Familie Trust, J J Nel Junior Trust, Villon Family Trust, Bosman Family Trust, Werner Bornman Familie Trust and Fredrika Petronella Henning;
"J J Nel Junior Trust"	J J Nel Junior Trust (Master's Reference IT5830/95), a trust duly incorporated in South Africa, which entity is an existing shareholder;
"Johan Nel Familie Trust"	Johan Nel Familie Trust (Master's Reference IT5829/95), a trust duly incorporated in South Africa, which entity is an existing shareholder;
"Kagisano" or "the company"	Kagisano Group Holdings Limited (Registration number 2002/003827/06) a public company incorporated in accordance with the laws of South Africa;
"Kagisano Enterprise Finance"	Kagisano Enterprise Finance (Pty) Limited (Registration number 2004/024979/07), a private company incorporated in South Africa, a wholly-owned subsidiary of Kagisano;
"Kagisano Financial Enterprises"	Kagisano Financial Enterprises (Pty) Limited (Registration number 2002/010354/07), a private company incorporated in South Africa, a wholly-owned subsidiary of Kagisano;
"Kagisano Financial Services "	Kagisano Financial Services (Pty) Limited (Registration number 2002/006362/07), a private company incorporated in South Africa, a wholly-owned subsidiary of Kagisano;
"Kagisano Financial Services 3"	Kagisano Financial Services 3 (Pty) Limited (Registration number 2001/022407/07), a private company incorporated in South Africa, a wholly-owned subsidiary of Kagisano, which holds the shares in all the dormant companies in the group;
"Kagisano Financial Services 4"	Kagisano Financial Services 4 (Pty) Limited (Registration number 2003/012267/07), a private company incorporated in South Africa, a dormant wholly-owned subsidiary of Kagisano;
"Kagisano Financial Services 5"	Kagisano Financial Services 5 (Pty) Limited (Registration number 2004/004389/07), a private company incorporated in South Africa, a dormant wholly-owned subsidiary of Kagisano;
"Kagisano Financial Services 7"	Kagisano Financial Services 7 (Pty) Limited (Registration number 2004/004378/07), a private company incorporated in South Africa, a dormant wholly-owned subsidiary of Kagisano;
"Kagisano Financial Services 8"	Kagisano Financial Services 8 (Pty) Limited (Registration number 2004/007585/07), a private company incorporated in South Africa, a dormant wholly-owned subsidiary of Kagisano;
"Kagisano Financial Services 9"	Kagisano Financial Services 9 (Pty) Limited (Registration number 2004/008069/07), a private company incorporated in South Africa, a dormant wholly-owned subsidiary of Kagisano;
"Kagisano Financial Services 10"	Kagisano Financial Services 10 (Pty) Limited (Registration number 2004/010534/07), a private company incorporated in South Africa, a dormant wholly-owned subsidiary of Kagisano;
"Kagisano Financial Services 11"	Kagisano Financial Services 11 (Pty) Limited (Registration number 2004/024979/07), a private company incorporated in South Africa, a dormant wholly-owned subsidiary of Kagisano;

“Kagisano Mobile”	Kagisano Mobile (Pty) Limited (formerly Kagisano Financial Services 1 (Pty) Limited) (Registration number 2002/006830/07), a private company incorporated in South Africa, a wholly-owned subsidiary of Kagisano;
“Kagisano Insurance”	Kagisano Financial Services 2 (Pty) Limited (trading as Kagisano Insurance) (Registration number 2002/006804/07), a private company incorporated in South Africa, a wholly-owned subsidiary of Kagisano;
“Kagisano Subsidiaries”	collectively Fount Investments, Kagisano Financial Services, Kagisano Mobile, Kagisano Insurance, Kagisano Financial Services 3, ACOS, Kagisano Enterprise Finance, Kagisano Financial Enterprises, VBROSS Operations;
“Listings Requirements”	the Listings Requirements of the JSE;
“Loan Funding Agreement”	the Kagisano Loan Funding Agreement entered into between Gencel, Hege, Johan Nel Familie Trust, J J Nel Junior Trust, Villon Family Trust, Bosman Family Trust, Werner Bornman Familie Trust, Fredrika Petronella Henning and Praesidium, in terms of which the shareholders provide loan funding to the company;
“LSM”	the Living Standards Measure is a marketing research technique that divides the population into 10 Living Standards Measure groups, 10 being the highest, to 1 being the lowest. The technique is a unique means of segmentation, grouping people according to their living standards using criteria such as degree of urbanisation, ownership of major appliances and of cars, amongst others;
“MFRC”	the Micro Finance Regulatory Council has been established in accordance with the Usury Act Exemption Notice of 1 June 1999. It is a company incorporated under section 21 of the Act and has been recognised as the official and single regulator of all money lending transactions falling within the scope of the Usury Act Exemption Notice. The primary aim of the regulatory council is to promote sustainable growth of the micro-lending industry, to serve unserved credit needs, while ensuring that consumer rights are protected;
“NCA”	The National Credit Act (Act 34 of 2005), which act was promulgated to promote a fair and non-discriminatory marketplace for access to consumer credit and for that purpose to provide for the general regulation of consumer credit and improved standards of consumer information; to promote black economic empowerment and ownership within the consumer credit industry; to prohibit certain unfair credit and credit-marketing practices; to promote responsible credit granting and use and for that purpose to prohibit reckless credit granting; to provide for debt re-organisation in cases of over-indebtedness; to regulate credit information; to provide for registration of credit bureaux, credit providers and debt counselling services; to establish national norms and standards relating to consumer credit; to promote a consistent enforcement framework relating to consumer credit; to establish the National Credit Regulator and the National Consumer Tribunal; to repeal the Usury Act, 1968, and the Credit Agreements Act, 1980, and to provide for related incidental matters;
“NCR”	National Credit Regulator;
“non-resident”	a person whose registered address is outside the common monetary area and who is not an emigrant;
“offer for sale”	an offer, forming part of the private placement, in terms of which the existing shareholders are offering 10 000 000 ordinary shares for sale at a price of 300 cents per ordinary share;

“offer for subscription”	an offer, forming part of the private placement, in terms of which the company is offering for subscription, 15 000 000 ordinary shares at an issue price of 300 cents per ordinary share;
“ordinary shares”	ordinary shares of 0.0001 cent each in the share capital of the company;
“own-name registration”	shareholders who hold shares that have been dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such shareholder;
“Praesidium”	Praesidium Capital Management (Pty) Limited (Registration number 2003/012046/07), a private company incorporated in South Africa, who owns at the last practical date a 25.1% shareholding in Kagisano;
“Praesidium transaction”	the disposal of 25.1% of the equity in Kagisano by the initial shareholders to Praesidium, which transaction is governed by four agreements: Sale of Shares Agreement, Shareholders Agreement, Loan Funding Agreement and Deed of Cession;
“private placement” or “placement”	the private placement of 25 000 000 ordinary shares pursuant to the offer for sale and the offer for subscription to selected institutions, corporations and individuals for cash at a consideration of 300 cents per ordinary share;
“Rand” or “R” or “cents”	the official currency of South Africa;
“Sale of Shares Agreement”	the Kagisano Sale of Shares Agreement entered into between Gencel, Hege, Johan Nel Familie Trust, J J Nel Junior Trust, Villon Family Trust, D A Bosman Family Trust, Werner Bornman Familie Trust, Fredrika Petronella Henning and Praesidium, in terms of which the initial shareholders sold 25,1% of their equity in two tranches to Praesidium;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Shareholders’ Agreement”	the shareholders’ agreement entered into between Gencel, Hege, Johan Nel Familie Trust, J J Nel Junior Trust, Villon Family Trust, D A Bosman Family Trust, Werner Bornman Familie Trust and Fredrika Petronella Henning and Praesidium on 12 April 2007, in terms of which the, <i>inter partes</i> , relationship between the initial shareholders and Praesidium is regulated and will terminate on listing;
“shareholders”	holders of ordinary shares in Kagisano;
“Share Incentive Trust”	Kagisano Group Holdings Staff Share Incentive Trust (Master’s Reference IT7470/07), the salient features of which are set out in Annexure 9 and comprises a share option scheme;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Limited (Registration number 1998/022242/06), a public company incorporated in accordance with the laws of South Africa;
“the Group”	includes the holding company Group and the trading activities of the wholly-owned “Kagisano subsidiaries”, all companies incorporated in accordance with the laws of South Africa;
“the JSE”	JSE Limited (Registration number 2005/022939/06), a company duly registered and incorporated with limited liability under the company laws of South Africa and licensed as an Exchange under the Securities Act, 36 of 2004;

“the last practicable date”	the last practicable date prior to the finalisation of this document, being Thursday, 5 July 2007;
“the listing”	the proposed listing of the entire issued share capital of the company on ALT ^X , on Tuesday, 24 July 2007;
“this prospectus”	this bound document, dated 11 July 2007, including all appendices and the attachment hereto;
“the Registrar”	the Registrar of Companies in South Africa;
“transfer secretaries”	Computershare Investor Services 2004 (Pty) Limited (Registration number 2004/003647/07), a company incorporated in accordance with the laws of South Africa;
“VBROSS Operations”	V-BROSS Operations (Pty) Limited (Registration number 2001/022632/07), a private company incorporated in South Africa, a wholly-owned subsidiary of Kagisano;
“Villon Family Trust”	Villon Family Trust (Master’s Reference IT3401/94), a trust duly incorporated in South Africa, which entity is an existing shareholder;
“Voting Pool Agreement”	the Voting Pool Agreement entered into between Gencel, Hege, Johan Nel Familie Trust, J J Nel Junior Trust, Villon Family Trust, D A Bosman Family Trust, Werner Bornman Familie Trust and Fredrika Henning, in terms of which the parties have bound themselves to the restricted disposal of their shares in three tranches; and
“Werner Bornman Familie Trust”	Werner Bornman Familie Trust (Master’s Reference IT1158/02), a trust duly incorporated in South Africa, which entity is an existing shareholder.



Kagisano Group Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2002/003827/06)

(JSE code: KGH ISIN: ZAE000098448)

("Kagisano" or "the company")

Directors

E Van Niekerk

E Grobbelaar

W Bornman

G A F Van Niekerk*

D A Bosman*

R L Hendricks*

*Non-executive

PROSPECTUS

1. INTRODUCTION

- 1.1 Kagisano intends to list on ALT^X as a strategic step which will facilitate the raising of capital to grow its existing business, introduce new products and expand its footprint nationally.
- 1.2 The private placement and listing will provide the group with capital to accelerate its growth. A listing will also provide an incentive for the retention and reward of key staff members through equity participation.
- 1.3 A listing on ALT^X will raise the group's profile, potentially leading to acquisition flow and empowerment opportunities.
- 1.4 Ultimately, the listing will provide the platform for the group to pursue its strategy and objective of becoming one of the prominent service providers in its target market.

2. INCORPORATION AND HISTORY

Date of incorporation: 1 March 2002

- 2.1 The foundation of the company was laid in 1996 by the current directors and senior management under leadership of Eugene van Niekerk, originally focusing on the provision of micro-finance. Kagisano Group Holdings (Pty) Limited was founded in 2002, with the company focusing on the provision of medium-term loans.
- 2.2 A thorough understanding of the market environment allowed the company to expand its product offering, using its national network of more than 110 branded outlets supported by a staff contingent of more than 500.
- 2.3 Through its understanding of market requirements, the company expanded its current product range to include loans, insurance and cellular phone contracts. The company's business model focuses on the delivery of Everyday Financial Services to its customer base of LSM 4 to 7 category employees through its product range.

2.4 Kagisano's success can be attributed to a strategy of innovation based on technology, using its Information Technology Management Systems and a state-of-the-art call centre that improved cost effectiveness. The company regards its national network of branded outlets as the critical interface with its customers, and aims to expand it into under-served areas throughout the country.

2.5 Kagisano converted to a public company on 29 June 2007.

3. INDUSTRY BACKGROUND

3.1 Micro-finance is the supply of loans, savings, money transfers, insurance, and other financial services to middle and upcoming income groups. Microfinance Institutions (MFIs) – which encompass a wide range of providers that vary in legal structure, mission and methodology – offer financial services aimed at satisfying specific client requirements which are not catered for by mainstream banks or other formal financial service providers.

3.2 Most financial institutions cater for the less risky sector of the market, being the middle class and the salaried working class, with governments and other organisations providing financial assistance to the remaining classes.

3.3 Financial services to the working class are provided by a diversity of companies. The salient features of this segment of the financial services sector can be summarised as follows:

- established companies reported a growth in their customer base for financial years up to and ending in 2007;
- companies aimed to provide longer term products for larger loan amounts;
- companies also expanded product offerings to include, among others, savings and loan accounts;
- with credit provision at an all-time high, a negative bad debt fall-out is expected – companies are assessed to evaluate risk management systems in operation; and
- most companies have brought the effects of the implementation of the National Credit Act ('NCA') into the determination of financial results, with no negative impact visible on reported results.

The combined effect of the above factors is to reduce the number of smaller entities that operate in this segment of the market, while reducing the risk profile of the companies remaining in the segment.

3.4 The South African micro finance market consists of the following players as summarised in the table below (summarising the number of entities ('E') with their branches ('B')).

	December 2002 Entities and Branches		December 2003 Entities and Branches		December 2004 Entities and Branches		December 2005 Entities and Branches	
	E	B	E	B	E	B	E	B
Banks	9	1 831	8	2 616	9	3 066	8	3 327
Public	6	59	5	10	7	20	3	9
Private	192	2 875	199	2 753	287	2 963	256	3 723
CC	1 009	1 573	1 112	1 684	1 488	2 205	1 679	2 523
Trusts	64	127	58	112	68	121	65	118
Section 21	17	52	22	63	20	60	18	46
Co-ops	1	17	26	42	26	42	27	47
	1 298	6 534	1 430	7 280	1 905	8 477	2 056	9 793

Source: MFRC register of micro finance providers.

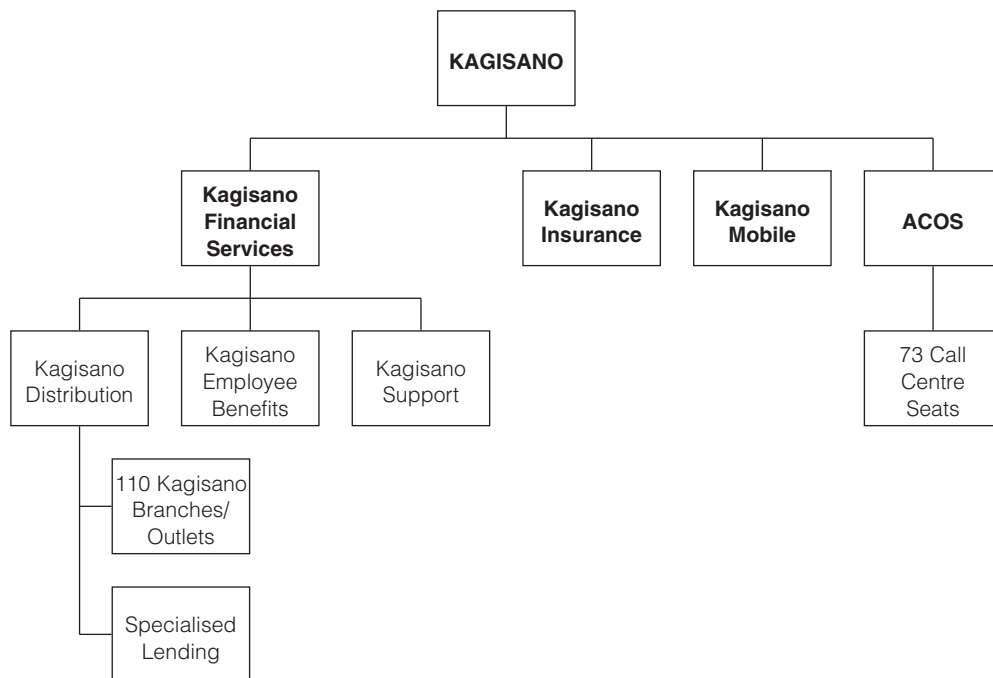
3.5 Kagisano was previously registered with the MFRC, now known as the National Credit Regulator (NCR) and is one of the private companies in the table above. Together with the players in the market of credit provision, the different entities are responsible for annual disbursements of more than R20 billion.

4. NATURE OF BUSINESS

- 4.1** Kagisano acts as the holding company for the group and does not actively trade, but undertakes the group treasury function. Refer to Annexure 7 for full details on the legal structure of the group.
- 4.2** The company operates as a financial services enterprise that targets the financial needs of clients in the LSM 4 to 7 category employees with a broad range of Everyday Financial Services products to its customers, which include:
- Credit products
 - Cellular products
 - Insurance products
 - Employee benefits
 - Other financial solutions
- 4.3** The company deals primarily with customers through its national branch network which is supported by its in-house call centre and website. The product range is also offered as a solution to companies, resulting in a synergistic cooperation with the employer, which benefits the company employee.

4.4 Business structure

Kagisano's business structure is shown in the diagram below.



4.4.1 Kagisano Financial Services

Kagisano's credit services are rendered from here and consist mainly of Distribution and Support at Head-Office. The distribution network is responsible for the marketing and selling of the credit services and consists of more than 110 corporate branches as well as in-store branches in other retail outlets. Through the Specialised Lending, distribution is done via the company's broker network. Support is rendered from Head-Office where all operational support functions are co-ordinated by the various departments as shown in the diagram.

4.4.1.1 Kagisano Employee Benefits

A tailor made financial services package is offered to employees at different employer groups which include mobile contracts, insurance and loans. Other products such as medical benefits, vehicle finance and bond origination are also offered via our call centre.

4.4.2 Kagisano Insurance

Kagisano Insurance is registered with the Financial Services Board and its present products are:

4.4.2.1 Credit life as part of all credit transactions being granted; and

4.4.2.2 Protection Plan (Funeral benefit) with all its benefits being distributed from all outlets.

4.4.3 Kagisano Mobile

Kagisano Mobile acts as the group's cellular service provider. Bulk airtime is purchased from service providers, packaged and sold to Kagisano customers together with state of the art handsets.

4.4.4 African Contact Outsource Solution (ACOS)

This division operates as a fully integrated call centre rendering incoming and outgoing calls to various clients. A full outsourcing function of call centre seats to various clients is also in place.

4.5 Infrastructure

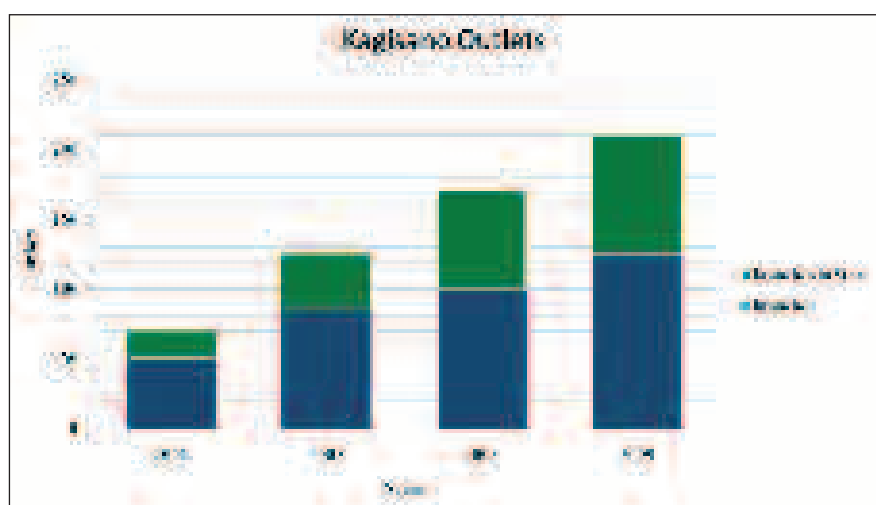
Kagisano's infrastructure has grown over the past three years. The company's branch network is supported by a back office equipped with industry standard work-flow systems for the management of applications and collections.

4.5.1 Call Centre

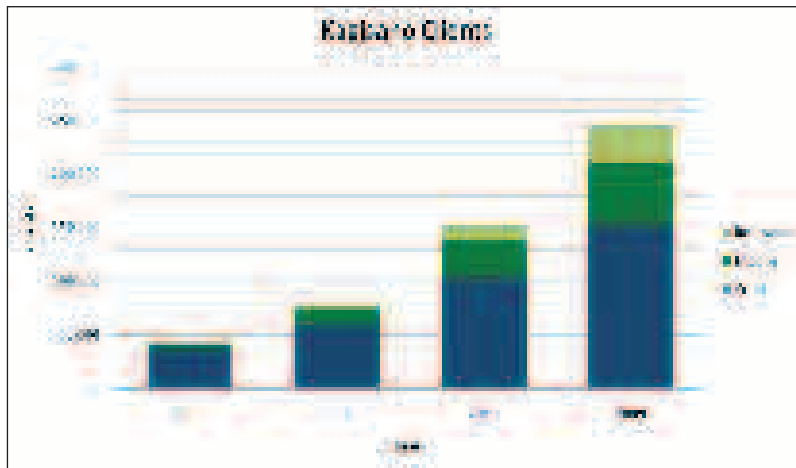
A state-of-the-art call centre is used to perform a host of different activities. The call centre serves as a point of entry for customer enquiries, marketing of the company's products, product support and debt collection.

4.5.2 Branches

The company's primary interface with its clients remains through the national network of more than 110 branded outlets, which are located throughout the country (refer to Annexure 8 for location of leased property). With a modern interior layout, the company provides a personal interface to address its customers' needs. The company also utilises Cash Converters in-store located kiosks to position Kagisano in retail environments frequently visited by its customers. The growth of the company's outlets is summarised in graph below.



The above graph illustrates the roll-out strategy of the company which follows a 75:25 ratio between own branches and retail outlets. More than 120 outlets will be opened in 2007, while the total number of outlets will grow to more than 200 in 2009.



The above graph illustrates the client growth expected for Kagisano over the next few years until 2009, as a result of the growth in the total number of outlets.

4.5.3 Support Structure

A centralised support structure at the company's head office in Centurion provides support to all the branches. Using state-of-the-art software and application scorecards, new applicants are processed and credit vetted.

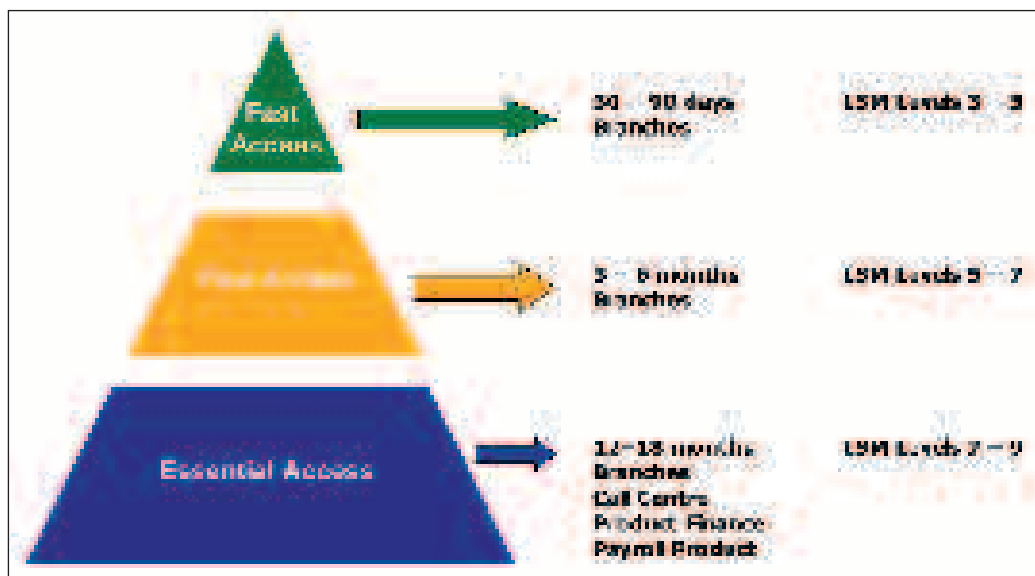
4.5.4 Collections

A focused group processes collections, in order to provide effective recovery solutions that will advance customer relations. The call centre and other support structures are used to recover bad debts, using the full complement of resources available, ranging from automated dialling to one-on-one human interactions. This group is also responsible for arrears management and bad debts. Specialised recovery programmes include:

- Teletracking
- Pre-litigation collections
- Legal collections

4.6 Kagisano Credit Products

A range of credit products that suits the needs and risk profiles of the applicants, is provided. The product range is illustrated below, summarising the target market for each product:



4.7 Kagisano Mobile

The company identified the expansion of its product array through the inclusion of cellphone contracts to its target market. Two kinds of products are on offer:

- High-end handsets
- Low-end handsets

Each of these products have top-up options and a handset financing option. The company has formulated a 'contract' solution to the typical pre-paid user of cellphones. The contract allows users to 'migrate' from expensive pre-paid charges, which the company supports in partnership with national cellular service providers.

Kagisano Mobile has already established a customer base of 15 000, with growth of around 1 000 new customers signed on each month, using the call centre and the branch network as outlets for the new product range.

4.8 Kagisano Insurance Products

4.8.1 The Kagisano Protection Plan

The Kagisano Protection Plan is a multi-benefit funeral plan that pays a lump sum to cover funeral costs and provide post-funeral cash.

4.8.2 The Kagisano Credit Life

Recently introduced, this product forms part of all credit transactions being processed. A cell captive was developed in association with Guardrisk and is administered by African Independent Administrators.

4.9 Kagisano Employee Benefits

Employees at certain employer groups are being supported with Kagisano's full product offering. Employer Groups can use the call centre or distribution network for their employees to apply for insurance, mobile contracts, loans, medical contracts, medical benefits, vehicle finance and bond originating.

4.10 The group does not receive any government protection and there is no investment encouragement law affecting the group's businesses.

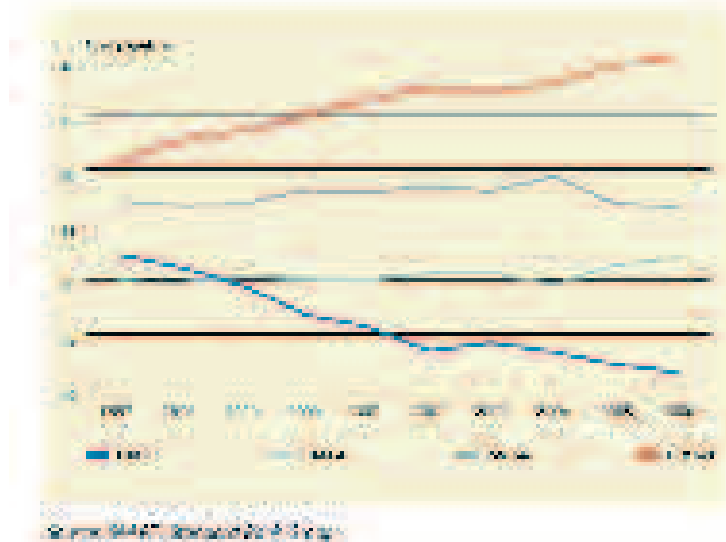
5. PROSPECTS

5.1 Market Opportunity

5.1.1 In 2006 the total credit market in South Africa was R500 billion, of which mortgage advances and motor vehicle instalment sales amounted to about R295 billion and R95 billion respectively. Short-dated credit is around R100 billion, of which overdrafts and credit card debt represent R60 billion. Total micro loans and credit supplied by stores are estimated around R20 billion each, with pure consumer credit with a duration of less than five years amounts to around R100 billion. This amount to credit costs of about R25 billion in service charges.²

5.1.2 Kagisano's market is also influenced by the growth of the middle class, which had grown by more than 800 000 in 2006. This contributed to the increase in the size of South Africa's LSM 7 market to more than 40% of the total population, thereby increasing the potential size of Kagisano's target market. The growth in the market segment is shown in the graph below:

² Goodwin-Groen, RP, "The National Credit Act and its Regulations in the context of Access to Finance in South Africa", November 2006, Finmark Trust.p 36.



This graph shows the growth in the different LSM groups over the period.

- 5.1.3** Following the introduction of the NCA, a consolidation period for the micro lending industry is envisaged. Smaller enterprises will either have their profit margins reduced or eliminated, resulting in growth potential for larger enterprises with the infrastructure to support the requirements of the NCA. With more than 110 outlets operational, the company is well-positioned to handle higher volumes of applications. The operationalisation of the NCA provides the company with the opportunity to increase its income and profitability over the medium to long term.
- 5.1.4** To capitalise on the growth of the group's target market, the group's strategy is to double the number of outlets throughout South Africa as well as to improve the effectiveness of the operational call centre. The group will also enlarge and diversify its current product range in all the geographic areas where it currently operates in order to supply a complete product range to its customers.

5.2 The National Credit Act

- 5.2.1** The micro financing industry was plagued by problems that included reckless behaviour by credit providers, consumer exploitation, lending without regard for a borrower's ability to repay, deceptive pricing, and unacceptable collection techniques, to name a few. These factors resulted in high levels of indebtedness, which prevented consumers from settling loans.
- 5.2.2** To solve these problems the Department of Trade and Industry ('DTI') established the NCR and a National Consumer Tribunal. The DTI is currently in the process of registering all credit providers and debt counsellors to assist customers who are over-indebted. The National Credit Act was promulgated in 2006, with the aim to support mainstream prudent lenders and responsible borrowers on all income levels. The Act and Regulations were fully implemented by June 2007.
- 5.2.3** The National Credit Act focused on three pillars, which were based on best practices of financial institutions world-wide:

Pillar 1: Assessing client capacity to pay. The National Credit Act requires the lender inter alia to assess the client's ability to pay, and requires the client to provide full financial information to prevent reckless credit (see sections 80–84 of the National Credit Act). The maximum share of a client's net income has to be assessed by checking a client's borrowing capacity. The net income has to be sufficient to pay back the consumer credit (or if the customer has several consumer loans, all loans) within 36 months.

Pillar 2: Disclosure of all costs. A specific method of calculating the so-called *annual percentage rate of charge (APRC)* is introduced, which states the equivalence of loans on the one hand and repayments and charges on the other. The annual percentage rate has to include all charges to the consumer, meaning all costs of the credit including interest and other charges directly connected with the credit agreement.

The National Credit Act requires comprehensive disclosure of all interest and other fees and charges payable on the principal debt in a percentage and Rand value, together with a repayment schedule in the form of a pre-agreement statement and quotation so that the client has time to consider before committing to the loan.

Pillar 3: Interest rate caps. The National Credit Regulations include maximum rates of interest applicable to seven different types of credit. These are effectively the usury limits. For instance, unsecured credit transactions are structured as the South African Reserve Bank's ruling Repurchase Rate times 2.2 plus 20% per annum, which under current circumstances is a maximum rate of 36.5% per annum.

5.3 Kagisano Implementation

5.3.1 Since its inception, Kagisano has adhered to the stringent requirements of the financial services market – initially complying with the requirements of the MFRC, the FSB and recently registering with the NCR.

5.3.2 The establishment of the MFRC and the subsequent implementation of the National Loans Register have prepared financial institutions in the micro-financing environment for the effect that the National Credit Act will have. With the evolution of the MFRC into the NCR, companies such as Kagisano have continuously upgraded their operations and management systems to comply with newly formulated requirements.

5.3.3 Kagisano has adjusted its processes and products during the past twelve months to comply with the NCA. As a result of already complying with the NCA and the re-design of products in line with the NCA, no negative impact is anticipated

6. MAJOR SHAREHOLDERS

6.1 Shareholders, other than the directors of Kagisano, who are, directly or indirectly, beneficially interested in 5% or more of the issued ordinary share capital of Kagisano at the last practicable date, are as follows:

Shareholder	Total number of shares held	Percentage held, before the private placement	Percentage held, after the private placement
Johan Nel Familie Trust	9 735 000	11.24	8.25
J J Nel Junior Trust	9 735 000	11.24	8.25
Praesidium	25 100 000	25.10	21.27

See paragraph 5.1 in Annexure 1 for the directors' shareholdings.

6.2 No shareholder shall, insofar as the directors of Kagisano are aware, directly or indirectly, hold 35% (controlling interest) or more of the issued share capital of Kagisano following the private placement. The company shall have a public shareholding of at least 100 shareholders that will hold a minimum of 10% of the ordinary shares on the day of listing. There will be no controlling shareholder in Kagisano after the listing.

6.3 There shall be no change in the controlling shareholder as a result of the private placement.

6.4 There have been no changes in the controlling shareholders and trading objects of Kagisano during the preceding five years.

7. DIRECTORS AND EXECUTIVE MANAGEMENT

Details of directors and executive management, including the appointment, remuneration, borrowing powers of directors and directors' interests and declarations are set out in Annexure 1.

The company has obtained confirmation from the directors that they are free of any conflict of interest between the directors' duties to the company and their private interests.

8. PURPOSE OF PLACEMENT ON ALT^x

8.1 Subject to the achievement of the required spread of public shareholders, the JSE has formally approved the listing of 118 000 000 ordinary shares in the share capital of Kagisano on ALT^x with effect from commencement of business on Tuesday, 24 July 2007. The shares will trade under the abbreviated name 'Kagisano', with the JSE code "KGH" and ISIN ZAE000098448.

8.2 Kagisano has reserves of at least R2 million in retained earnings. The company will have a public shareholding of at least 100 shareholders who will hold a minimum of 10% of the ordinary shares on the day of listing.

8.3 An amount of R45 000 000, before share issue and listing expenses, will be raised by the company by the issue of 15 000 000 ordinary shares for cash and an amount of R30 000 000 will be realised by the existing shareholders from the sale of 10 000 000 ordinary shares to selected private individuals, corporations and institutions. The proceeds of the issue will be utilised to accelerate growth as set out in paragraph 8.4 below. The proceeds received in terms of the private placement will be applied firstly to the offer for subscription and thereafter to the offer for sale.

8.4 The purpose of the placement and the listing are to:

- enhance investor and general public awareness of Kagisano activities;
- attract and retain intellectual capital through the incentive of meaningful equity participation;
- raise capital to grow its existing business, introduce new products and expand its footprint nationally;
- have the flexibility of listed shares in order to allow the company to take advantage of potential acquisition opportunities;
- broaden Kagisano's shareholder base and to obtain the spread of shareholders required for the listing of Kagisano's ordinary shares on the JSE;
- afford members of the investing public, clients and business associates of Kagisano the opportunity to participate directly in the income stream derived by Kagisano, as well as in the future capital growth of its assets;
- enhance the national presence and re-branding of the group in line with the new product range as well as the company's vertical expansion strategy.

9. DETAILS OF THE PRIVATE PLACEMENT

9.1 Salient features

9.1.1 The salient features of the private placement are as follows:

Offer price per ordinary share (cents)	300
Par value per ordinary share (cents)	0.0001
Premium per ordinary share (cents)	299.999
Number of ordinary shares offered in terms of the offer for subscription	15 000 000
Issue consideration, before expenses	R45 million
Number of ordinary shares offered for sale by the existing shareholders in terms of the private placement	10 000 000
Total consideration to be received by the existing shareholders	R30 million

9.1.2 The opening and closing dates of the private placement are as follows:

Opening date of private placement at 09:00 on	Monday, 16 July 2007
Closing date of private placement at 12:00 on	Tuesday, 17 July 2007
Anticipated listing date on ALT ^X at 09:00 on	Tuesday, 24 July 2007

9.1.3 Those private individuals, corporations and institutions that have been invited to apply should do so by completing the attached private placement application form in accordance with the provisions of this prospectus and the instructions contained in the private placement application form.

9.1.4 No offer will be made to the general public in terms of the private placement. The private placement will be made to selected applicants only.

9.1.5 The Kagisano ordinary shares issued in terms of the private placement will rank *pari passu* with all other ordinary shares issued by Kagisano.

9.2 Procedures for acceptance and subscription of shares in Kagisano

9.2.1 Applications for the private placement can be made on the attached private placement application form provided to select applicants. Photocopies or reproductions will be accepted. Each application will be regarded as a single application.

9.2.2 The private placement application may not be ceded, renounced or assigned in favour of anyone else by the applicant to whom it is addressed.

9.2.3 The private placement shares may not be applied for in the name of a minor, deceased estate or partnership. Executors, trustees and individual partners may apply for the private placement shares in their own name or through nominee companies. No documentary evidence of capacity needs to accompany the private placement application but the directors of Kagisano reserve the right to call upon any applicant to furnish evidence of such capacity for noting.

9.2.4 The private placement applications are irrevocable once received by the Designated Adviser or the company.

9.2.5 No receipts will be issued for applications and/or payments received.

9.2.6 Applications must be for a minimum of 5 000 shares and in multiples of 1 000 shares thereafter.

9.2.7 Shares will only be traded in electronic form; accordingly all shareholders who elect to receive certificated shares will first have to dematerialise their share certificates should they wish to trade therein. Applicants are advised that it takes between one and ten days to dematerialise their certificated shares depending on the volumes being processed by Strate and Computershare at the time of dematerialisation.

9.2.8 Payment in respect of certificated shareholders may only be made by bank guaranteed cheque (crossed "not transferable" with "or bearer" deleted), bank draft or electronic transfer (followed by fax or electronic proof of payment in the case of electronic transfers). Postal orders, cash or telegraphic transfer will not be accepted. Cheques must be made payable in favour of 'Kagisano Private Placement'. All cheques and bank drafts will be deposited by the transfer secretaries immediately upon receipt in a designated account under the control of Kagisano with a registered South African bank.

9.2.9 The private placement applications will only be regarded as complete once payment for the total amount of the application has been received. Should any cheque or bank draft subsequently be dishonoured, the directors of Kagisano may, in their sole discretion, and without prejudice to any rights the company may have, regard the private placement application of such applicant as revoked or take such steps with regards thereto as they deem fit.

9.2.10 "Blocked Rand"" may be used by emigrants and non-residents of the common monetary area for payment in terms of the private placement. In this regard, reference should be made to paragraph 9.12 below that deals with Exchange Control Regulations.

9.2.11 Shareholders must ensure that accounts at their CSDP or broker have sufficient funds for payment of the shares applied for.

9.3 Application for certificated shares – payment by bank guaranteed cheque or bank draft

Applicants who elect to receive their allocated shares in certificated form and who wish to pay by way of bank guaranteed cheque or bank draft must complete and return the private placement application, together with their payment in the form of a bank guaranteed cheque or bank draft (crossed "not transferable" and " or bearer" deleted and drawn in favour of "Kagisano Private Placement") in an envelope marked "Kagisano Private Placement" to:

if delivered by hand or by courier

Designated Adviser
Exchange Sponsors (Pty) Limited
39 First Road
Hyde Park
2196

or if posted

Designated Adviser
Exchange Sponsors (Pty Limited
PO Box 411216
Craighall
2024

so as to be received no later than 12:00 on Tuesday 17 July 2007.

No late applications will be accepted.

9.4 Application for certificated shares, payment by electronic transfer

9.4.1 Applicants who elect to receive their allocated shares in certificated form and who wish to pay by way of electronic transfer may do so, in which case the private placement application, and proof of such payment by electronic transfer must be hand delivered, posted or faxed to Kagisano (and not the transfer secretaries) to:

*if delivered by hand
or by courier*

Designated Adviser
Exchange Sponsors
(Pty) Limited
39 First Road
Hyde Park
2196

or if posted

Designated Adviser
Exchange Sponsors
(Pty) Limited
PO Box 411216
Craighall
2024

or if faxed

Designated Adviser
(011) 447 1929

so as to be received no later than 12:00 on Tuesday 17 July 2007.

9.4.2 Payment by electronic transfer must be made into the following bank account:

Bank:	ABSA Bank
Branch:	Pretoria
Branch code:	335 345
Account name:	Kagisano Private Placement
Account number:	40 6873 5221
Account type:	Current Account

9.4.3 Kagisano accepts no responsibility and will not be liable for the correctness of any allocation of private placement shares pursuant to payment being made or alleged to have been made by way of electronic transfer due to proof of such payment not being received or purported proof of such payment being insufficient or defective, or Kagisano, for any reason, not being able to reconcile a payment or purported payment with a particular application for private placement shares.

9.5 Disadvantages of holding shares in certificated form

9.5.1 The current risks associated with holding shares in certificated form, including the risk of loss or tainted scrip, remain.

9.5.2 At the point at which the shareholder wishes to transact on the JSE, he will be required to appoint a CSDP or broker to dematerialise the shares prior to the broker being able to transact in the shares, which dematerialisation can take up to 10 days. A certificated shareholder will have no recourse in the event of delays occasioned by the validation process or the acceptance or otherwise of its certificated shares by a CSDP.

9.6 Application for dematerialised shares – payment by electronic transfer or through a CSDP or broker

9.6.1 Applicants who elect to receive their allocated shares in dematerialised form and who wish to pay by way of electronic transfer may do so, in which case the private placement application and the section on their CSDP or broker, and proof of such payment by electronic transfer must be hand delivered, posted or faxed to:

*if delivered by hand
or by courier*

Designated Adviser
Exchange Sponsors
(Pty) Limited
39 First Road
Hyde Park
2196

or if posted

Designated Adviser
Exchange Sponsors
(Pty) Limited
PO Box 411216
Craighall
2024

or if faxed

Designated Adviser
(011) 447 1929

so as to be received no later than 12:00 on Tuesday 17 July 2007.

Payment by electronic transfer must be made into the following bank account:

Bank:	ABSA Bank
Branch:	Pretoria
Branch code:	335 345
Account name:	Kagisano Private Placement
Account number:	40 6873 5221
Account type:	Current Account

Kagisano accepts no responsibility and will not be liable for the correctness of any allocation of private placement shares pursuant to payment being made or alleged to have been made by way of electronic transfer due to proof of such payment not being received or purported proof of such payment being insufficient or defective or Kagisano, for any reason, not being able to reconcile a payment or purported payment with a particular application for private placement shares.

9.6.2 Applicants who wish to receive their allocated shares in dematerialised form, must complete and return the private placement application to the Designated Adviser or their duly appointed CSDP or broker by the time and date stipulated in the agreement governing their relationship with their CSDP or broker, together with the method of payment as stipulated in such agreement.

9.6.3 The brokers will collate all their respective private placement applications and forward the instruction to the brokers' nominated CSDP's.

9.6.4 The CSDP's will collate all the private placement applications from brokers and/or applicants and notify the transfer secretaries.

9.6.5 Brokers and CSDP's will be notified by the transfer secretaries on the second business day following the closing of the private placement of their allocation in respect thereof.

9.6.6 In respect of those applicants who elect to receive dematerialised shares, their duly appointed CSDP's or broker's account will be updated on or about Tuesday, 24 July 2007.

9.7 Reservation of rights

9.7.1 The directors of Kagisano reserve the right to accept or refuse any application(s), either in whole or in part, or to abate any or all application(s) (whether or not received on time) in such manner as they may, in their sole and absolute discretion, determine.

9.7.2 The directors of Kagisano reserve the right to accept or reject, either in whole or in part, any private placement applications should the terms and the instructions contained in this prospectus not be properly complied with.

9.8 Irrevocable undertakings

Kagisano holds irrevocable undertakings from various selected investors to subscribe for 25 000 000 shares in terms of the private placement, amounting to 100% of the private placement shares.

9.9 No minimum subscription

The private placement is not subject to a minimum subscription being achieved.

9.10 Over-subscriptions

9.10.1 The private placement of 25 000 000 ordinary shares has been fully allocated to the investors who have given irrevocable undertakings as set out in paragraph 9.8 above.

9.10.2 In the event of the private placement application being accepted for a lesser number of shares than applied for or rejected, any surplus application monies received together with interest thereon calculated at the rate of 3.5% per annum from the date of receipt of such monies until day of posting, will be refunded by the company by a cheque drawn on ABSA and posted by ordinary mail at the risk of the applicant concerned, on or about Wednesday, 25 July 2007 (or on clearance of the funds, if later) in respect of certificated shareholders only.

9.10.3 Where a listing is cancelled and persons are owed subscription refunds in terms of applications made, the sponsor ensures that the subscription monies are refunded to such persons on the day following the decision to cancel the listing.

9.10.4 No preference on allotment of shares will be extended to any particular company in the instance of an over-subscription.

9.11 Issue of private placement shares

9.11.1 All private placement shares offered will be issued at the expense of Kagisano.

9.11.2 All private placement shares issued are subject to the provisions of Kagisano's memorandum and articles of association and will rank *pari passu* in all respects with the existing ordinary shares in issue.

Annexure 1 contains extracts of Kagisano's memorandum and articles of association.

9.11.3 Kagisano shares will only be traded on the JSE in electronic form and, as such, all shareholders need to dematerialise their shares should they wish to trade therein. Applicants are advised that it takes between one and ten days to dematerialise certificated shares, depending on volumes being processed by Strate or Computershare at the time of the dematerialisation.

9.11.4 *The principal features of Strate are as follows:*

- trades executed on the JSE must be settled within five business days;
- penalties for late settlement;
- electronic record of ownership replaces share certificates and physical delivery of certificates; and
- all investors are required to appoint either a broker or CSDP to act on their behalf and to handle all settlement requirements.

9.12 Exchange Control Regulations

The following summary is intended as a guide and is, therefore, not comprehensive. If in doubt in this regard, please consult your professional Adviser.

9.12.1 A former resident of the common monetary area who has emigrated from South Africa may use “Blocked Rand” to purchase shares in terms of this prospectus.

9.12.2 All payments in respect of subscriptions for shares by non-residents using “Blocked rand” must be made through an authorised dealer in foreign exchange.

9.12.3 Share certificates issued in respect of certificated shares purchased using “Blocked Rand” in terms of this prospectus will be endorsed “non-resident”. Such share certificates will be placed under the control of the authorised dealer through whom the payment was made. Statements issued to non-resident dematerialised shareholders will be restrictively endorsed as “non-resident”.

9.12.4 If applicable, refund monies payable in respect of an unsuccessful application, emanating from “Blocked Rand” accounts will be returned to the authorised dealer administering such “Blocked Rand” accounts for the credit of such unsuccessful applicant’s “Blocked Rand” account.

9.12.5 Applicants resident outside the common monetary area

9.12.5.1 A person who is not resident in the common monetary area should obtain advice as to whether any governmental, and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the private placement.

9.12.5.2 This prospectus is accordingly not an offer in any area or jurisdiction in which it is illegal to make such an offer. In such circumstances this prospectus is provided for information purposes only. All share certificates issued to non-residents of South Africa will be endorsed “non-resident” in terms of the Exchange Control Regulations. Statements issued to dematerialised shareholders will be restrictively endorsed as ‘non-resident’.

10. MATERIAL CHANGES

The directors report that there have been no material changes in the financial or trading position of Kagisano since 28 February 2007, other than disclosed in this prospectus, in particular, the private placing and the conversion of Kagisano to a public company.

11. PROFIT HISTORY, FORECASTS, UNAUDITED *PRO FORMA* BALANCE SHEET, INCOME STATEMENT AND DIVIDEND POLICY

11.1 Reviewed and audited income statements of Kagisano for the three financial periods ended 31 August 2006

11.1.1 The reviewed and audited historical financial information for Kagisano, the preparation of which is the responsibility of the directors, is presented in Annexure 2, Annexure 4 contains the independent reporting accountants' report on the historical financial information of Kagisano. The table below sets out the reviewed and audited income statements of Kagisano for the three periods ended 31 August 2006.

Year ended	Reviewed 12 months ⁽³⁾ 30 June 2004 R'000	Reviewed 12 months ⁽³⁾ 30 June 2005 R'000	Adjusted audited for 12 months ⁽²⁾ 31 August 2006 R'000	Reviewed interim results 6 months 28 February 2007 R'000
Revenue	29 093	88 144	153 532	100 850
Gross profit	29 093	87 657	144 014	90 556
Other income	1	1 584	1 186	1 007
Operating expenses	(24 014)	(67 684)	(101 260)	(61 974)
EBITDA	5 080	21 557	43 940	29 589
Depreciation and amortisation	(163)	(493)	(1 271)	(1 407)
Profit before interest and taxation	4 917	21 064	42 669	28 182
Investment revenue	359	159	185	123
Finance costs	(3 282)	(6 423)	(6 980)	(3 650)
Profit before taxation	1 994	14 800	35 874	24 655
Taxation	(418)	(4 718)	(11 572)	(8 519)
Earnings attributable to ordinary shareholders	1 576	10 082	24 302	16 136
<i>Pro forma</i> weighted average shares in issue ⁽¹⁾	100 000 000	100 000 000	100 000 000	100 000 000
<i>Pro forma</i> earnings per share (cents)	1.58	10.08	24.30	16.14
<i>Pro forma</i> weighted average shares in issue ⁽¹⁾	100 000 000	100 000 000	100 000 000	100 000 000
<i>Pro forma</i> diluted earnings per share (cents)	1.58	10.08	24.30	16.14

Notes:

- (1) The unaudited *pro forma* weighted average number of shares in issue is used in order to reflect the effect of the share capital restructuring (i.e. the conversion of the original 100 shares in issue to 100 000 000 shares at the last practicable date) on the earnings per share calculations.
- (2) The consolidated financial information for the year ended 31 August 2006 has been adjusted to reflect a 12-month comparative as the previous reporting period constituted a 14-month period. (Results for the full 14-month period are reflected in Annexure 2.)
- (3) The consolidated financial information for the years ended 30 June 2004 and 30 June 2005 were audited by Ashton CA Inc. (Practice number 902124) and reviewed by Deloitte & Touche in terms of their Reviewed Report included in Annexure 4 to this prospectus.

The actual number of shares in issue, earnings per share and headline earnings per share calculations is set out in Annexure 2 to this prospectus.

11.2 Profit forecasts for the years ending 31 August 2007 and 31 August 2008

11.2.1 The profit forecasts of Kagisano for the years ending 31 August 2007 and 31 August 2008, the preparation of which is the responsibility of the directors, are set out below. The forecasts should be read in conjunction with the independent reporting accountants' report thereon as set out in Annexure 6.

Years ending 31 August	Forecast 2007 R'000	Forecast 2008 R'000
Revenue	226 674	287 983
Gross profit	195 377	213 319
Operating expenses	(138 033)	(144 887)
EBITDA	57 344	68 432
Depreciation and amortisation	(3 034)	(3 137)
Profit before interest and taxation	54 310	65 295
Finance costs	(9 571)	(12 000)
Profit before taxation	44 739	53 295
Taxation	(14 340)	(14 735)
Earnings attributable to ordinary shareholders	30 399	38 560
<i>Pro forma</i> weighted average shares in issue	101 884 932	116 000 000
<i>Pro forma</i> earnings per share (cents)	29.84	33.24
<i>Pro forma</i> weighted average shares in issue	102 383 562	118 000 000
<i>Pro forma</i> diluted earnings per share (cents)	29.69	32.68

The assumptions that were made for the forecast have been segregated between controllable (within control of the directors) and non-controllable (not within the control of the directors) factors, which are as follows:

11.2.2 Profit forecasts for the years ending 31 August 2007 and 31 August 2008

Assumptions considered to be significant are disclosed below, but the assumptions disclosed are not intended to be an exhaustive list.

- 11.2.2.1 The net debtors book is estimated to grow to R100 million for 2007 and by 40% to R140 million in 2008. This growth is a direct result of access to capital from the private placing and the resulting expansion of its outlets.
- 11.2.2.2 Forecast revenue for the 2007 and 2008 years are based on an estimate of revenue generated through the existing and planned distribution network and is in line with the historical performance of the group.
- 11.2.2.3 Revenue will increase significantly as a result of additional funds being available to grow the debtors' book as well the introduction of new products.
- 11.2.2.4 All expenses will increase in line with inflation and additional overheads will be incurred as a result of the increase in geographical footprint of the group and the diversification of product range at all branches.
- 11.2.2.5 Interest payable on debt funding will decrease to a more affordable rate due to restructuring of the funding agreements.
- 11.2.2.6 Taxation has been provided for at 29%.
- 11.2.2.7 No allowance for revenue growth arising from any strategic company acquisitions has been allowed for in the forecast.
- 11.2.2.8 Save for the shares issued as contemplated in this prospectus, no further ordinary shares will be issued during the forecast periods under review.

11.2.3 Comments on the forecast financial information

11.2.3.1 The forecast financial information is based on the assumption that circumstances which affect the company's business, but which are outside the control of the directors, will not materially affect the trading of the company. More specifically:

- Kagisano has anticipated the effect of the NCA and has therefore changed their product range and systems accordingly (as discussed in paragraph 5.3 of the prospectus). This resulted in no material difference in the trading conditions for the forecast periods;
- costs will increase in line with the expected rate of inflation;
- interest rates, foreign exchange rates and the basis and rates of taxation, both direct and indirect will not change materially.

11.2.3.2 In addition, the forecast financial information is based on the assumption that:

- there will be continuity in existing management and trading policies;
- there will be no change in the present accounting policies and in International Financial Reporting Standards which may affect the accounting treatment of the operating results of the company.

11.2.3.3 In the opinion of the directors, the above assumptions are significant to the forecasts as being key factors upon which the financial results of the company will depend. However, certain assumptions may not materialise and/or certain unforeseen events may occur or circumstances may arise subsequent to the forecasts being made. Accordingly, the results achieved for the periods referred to above may differ from those forecast and the variations may be material.

11.2.3.4 The number of shares used for calculation purposes are the net number of shares in issue after the placement contemplated in this prospectus.

11.3 Unaudited *pro forma* balance sheet and income statement

The unaudited *pro forma* information of Kagisano before and after the private placement is set out below. The *pro forma* balance sheet and income statement information is provided for illustrative purposes only and because of its nature may not give a fair presentation of the company's financial position after the private placement. The unaudited *pro forma* information is based on the audited results at 31 August 2006 as set out in Annexure 2 and reported on by the independent reporting accountant's report in Annexure 4. The unaudited *pro forma* balance sheet and income statement should be read in conjunction with the independent reporting accountants report thereon as set out in Annexure 5. It has been assumed for the purposes of the *pro forma* balance sheet and income statement that the placement took place on 31 August 2006. The directors of Kagisano are responsible for the preparation of the unaudited *pro forma* balance sheet and income statement of Kagisano.

11.3.1 The *pro forma* balance sheet set out is based on the following assumptions:

- 11.3.1.1 an amount of R 45 million has been raised in respect of the offer for subscription on 24 July 2007;
- 11.3.1.2 100% of the estimated transaction costs relating to the listing have been written off against the share premium account;
- 11.3.1.3 the *pro forma* financial information was prepared on a stand-alone basis for the private placement offer; and
- 11.3.1.4 The entire private placement of R45 million was fully subscribed on 28 February 2007.

11.3.2 Unaudited *pro forma* balance sheet reflecting the private placement adjustment is set out below:

	Reviewed interims before ⁽¹⁾ private placement adjustments 28 February 2007 R'000	Issue to Share Trust R'000	Shares issued <i>in lieu</i> of fees R'000	Private placement adjustments R'000	Unaudited <i>pro forma</i> company after ⁽²⁾ private placement adjustments 28 February 2007 R'000
ASSETS					
Non-current assets	23 627	–	–	–	23 627
Current assets	91 219	4 000	–	50 321	145 540
Total assets	114 846	4 000	–	50 321	169 167
SHAREHOLDERS' FUNDS					
Share capital	–	–	–	–	–
Share premium	–	4 000	750	43 341	48 091
Retained income	49 628	–	(533)	4 956	54 051
Total shareholders' funds	49 628	4 000	217	48 297	102 142
LIABILITIES					
Non-current liabilities	32 195	–	–	–	32 195
Current liabilities	33 023	–	(217)	2 024	34 830
Total liabilities	65 218	–	(217)	2 024	67 025
Total liabilities and shareholders' funds	114 846	4 000	–	50 321	169 167
<i>Pro forma</i> shares in issue	100 000 000	–	1 000 000	15 000 000	116 000 000
Net asset value per share (cents)	49.63				88.05
Net tangible asset value per share (cents)	41.28				80.86
<i>Pro forma</i> diluted shares in issue	100 000 000	2 000 000	1 000 000	15 000 000	118 000 000
Diluted net asset value per share (cents)	49.63				86.56
Diluted net tangible asset value per share (cents)	41.28				79.49

Notes

- (1) The 'before' financial information has been extracted without adjustment from the reviewed interim financial statements of Kagisano for the six months ended 28 February 2007. These are set out in Annexure 3.
- (2) The 'after' financial information represents the restated financial information at 28 February 2007.
- (3) The *pro forma* balance sheet was prepared on the assumption that the entire private placement would be fully subscribed.
- (4) The unaudited *pro forma* balance sheet was prepared on the basis that the private placement was completed on 28 February 2007.
- (5) Share capital has been adjusted for the following:
 - Current assets were adjusted to include the proceeds from the offer for subscription of R45 million, 2 million shares issued to the Share Trust at 200 cents a share as well as the interest saving of R6 980 000 less estimated transaction costs cash portion of R1 659 000 to be settled in cash (listed in paragraph 14.1);
 - the share premium account was adjusted to include the premium on the 15 million shares allotted from the private offer for subscription, 2 million shares issued to the trust and 1 million shares issued *in lieu* of fees, less estimated transaction costs of R3.9 million (listed in paragraph 14.1); and
 - share capital was adjusted to include the 15 million ordinary shares at 300 cents a share allotted from the offer for subscription as well as the 2 million issued to the share trust and 1 million issued *in lieu* of fees.
- (6) The unaudited *pro forma* number of shares in issue is used in order to reflect the effect of the share placing on the net asset value and net tangible asset value per share calculations.

11.3.3 Unaudited *pro forma* income statement reflecting the private placement adjustment is set out below:

	Audited before private placement adjustments 31 August 2006 R'000	Issue to Share Trust R'000	Shares issued <i>in lieu</i> of fees R'000	Private placement adjustments R'000	Unaudited <i>pro forma</i> company after ⁽¹⁾ private adjustments 31 August 2006 R'000
Revenue	153 532	–	–	–	153 532
Gross profit	144 014	–	–	–	144 014
Other income	1 186	–	–	–	1 186
Operating expenses	(101 260)	–	(750)	–	(102 010)
EBITDA	43 940	–	(750)	–	43 190
Depreciation and amortisation	(1 271)	–	–	–	(1 271)
Profit before interest and taxation	42 669	–	(750)	–	41 919
Investment revenue ²	185	–	–	–	185
Finance (costs)/income	(6 980)	–	–	6 980	–
Profit before taxation	35 874	–	(750)	6 980	42 104
Taxation	(11 572)	–	217	(2 024)	(13 379)
Earnings attributable to ordinary shareholders	24 302	–	(533)	4 956	28 725
<i>Pro forma</i> weighted average shares in issue ⁽¹⁾	1 000 000		1 000 000	15 000 000	116 000 000
<i>Pro forma</i> earnings per share (cents)	24.30				24.76
<i>Pro forma</i> diluted weighted average shares in issue ⁽¹⁾	100 000 000	2 000 000	1 000 000	15 000 000	118 000 000
<i>Pro forma</i> diluted earnings per share (cents)	24.30				24.34

Notes:

- (1) The unaudited *pro forma* income statement was prepared on the basis that the private placement in terms of the offer for subscription was completed on 31 August 2006 and a total of R45 million less estimated costs as set out in paragraph 14 were raised for the company.
- (2) No income benefit with regards to operating profits in respect of the private placement was included as the cash raised will be used to fund expansion, the income benefit of which cannot be accurately estimated at this time. Thus, saving of interest on loan funding on the total funds raised is calculated at an average interest rate of prime +18%.
- (3) Adjusted comparative financial information for the year ended 31 August 2006 to reflect a 12-month period.

11.4. Dividends

11.4.1 The company has historically exercised a policy of paying dividends to shareholders as recommended by the directors having due regard to the company's profit, future capital requirements and cash flow position. It is intended that the company will declare dividends based on the same considerations in the discretion of the directors.

11.4.2 Any dividends not claimed for a period of not less than three years from the date on which such dividends became payable, may be forfeited for the benefit of the company.

11.4.3 There is no arrangement under which future dividends will be waived or have been waived.

12. PROMOTERS' INTEREST

There were no payments made, or proposed to be made to the promoters of the company since the company's incorporation.

13. BROKERAGES AND COMMISSIONS

Since incorporation, no commission has been paid or is payable in respect of underwriting. No commissions, discounts, brokerages or other special terms have been granted during the three years preceding the date of this prospectus in connection with the issue or sale of any securities or stock of the company, where this has not been disclosed in any audited annual financial statements.

14. PRELIMINARY EXPENSES AND ISSUE EXPENSES

- 14.1** The estimated total amount of preliminary expenses in terms of the private placement and the listing within the three years preceding the date of this prospectus, exclusive of Value-Added Tax, are as follows:

	R'000
Printing, publication, distribution and advertising expenses	200
JSE documentation fees	49
JSE listing fees	18
Transfer secretaries – Computershare	15
Designated Adviser – Exchange Sponsors (Pty) Limited	480
Fund-raising fees – Exchange Sponsors (Pty) Limited	1 050
Fund-raising fees – Imagine Wealth	600
Reporting accountants – Deloitte & Touche	347
Attorneys – Edelstein-Bosman	750
Corporate advisory – Red Pen 20 Investments (Pty) Limited	300
Contingency	100
Estimated total	3 909

- 14.2** The abovementioned estimated expenses will be written off against the share premium account to the extent permissible by the Act.

- 14.3** No other listing expenses other, than those mentioned above, have been incurred.

15. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

- 15.1** The group had no material capital commitments and contingent liabilities at 31 August 2006. The lease payments are set out in Annexure 8. There have been no material changes to the contingent liabilities of the group between 31 August 2006 and the last practicable date.

- 15.2** The repayment of the short-term portion of the borrowings of the capital commitments will be financed from operating cash flow.

- 15.3** The borrowing arose due to the funding of the debtors' book in the normal course of business.

16. LOANS PAYABLE AND BORROWING POWERS

- 16.1** Since its incorporation, the company has not received any material loans that remain unpaid to date, save as disclosed in paragraph 16.2 below.

16.2 The following loans were due by Kagisano at 28 February 2007:

Lender	Company	Loan amount R'000
C Financial Credit House (Pty) Limited (Registration number 2001/021113/07)	Kagisano	10 921
Hege	Kagisano	3 000
Corrbex (Pty) Limited (Registration number 1996/000461/07)	Kagisano	5 228
Kalipso (Pty) Limited (Registration number 1999/022354/07)	Kagisano	2 579
Kilnerton (Pty) Limited (Registration number 1989/004722/07)	Kagisano	2 800
Bosman Family Trust	Kagisano	29
Creative Touch (Pty) Limited (Registration number 1992/007118/07)	Kagisano	2 036
Werner Bornman Familie Trust	Kagisano	837
Maxi Beherend (Pty) Limited (Registration number 1991/007365/07)	Kagisano	3 000
		30 430

Notes:

- (1) The loans arose for the purpose of funding the company's business, particularly the Kagisano Financial Services debtors' book.
- (2) All of the above loans were unsecured and bore interest at prime +18%, while the repayment was due on request. These terms have expired and were re-negotiated as summarised in paragraph 16.3.
- (3) Instalments and the repayment of these loans will be refunded out of Kagisano's working capital.

16.3 Subsequent to year-end, the above loans were re-negotiated in terms of the new Loan Funding Agreement. The revised terms are as follows:

Lender	Company	Loan amount R'000
Gencel	Kagisano	10 250
Hege	Kagisano	2 500
Corrbex (Pty) Limited (Registration number 1996/000461/07)	Kagisano	3 750
Kalipso (Pty) Limited (Registration number 1999/022354/07)	Kagisano	3 750
Villon Family Trust	Kagisano	1 500
Bosman Family Trust	Kagisano	750
Werner Bornman Familie Trust	Kagisano	1 750
Fredrika Henning	Kagisano	750
Praesidium ⁽¹⁾	Kagisano	20 000
Total		45 000

Notes:

- (1) A further R20 million is available on request in terms of the Loan Funding Agreement disclosed in paragraph 27.
- (2) All of the above loans were secured through the deed of session over the debtors' book (as disclosed in paragraph 27.4.4).
- (3) The above loans bear interest at prime +6%, while the repayment was due on request, with a six-month notice period.

16.4 The borrowing powers of the company have not been exceeded during the three years preceding the date of this prospectus. No restrictions, Exchange Control or other, exists on the borrowing powers. None of the above loans are subject to conversion or redemption rights.

16.5 The borrowing powers of the directors are set out in Annexure 1.

16.6 No debentures have been created in terms of the trust deeds per Annexure 8. No debentures were issued by way of conversion or replacement of any of the borrowings.

16.7 No loan capital is outstanding other than as noted per paragraphs 16.2 and 16.3 above.

16.8 The repayment of the short-term portion of the borrowings will be financed from operating cash flow.

17. LOANS RECEIVABLE

No material loans have been granted by Kagisano, other than in the normal course of business at 28 February 2007. However, subsequent to the interim period-end, as part of the creation of the Share Incentive Trust, the following loan was granted by Kagisano:

Borrower	Company	Loan amount	Interest rate	Secured	Maturity
Share Trust	Kagisano	R4 000 000	None	None	None

18. PROPERTY AND SUBSIDIARIES ACQUIRED

Kagisano has not acquired any material companies, fixed assets and/or any option to acquire such companies or fixed assets within the last three years at the date of this prospectus.

19. SHARES ISSUED, OTHER THAN FOR CASH

No shares have been issued or agreed to be issued by the company since incorporation, other than for cash as disclosed in paragraph 23.6 below.

20. PROPERTY AND SUBSIDIARIES DISPOSED

Kagisano has not disposed of any material property during the past three years, or is any to be disposed of, at the date of this prospectus.

21. PRINCIPAL IMMOVABLE PROPERTY OWNED AND LEASED

21.1 The principal immovable property leased by the company is set out in Annexure 8. Rentals are entered into at arm's length and at market-related rates applicable to the particular market sector. Kagisano owns no immovable property.

21.2 Details of the current operational lease are set out in Annexure 8.

22. DETAILS OF SUBSIDIARIES

Details of the company's subsidiaries are set out as follows:

Company name	Main business	Registration number	Date of incorporation	Date of becoming a subsidiary	Issued capital	Percentage holding
Kagisano Financial Services	Distribution and Head Office Operations and Outlets	2002/006362/07	18/03/2002	18/03/2002	100	100
Kagisano Mobile	Mobile	2002/006830/07	22/03/2002	22/03/2002	100	100
Kagisano Financial Services 2	Insurance	2002/006804/07	22/03/2002	22/03/2002	100	100
Kagisano Financial Services 3	Shareholding	2001/022407/07	19/09/2001	19/09/2001	100	100
Kagisano Financial Enterprises	Leases	2002/010354/07	03/05/2002	03/05/2002	100	100
African Contact Outsource Solutions	Call Centre	2004/004372/07	23/02/2004	23/02/2004	100	50
Fount Investments	JV Outlets	2003/012089/07	28/05/2005	28/05/2005	100	50
Kagisano Financial Services 4	Dormant	2003/012267/07	29/05/2003	29/05/2003	100	100
Kagisano Financial Services 5	Dormant	2004/004389/07	23/02/2004	23/02/2004	100	100
Kagisano Financial Services 7	Dormant	2004/004378/07	23/02/2004	23/02/2004	100	100
Kagisano Financial Services 8	Dormant	2004/007585/07	18/03/2004	18/03/2004	100	100
Kagisano Financial Services 9	Dormant	2004/008069/07	23/03/2004	23/03/2004	100	100
Kagisano Financial Services 10	Dormant	2004/010534/07	20/04/2004	20/04/2004	100	100
Kagisano Financial Services 11	Dormant	2004/024979/07	01/09/2004	01/09/2004	100	100
V-Bross Operations	Dormant	2001/022632/07	21/09/2001	21/09/2001	100	100

23. SHARE CAPITAL

23.1 Authorised and issued share capital

The authorised and issued share capital of Kagisano, taking into account the private placement and listing costs as set out in paragraph 14.1 above, which are to be offset against the share premium account, are set out below:

	Rand
Authorised	
500 000 000 ordinary shares of 0.0001 cent each	500
Issued, before the private placement	
103 000 000 ordinary shares of 0.0001 cent each	103
Issued, after the private placement	
118 000 000 ordinary shares of 0.0001 cent each	118
Share premium	48 090 982

23.2 All the authorised and issued shares are of the same class and rank *pari passu* in every respect. No preferential share capital or any other securities with conversion and/or exchange rights will be issued.

23.3 Save as set out in paragraph 23.5 below, there has been no sub-division or consolidation of shares during the three years prior to the date of issue of this prospectus.

23.4 Save as provided for in paragraph 23.6 below, no offer has been made for the subscription or sale of shares during the three-year period preceding the date of issue of this prospectus.

23.5 Alterations to authorised share capital

23.5.1 Kagisano was incorporated with an authorised ordinary share capital of R1 000, divided into 1 000 ordinary shares having a par value of 100 cents each.

23.5.2 The company passed special resolutions to:

23.5.2.1 increase its authorised share capital from 1 000 ordinary shares of 100 cents each to 50 000 ordinary shares of 100 cents each by the creation of 49 000 ordinary shares of R1.00 each on 1 June 2007;

23.5.2.1 further sub-divide its authorised share capital of 50 000 ordinary shares of 100 cents each into 500 000 000 ordinary shares of 0.0001 cent each on 1 June 2007.

23.5.3 Kagisano has a total authorised share capital of R500 consisting of 500 000 000 ordinary shares of 0.0001 cent each.

The special resolutions passed to alter the authorised share capital as set out in paragraph 23.5 above was registered on 29 June 2007.

23.6 Issue of shares

23.6.1 On incorporation on 20 February 2002, Kagisano issued and allotted 100 ordinary par value shares of 100 cents each for an issued share capital of R100.

23.6.2 The company passed special resolutions on 1 June 2007 to:

23.6.2.1 sub-divide its issued share capital of 100 ordinary shares of 100 cents each into 100 000 000 ordinary shares of 0.0001 cent each bringing the total issued share capital to 100 000 000 ordinary shares of 0.0001 cent each for and issued share capital of R100 on 1 June 2007;

23.6.2.2 issue 2 000 000 ordinary shares of 0.0001 cent each on 24 July 2007 at an issue price of R2.00 each, being the valuation as per the directors of the company at the time of the approval of the issue to the Share Incentive Trust. The reason for the premium and the variance in premiums of the issue price was in terms of the directors' valuation of the shares, before the listing;

23.6.2.3 issue 1 000 000 ordinary shares of 0.001 cent each on 24 July 2007 at an issue price of 300 cents each, being the private placement price, *in lieu* of fees to the Designated Adviser, Exchange Sponsors, Financial Adviser, Imagine Wealth and Legal Adviser, Edelstein – Bosman Inc. The interests of the Designated Adviser following this issue are disclosed in paragraph 30 below.

23.6.3 At the date of issue of this prospectus, before the private placement, Kagisano had a total issued share capital of R7 000 100 (including a share premium of R6 999 997).

23.7 The general resolutions to approve the above issues were implemented at the time of the issues. In terms of a general resolution approved by 75% of the majority of shareholders, excluding any shareholding of the Designated Adviser and its associates, passed on 1 June 2007 the directors have the power to allot and issue ordinary shares of the company for cash, subject to the following conditions:

- compliance with the provisions of the Act, the Listings Requirements and the memorandum and articles of association of Kagisano;
- that the securities be of a class already in issue;
- that securities be issued to public shareholders and not to related parties;

- that an announcement giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the issue/s;
- that issues in the aggregate in any one financial year shall not exceed 50% of the company's issued share capital of that class;
- that, in determining the price at which an issue of securities will be made in terms of this authority, the maximum discount permitted shall be 20% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined by or agreed to by the directors; and
- that the approval will be valid until the next annual general meeting or for 15 months from the date of the resolution, whichever period is the shorter.

23.8 Unissued shares

In terms of the resolution passed at a general meeting of Kagisano on 1 June 2007, the 382 000 000 authorised but unissued ordinary shares in the company will be under the control of the directors of Kagisano until its next annual general meeting, subject to the provisions of sections 221 and 222 of the Act and the Listings Requirements.

23.9 Voting and variation of rights

The articles of association of the company provide that, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by any person, the chairman or by the members referred to in section 198(1)(b) of the Act. Any variation in rights attaching to shares will require the consent of the shareholders in general meeting in accordance with the company's articles of association.

23.10 No other listings

The issued ordinary shares of Kagisano will be listed on ALT^X. No other shares of Kagisano are listed on any stock exchange.

24. ADEQUACY OF WORKING CAPITAL

24.1 The directors of the company are of the opinion that the working capital available to Kagisano prior to the private placement is adequate for the present requirements of the company, i.e. for a period of 12 months from the date of issue of this prospectus and that:

- 24.1.1** the company will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of this prospectus;
- 24.1.2** the assets of the company will be in excess of the liabilities of the company for a period of 12 months after the date of this prospectus. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements;
- 24.1.3** the share capital and reserves of the company will be adequate for ordinary business purposes for a period of 12 months after the date of this prospectus;
- 24.1.4** the working capital of the company will be adequate for ordinary business purposes for a period of 12 months after the date of this prospectus.

25. OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF SHARES

Save as disclosed in the share incentive trust as well as the Praesidium transaction, the salient features of which are set out in Annexure 9 to the prospectus and paragraph 27.3.1 below, there are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the company.

26. SHARE INCENTIVE SCHEMES

The company has established an employee share incentive trust, the salient features of which are set out in Annexure 9.

27. MATERIAL CONTRACTS

27.1 Group Restructuring Agreement

Trading operation commenced during 2002 and as a result of considerable organic growth the directors took a strategic decision to corporatise the company's structure as well as its operations. This decision was taken in conjunction with the group's attorneys and was designed to facilitate growth, the impact of legislative changes and to create an efficient head office structure, suitable for group trading circumstances. The *modus operandi* of the restructuring is recorded as follows:

27.1.1 strategic alliance and/or user agreements were not renewed;

27.1.2 Kagisano Financial Services 3 acquired the equity of all third party shareholders in Kagisano Financial Services 4 to Kagisano Financial Services 10 and Fount Investments; and

27.1.3 Kagisano Financial Services 4 to Kagisano Financial Services 10 and Fount Investments sold their companies to Kagisano Financial Services.

The effect of these transactions is that Kagisano Financial Services, a wholly owned subsidiary of Kagisano, is the centralised owner of, *inter alia*, all retail outlets of the group, with the exception of Fount Investments in which Henoch Lourence Moll (Identification number 6712285136085) still holds 50%.

The effective date of the restructuring was 1 July 2005 and it was provided that Kagisano Financial Services was to pay fair value for each business based on the tangible net asset value thereof as reflected in the audited financial statements for the financial year ended 2005. Subsequent financial statements forming part of the prospectus will reveal that the restructuring was successfully implemented.

27.2 Voting Pool Agreement

The initial shareholders of the company, have bound themselves to a voting pool agreement which regulates the following:

27.2.1 30% of the voting pool securities can be disposed of within the period 1 September 2007 to 31 August 2008;

27.2.2 a further 30% of the voting pool securities can be disposed of within the period 1 September 2008 to 31 August 2009; and

27.2.3 40% of the voting pool securities can be disposed of within the period 1 September 2009 to 31 August 2010.

The securities forming voting pool securities will be those held by the initial shareholders, after Praesidium has acquired 25,1% of the initial shareholders' equity in terms of a pre-listing transaction. The voting pool securities will consist of 64 900 000 shares, being 55% of the company's shares on the date of listing.

The agreement will endure until the last tranches are disposed of, while the attorneys shall hold the embargoed share certificate. Pool members may not trade during any closed periods defined in the JSE listing requirements. The pool nominee is obliged to inform pool shareholders of the advent of closed periods.

Pool shareholders shall endeavour to retain 26% of the company's issued securities, while there is a qualified pre-emptive right in favour of each other, with the exclusion that, in the event of a pool shareholder disposing of 33.33% or less of a permitted tranche during any one year, the pre-emptive right shall not apply. Should a pool shareholder wish to dispose of more shares than a permitted tranche during any period, the majority of the pool shareholders' consent is required on condition that the purchaser binds himself to the Voting Pool Agreement. The voting pool securities shall not be encumbered.

The pooling of voting rights is provided for in order that consensus is reached for the purpose of voting at general meetings. Provision is made for an expert to make a determination in the event of consensus not being reached. Certain matters require 75% of pool shareholders' votes, such as:

- rights issues;
- changes to share capital structure;
- material acquisitions or disposals of company assets;
- delegation of managing director's powers;
- winding up, liquidation and judicial management;
- appointment and removal of directors, including managing director;
- issue of additional shares;
- contracts outside the company's ordinary business; and
- related party contracts.

Johan Nel Familie Trust and J J Nel Junior Trust are excluded from pooling their voting right. It deals with the pre-emptive right in detail and provides for a seven-day offer period.

27.3 Fount Investment Shareholders Agreement

The shareholders in Fount Investments are Kagisano and Henoch Lourence Moll (Identification number 6712285136085), each holding a 50% stake. The agreement was effective from 1 July 2006 and the conditions precedent that a strategic alliance agreement (hybrid franchise), and employment agreement, be entered into, which was done.

The agreement provides that the directors be Eugene van Niekerk, Werner Bornman with Henoch Lourence Moll (Identification number 6712285136085) as managing director. Provision is made that the company has a minimum of three and maximum of five directors, with Kagisano being entitled to appoint three directors and Henoch Lourence Moll two directors.

The day-to-day conducting of the business vests in an Executive Committee, which meets and accounts to the board on a monthly basis. Three directors are required for a quorum at a directors meeting, two of whom shall represent Kagisano and one representing Henoch Lourence Moll. The agreement makes provision for the regulation of directors and shareholders meetings. Shareholders holdings 75% of the shares are to be present for a quorum at shareholders' meetings.

Financial matters are regulated in accordance with a business plan, including cash flow projections, signed off by the shareholders from time to time. Provision is made for reciprocal pre-emptive rights, customary in commercial agreements, each party being obliged to afford the other 30 days within to accept the offer.

Provision is made for the limitation of the issuing of unissued shares, as are provisions providing for the protections of minority interests requiring 75% of the shareholders' approval when material changes are to effected, inclusive of changes to the company's approved business plan.

27.4 Praesidium Transaction

The shareholders of Kagisano made a strategic decision to dispose of 25.1% of their equity in the company to Praesidium, with a view to procuring a strategic financial partner, pending a listing of the company's shares on the AltX. The transaction is governed by four agreements (Sale of Shares Agreement, Shareholders' Agreement, Loan Funding Agreement and Deed of Cession) and the written exercise of an option dealt with separately hereunder.

27.4.1 Sale of Shares Agreement

In terms of the contract signed on 5 April 2007 the initial shareholders sold 25.1% of their equity in two tranches:

- 20% with effect from 12 April 2007; and
- 5.1% by way of an option which was exercised on 25 May 2007.

The agreement is in customary commercial format, containing conditions precedent, all of which have been fulfilled, including the conclusion of the Loan Funding Agreement and cession of the debtors' book. The purchaser gave notice of successful conclusion of the due diligence investigation and the statutory share transfers are in the process.

It is an express term of the agreement that the company applies for listing its shares on AltX.

27.4.2 Shareholders' Agreement

The initial shareholders and Praesidium executed a shareholders agreement, the validity of which commenced on the effected date and will terminate on listing, which agreement regulates the *inter partes* relationship between the shareholders.

Conditions precedent relates to the executing of the Sale of Shares Agreement, Loan Funding Agreement and Deed of Cession of the debtors' book. These documents have been executed and the conditions therefore fulfilled.

The agreement further provided for the initial board of directors of the company, which board has been replaced in general meeting as set out in this prospectus, with effect from 1 June 2007.

This agreement regulates board meetings and shareholders meetings. The recent general meetings took unanimous decisions for the purpose of doing all that is necessary for the listing of the company's shares on the AltX and all matters allied thereto, including the appointment of a new board of directors.

The contract further deals with pre-emptive provisions, the limitation on the issue of shares and the protection of minority interests. The resolutions passed by the shareholders in general meeting are in full compliance with the restrictions contained therein.

27.4.3 Loan Funding Agreement

The purpose of this agreement is to record with certainty the extent to which the shareholders would provide loan funding to the company, enabling it to conduct its business pending the AltX listing.

It provides that all shareholders shall loan to the company the amounts on the dates as set out below:

Lender	Date	Loan amount
Gencel	05/05/2007	10 250 000
Hege	05/05/2007	2 500 000
Corbex (Pty) Limited (Registration number 1996/000461/07)	05/05/2007	3 750 000
Kalipso (Pty) Limited (Registration number 1999/022354/07)	05/05/2007	3 750 000
D A Bosman Family Trust	05/05/2007	750 000
Villon Family Trust	05/05/2007	1 500 000
Werner Bornman Familie Trust	05/05/2007	1 750 000
Fredrika Henning	05/05/2007	750 000
Praesidium	05/05/2007	10 000 000
	05/06/2007	10 000 000
	05/07/2007	10 000 000
	06/08/2007	10 000 000

It recognises the change in the company's loan funding requirement and entitles the company to repay shareholders on the bases that:

- Praesidium is entitled to loan the company a minimum amount of R20 million for a 12-month period calculated from 12 April 2007;
- the remaining shareholders are entitled to loan the company a minimum amount of R10 million for a 12-month period calculated from 12 April 2007.

It provides for the payment of interest on the balance on the loan accounts at prime rate plus 6%, alternatively, such other rate as all the shareholders may agree, with interest being fixed for 12-month periods.

In the event that shareholders require repayment of loan funding, they are obliged to give the company six calendar months' written notice directed to its *domicilium*.

27.4.4 Deed of Cession

As security for the repayment of the shareholders' loan funding, the debtors' book of Kagisano Financial Services is ceded in favour of Kagisano and Kagisano in turn provides covering security in favour of the shareholders on a *pro rata* basis.

There is a limitation as to the security provided to each shareholder, (cessionary), bearing a direct correlation to the loan schedule reflecting the amount that each shareholder has loaned to Kagisano.

It provides for the appointment of an independent security agent, IDS Alternate Fund Services, in the event of cessionaries realising their ceded claims and a power of attorney in favour of this security agent. It also requires a certificate to be signed by the security agent as proof of indebtedness.

- 27.5** There are no further material contracts which have been entered into by the group at any time, which contains an obligation or settlement that is material to the group, other than in the ordinary course of business.

The group is not subject to any management or royalty agreements. The group has not paid any material technical or secretarial fees during the three years preceding the issue of this prospectus.

The group has not entered into any promoters' agreements during the three years preceding the date of this prospectus.

28. MATERIAL INTER-COMPANY TRANSACTIONS

Full details and terms of all material inter-company financial and other transactions, with specific disclosure of all inter-company transactions before elimination on consolidation is fully set out in Annexure 2 note 24.

29. LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any such proceedings pending or threatened of which Kagisano is aware, that may have, or have had during the twelve months preceding the date of this prospectus, a material effect on the financial position of the company. However, application was made for registration of a trademark, which elicited response and for the sake of clarity the brand will be addressed in order to avoid confusion. The directors are of the opinion that this matter will not have any material effect on the financial position of the company.

30. ADVISORS' INTERESTS

None of the advisers, except for the attorneys or as disclosed in terms of the Listings Requirements, whose names are set out on page 46 hold any shares in the company or have agreed to acquire any shares in the company at the date of this prospectus, except as disclosed below:

The following directors and employees of the Designated Adviser have an interest in the ordinary shares in Kagisano:

Name and capacity	Number of shares	Percentage holding in Kagisano	Name of beneficial owner
Marius Meyer – Director	150 000	0.13	Buccoli Beleggings CC (Registration number 1995/010698/23)
Marius Meyer – Director	200 000	0.17	Magika Investments (Pty) Limited (Registration number 1997/019193/07)
Wessel van der Merwe – Director	200 000	0.17	SA Madiba Investments (Pty) Limited (Registration number 1998/015202/07)
Van Zyl Swanepoel – Employee	100 000	0.08	Van Zyl Swanepoel
Chrisna Chalmers – Employee	10 000	0.01	Chrisna Chalmers
Esna Colyn – Employee	10 000	0.01	Esna Colyn
Mareo Bekker – Employee	15 000	0.01	Malibe Trust (Masters reference IT6384/96)

Fifty percent of the ordinary shares in the above table will be held in trust by the attorneys as set out in paragraph 5.1.3 in Annexure 1.

31. CONSENTS

Each of the company's advisors and the transfer secretaries have consented in writing to act in the capacities stated and to their names appearing in this prospectus and have not withdrawn their consent prior to the publication of this prospectus.

32. KING CODE

The company's Corporate Governance Report is set out in Annexure 10.

33. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out in Annexure 1, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this prospectus contains all information required by law and the Listings Requirements.

34. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents which have been submitted to the Registrar will be available for inspection at the registered office of the company and at the office of Exchange Sponsors (Pty) Limited, 39 First Road, Hyde Park, 2196, at any time during normal business hours from 08:30 on Thursday, 12 July 2007 to 17:00 until Tuesday, 24 July 2007:

- the memorandum and articles of association of the company;
- material contracts referred to in paragraphs 15, 16, 17, 18, 19 and 27 above;
- the signed reports by the independent reporting accountants, the texts of which are set out in Annexures 4, 5, 6 and 7;
- the written consents of the company's advisors and transfer secretaries to act in those capacities, which consents have not been withdrawn prior to publication;
- the director's service agreements referred to in Annexure 1;

- the audited annual financial statements of Kagisano for June 2004, June 2005 and August 2006;
- the irrevocable undertakings referred to in paragraph 9.8 above; and
- a copy of this prospectus.

35. PARAGRAPHS OF SCHEDULE 3 TO THE ACT WHICH ARE NOT APPLICABLE

The numbers of the paragraphs in Schedule 3 to the Act, which are not applicable, are:

1(b), 2(d), 6(e)(ii), 6(g), 6(h), 8(b), 8(d), 9(b)(viii), 12(d), 12(e), 14, 17(b), 18(b), 20(b), 21, 24, 26, 27, 28 and 30.

Signed in Pretoria by Eugene van Niekerk on his own behalf as director and on behalf of all the other directors of the company on 5 July 2007, he being duly authorised in terms of a power of attorney granted to him by such other directors.

SGD

Eugene van Niekerk

SGD

For: Elmar Grobbelaar, a director, herein represented by Eugene van Niekerk under and in terms of a power of attorney executed on 1 June 2007

SGD

For: Werner Bornman, a director, herein represented by Eugene van Niekerk under and in terms of a power of attorney executed on 1 June 2007

SGD

For: Don Bosman, a director, herein represented by Eugene van Niekerk under and in terms of a power of attorney executed on 1 June 2007

SGD

For: G A F van Niekerk, a director, herein represented by Eugene van Niekerk under and in terms of a power of attorney executed on 1 June 2007

SGD

For: Reyburn Hendricks, a director, herein represented by Eugene van Niekerk under and in terms of a power of attorney executed on 1 June 2007

DIRECTORS, EXECUTIVE MANAGEMENT, APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS OF DIRECTORS

1. FULL NAMES, NATIONALITIES, AGES, BUSINESS ADDRESSES AND TITLES OF THE BOARD OF DIRECTORS OF KAGISANO AND SENIOR MANAGEMENT

Director	Age	Function	Business address
E van Niekerk	34	Chief Executive Officer	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
E Grobbelaar	27	Chief Financial Officer	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
W Bornman	38	Executive Director	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
D A Bosman*	52	Non-executive Director	220 Lange Street, New Muckleneuk
G A F van Niekerk*	61	Non-executive Director	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
R L Hendricks*	34	Non-executive Director	Suite 102, Two Oceans House, Surrey Place Mouille Point, Cape Town

* Non-executive

All directors are South African citizens.

The following are the full names, nationalities, ages, business addresses and titles of Kagisano's senior management:

Senior manager	Age	Function	Business address
Ben Vos	34	Executive: Kagisano Mobile	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
Etienne Muller	37	Managing Director: ACOS	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
Hadyn Fisher	36	General Manager Branches: Kagisano Financial Services	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
Nisha Maharaj	36	General Manager Collections: Kagisano Financial Services	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
Theresa Gangaran	42	General Manager Risk: Kagisano Financial Services	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
De Waal Hoon	41	General Manager Information Technology: Kagisano Financial Services	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
Daléne Opperman	48	General Manager Projects: Kagisano Financial Services	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion
Chris de Beer	54	Chief Operating Officer: Kagisano Financial Services	Eco Fusion 4, Block B, Witch Hazel Street Highveld, Centurion

2. EXPERIENCE OF DIRECTORS AND SENIOR MANAGEMENT

2.1 Eugene van Niekerk (B.Comm) – Chief Executive Officer

Eugene's career began at Volkskas Bank in 1992. After a brief spell in the insurance industry he started his own business, EC Financial Consultants and successfully managed it as Managing Director from 1996 to 1998, when the company was sold to Thuthukani Financial Services. During his tenure at the company, he was appointed Financial Director and Marketing Director, respectively, during a period of three years from 1998 to 2001. He represented Thuthukani as non-executive director on the board of Thuthukani Group Limited (a public listed company).

In 2002 he launched Kagisano and currently holds the position of Chief Executive Officer and Chairman. He completed a course, HBS-ACCION Program, on Strategic Leadership for Microfinance at Harvard Business School in April 2006.

2.2 Elmar Grobbelaar (B. Compt (Hons), CA(SA)) – Chief Financial Officer

Elmar completed his articles with PricewaterhouseCoopers, after which he remained with the firm as audit manager where he was responsible for a number of clients in an assurance as well as an advisory capacity. He was contracted to the London office of PricewaterhouseCoopers, where he was involved in the assurance services, internal control assessments, IFRS implementation and assistance with the transition to IFRS for clients such as GlaxoSmithKline plc, Amersham plc, Selfridges & Co Ltd, Babcock International Group plc, Unilever plc, CP Ships Ltd and Priory Healthcare Ltd.

In 2005, Elmar joined Alliance Data Corporation as Group Finance Manager. As part of this function, he was responsible for the development of internal reporting and financial structures for the newly formed group. During this time he performed various due diligence investigations into proposed mergers and was part of the team performing the corporate finance work with regard to the Sindele Mining merger.

Elmar joined Kagisano in January 2007 on a consultant basis and was formally appointed, including his appointment to the board of directors, from 1 June 2007.

2.3 Werner Bornman (B. Comm (Law), LLB) – Executive Director

Werner was admitted as attorney to the High Court of South Africa and practised as attorney during 1999 and 2000. He then started as National Marketing Manager in April 2000 for Thuthukani Term Finance. In November 2000 he was appointed as National Sales Manager for Thuthukani Integrated Financial Services. As one of the team that started Kagisano in March 2002, Werner was appointed as Executive Director with effect from 1 April 2002. He is currently responsible for marketing and sales within the Kagisano group.

Werner currently serves on various committees. He attended the Harvard Business School ACCION Program on Strategic Leadership for Microfinance at Harvard University in April 2007.

2.4 Don Bosman (B. Proc) – Non-Executive Director

Don was admitted as attorney in 1982 and is at present a director of Edelstein-Bosman Incorporated, a commercial attorneys practice, established in 1997. He has specialised in commercial and corporate law, having been involved in the listing of a number of companies on whose boards he has served as non-executive director.

Don acted as attorney for the acquisition by Thuthukani of E.C. Fincon, a short-term lender and also acted for Thuthukani at the time it was acquired by Saambou until the demise of Saambou. He acted as attorney for the establishment of the Kagisano Group of companies from its inception, which appointment he still holds. He has advised the board of directors during this time. As such he has a thorough knowledge of the legal and other affairs of the Kagisano group and accepted the appointment as non-executive director with effect from 1 July 2007.

2.5 G A F van Niekerk (BA (Hons) (Police Science) – Non-Executive Director

GAF served in the South African Police for 20 years, rising to the rank of Major. Following his retirement in 1984, he joined Volkskas Bank (ABSA) as National Security Manager. He headed Eskom's Forensic Investigations from 1987 to 1999. In September 1999 he became Executive Director of Thuthukani Term Finance. In November 2000 he was appointed as Executive Director of Thuthukani Integrated Financial Services, responsible for Corporate Affairs and Support Services. GAF was one of the team who founded Kagisano in March 2002, where he served as Executive Director from 1 July 2002. Since 1 September 2006 he occupies a non-executive director's position within the Kagisano group.

2.6 Reyburn Lars Hendricks (B. Bus Sc (Actuarial Science), CFA) – Non-Executive Director

Reyburn started his career in fund management in 1995. He was one of the founder members of African Harvest Capital in 1998. He was the head of Private Equity, and oversaw the investment into and monitoring of investments into private companies. After the buyout of the company in 2002, Reyburn together with two colleagues left to form HJS Financial Services (“HJS”), focusing on mergers and acquisitions. During the period 2002 to 2006, HJS’s disclosed transactions totalled R11.37 billion.

The sale of HJS to Hosken Consolidated Investments Ltd (‘HCI’) in 2003 resulted in Reyburn’s involvement in the restructuring of HCI. During this period, he served on the boards of various subsidiary companies of HCI. Reyburn resigned from HCI in 2006 to become the CEO of Bassap Investments (Pty) Ltd, an empowerment company chaired by Lionel Jacobs.

2.7 Ben Vos – Executive: Kagisano Mobile

During 1995 he joined the accounting firm Robberts Marais Incorporated Chartered Accountants where he completed his articles. During 2004 Ben was appointed as the Group Financial Executive of the Kagisano group of companies. In 2004 he also played an integral part in the forming of Kagisano Mobile. In 2007 he was appointed as the executive in charge of Kagisano Mobile.

2.8 Etienne Muller (National Diploma in Electronic Engineering) – Managing Director: ACOS

Etienne joined the Kagisano group of Companies on the 1st December 2006 as Managing Director to the new Call Centre Company that was to be registered, now called ACOS (African Contact Outsource Solutions). Previously Etienne worked for SABC, Data Via and Spescom.

2.9 Hadyn Fisher (Diploma in Sales and Marketing) – General Manager Branches: Kagisano Financial Services

Hadyn Fisher has been with Kagisano since April 2004 and has 12 years’ experience within the micro lending industry. Prior to being employed at Kagisano, he spent nine years with African Bank as a senior Area Manager.

2.10 Nisha Maharaj (Certificate in Business Management) – General Manager Collections: Kagisano Financial Services

Nisha was appointed by Kagisano in March 2007 as General Manager of collections and currently holds this position within the group. In 1990, Nisha was appointed in her first job at Wesbank Corporate finance where she attended to the support services of corporate asset-based finance. She then moved on to Stannic as a business development officer within the Commercial Finance division. In 1994, Nisha was offered a position within Investec Bank as Metboard recoveries consultant where she was responsible for managing the collections on the Metboard book.

In 1996, Nisha moved to Nedcor Bank where she was eventually promoted to internal audit regional manager.

2.11 Theresa Gangaran (MCSE Certificate) – General Manager Risk: Kagisano Financial Services

Theresa was appointed as general manager risk on the 1st June 2007. She joined the company from Munnik Basson Dagama Attorneys where she held the position of Manager, Special Projects – Finance/Operations. Here she negotiated with major banks and designed specifications for a new debit order collection platform. Prior to that she had three years’ experience in the overall management of collections for African Bank.

2.12 De Waal Hoon (MCSE Certificate) – General Manager Information Technology: Kagisano Financial Services

In 2007 De Waal was appointed General Manager – Information Technology for the Kagisano group of companies. From 2003 to 2006 he worked at OneCor (SA Micro Loans) where he managed the IT infrastructure of 92 branches countrywide. De Waal has been working in the IT industry for the past 15 years and during this time he has been involved in all of the various IT disciplines ranging from hardware and software through system development, information security, project

management, training, network management and administration as well as asset management, IT procurement and budgeting. De Waal is a Certified Systems Engineer as well as a Microsoft Certified Trainer and is also affiliated with the Computer Society of South Africa.

2.13 Daléne Opperman (B Comm, DMSHC in Project Management) – General Manager Projects: Kagisano Financial Services

Daléne is currently managing the Special Projects Department within Kagisano. She has vast experience of over 27 years in general management within various business disciplines including accounting, legal, finance, human resources, logistics, information technology, projects and software development, working within various industries – legal, financial companies, external debt collection, software companies, SARS, etc.

She is a qualified Project Manager, being involved in a wide spectrum of projects ranging from software development, infrastructure rollout, logistics, debt collection process and streamlining, corporate governance and the set-up and commissioning of new business.

2.14 Chris de Beer (B. Comm (Acc) (Hons), M. (Litt) (CA(SA)) – Chief Operating Officer: Kagisano Financial Services

Chris joined Kagisano Financial Services on the 1st June 2007 as Chief Operating Officer, directing critical disciplines within Processing, Collections, Risk and Information Technology. He brings a wealth of experience and strategic thinking to the table.

Chris has held positions such as Head of Finance and MIS, Nedbank retail, Head of International consulting and product development for the SPL Banking Division and most recently, Head of Finance Katope SA group.

3. QUALIFICATION, APPOINTMENT, REMUNERATION AND BORROWING POWERS OF DIRECTORS

3.1 The relevant provisions of the articles of association of Kagisano relating to qualification, appointment, remuneration and borrowing powers of directors are set out in paragraph 7 below. The borrowing powers may only be varied by special resolution, although the members may set limits by way of ordinary resolutions, which limits have not been exceeded since Kagisano's incorporation.

3.2 In terms of the declarations lodged by the directors in accordance with Schedule 21 of the Listings Requirements, none of the following applies to any of the directors, listed in paragraph 1 at the date of this prospectus: bankruptcies or individual voluntary arrangements; receiverships or compulsory liquidations, creditors' voluntary liquidations, administrations, group voluntary liquidations, or any compromise or arrangement with creditors, partnership voluntary arrangements, receivership of an asset of a partnership, or public criticism or disqualification in court by way of statutory or recognised bodies of any offence involving dishonesty.

4. DIRECTORS' REMUNERATION

The remuneration and benefits paid to the directors for the year ended 31 August 2006 is as follows:

Name of director	Basic R	Commission R	Motor allowance R	Bonus R	Total R
E van Niekerk	420 000	–	–	450 000	870 000
W Bornman	300 000	–	–	315 000	615 000
G A F van Niekerk	300 000	–	–	315 000	615 000
	1 020 000	–	–	1 080 000	2 100 000

Notes:

1. G A F van Niekerk moved from executive to non-executive director as from 1 September 2006.
2. The newly appointed non-executive directors will earn a market-related fee per meeting attended, i.e. R5 000 per board meeting, R2 500 per committee meeting, while all direct and reasonable costs for travel, accommodation, telephone, etc. will be refunded.

3. There will be no material variation in the remuneration receivable by any of the directors as a direct consequence of the private placement and listing.
4. No payments were made, or accrued as payable, or are proposed to be paid within the three years preceding the date of the prospectus, either directly or indirectly, in cash or securities or otherwise to:
 - 4.1 the directors in respect of management, consulting, technical, secretarial fees or restraint payments;
 - 4.2 a third party *in lieu* of directors' fees;
 - 4.3 the directors as an inducement to qualify them as directors.
5. No director or promoter has any material beneficial interest, direct or indirect, in the promotion of Kagisano and in any property to be acquired or proposed to be acquired by Kagisano out of the proceeds of the issue or during the three years preceding the date of this prospectus.

Proposed remuneration for the year ended 31 August 2007:

Name of director	Basic R	Commission R	Motor allowance R	Bonus R	Total R
E van Niekerk	684 000	–	–	684 000	1 368 000
W Bornman	516 750	–	–	587 562	1 104 312
E Grobbelaar	650 000	–	–	200 000	850 000
	1 850 750	–	–	1 471 562	3 322 312

Note:

Bonuses will be determined by the Remuneration Committee upon the finalisation of the annual results.

5. DIRECTORS' SHAREHOLDINGS

- 5.1** The directors will, at the last practicable date and after the private placement hold, directly and indirectly, the following shares in Kagisano:

Director	Number of shares held		Number of shares held		Total number of shares held	Percentage held before the private placement	Percentage held after the private placement
	Beneficially Direct	Beneficially Indirect	Non- beneficially Direct	Non- beneficially Indirect			
E van Niekerk ⁽¹⁾	–	26 609 000	–	–	26 609 000	25.83	22.55
W Bornman ⁽²⁾	–	4 543 000	–	100 000	4 643 000	4.51	3.93
D A Bosman ⁽³⁾	–	2 347 000	–	–	2 347 000	1.89	1.99
G A F van Niekerk ⁽⁴⁾	–	6 500 000	–	20 000	6 520 000	6.33	5.53
E Grobbelaar	70 000	–	–	–	70 000	0.07	0.06
R L Hendricks ⁽⁵⁾	150 000	1 400 000	–	–	1 550 000	1.5	1.31

Notes:

- (1) E van Niekerk is a beneficiary of the Gencel Trust (IT number 4970/99), which holds 100% of Gencel which holds 26 609 000 shares in Kagisano.
- (2) W Bornman is a trustee of the Werner Bornman Familie Trust, which holds 4 543 000 shares in Kagisano. 100 000 shares are held by the wife of W Bornman, Juanita Bornman (ID number 6806030058089).
- (3) D A Bosman is a beneficiary of the D A Bosman Family Trust, which holds 2 147 000 shares in Kagisano. A further 100 000 are held by Edelstein-Bosman Inc., in which D A Bosman has a 25% shareholding, while a further 100 000 is held by Red Pen 20 Investments (Pty) Limited (Registration 2007/001693/07), in which D A Bosman Family Trust has a 50% shareholding.
- (4) G A F van Niekerk is a beneficiary of the ELGAF Trust (IT number 8988/99), which holds 100% of Hege, which holds 6 490 000 shares in Kagisano. 20 000 shares are held by the wife of G A F van Niekerk, Hester Elizabeth van Niekerk (ID number 4805060035084).
- (5) R L Hendricks holds 50% in Bassap Investments (Pty) Limited (Registration number 1996/005471/07), which holds 1 400 000 shares in Kagisano.

5.1.1 There have been no changes in the interests of the directors between 28 February 2007 and the date of the prospectus, other than disclosed in paragraph 27.4 of this prospectus.

5.1.2 Save for the Material Agreements referred to in paragraph 27 of this prospectus, no director has or had any interest, directly or indirectly, in any transaction, which is, or was, material to the business of Kagisano and which was effected by the group since incorporation, which remains in any respect outstanding or unperformed.

5.1.3 Kagisano's attorneys will hold in trust 50% of the shareholding of each director and the Designated Adviser ("the relevant securities") from the date of listing until the publication of the audited results for 31 August 2009, after which 50% may be released and the balance one year thereafter. The required certificate to that effect has been lodged with the JSE by Kagisano's attorneys. The shares will not be released before notification to the JSE.

5.1.4 No loans (save as disclosed in paragraph 17 of this prospectus) or securities were furnished by Kagisano or by any of its subsidiaries to or for the benefit of any director or manager or any associate of any director or manager of Kagisano.

5.1.5 No share options have been granted or awards made or shares issued and allotted in terms of the share incentive scheme at the last practicable date.

5.2 Directors' service contracts

Each of the executive directors has a service contract with Kagisano, containing such terms as are normal for such contracts and the terms relating to the remuneration of which are set out in paragraph 4.1 above. The letters of appointment contain restraint of trade provisions.

6. OTHER DIRECTORSHIPS HELD BY DIRECTORS OF KAGISANO

6.1 The names of companies and partnerships of which the directors have been a director or partner at any time during the previous five years:

6.1.1 E van Niekerk

NAME OF COMPANY	REGISTRATION NUMBER	STATUS
Africa Investment House CC	1999/010800/23	Member
African Contact Outsource Solutions (Pty) Ltd	2004/004372/07	Resigned
Amber Hill Investments (Pty) Ltd	2002/008683/07	Resigned
Ashtocor Investments 71 (Pty) Ltd	2003/008108/07	Resigned
C Financial Credit House (Pty) Ltd	2001/021113/07	Director
Cornwall Hill 399 Property Investments (Pty) Ltd	2003/003028/07	Director
Cornwall Hill Properties 489 (Pty) Ltd	2002/016635/07	Director
E C Financial Consultants CC	1996/049272/23	Member
Erf 248 Boardwalk Meander (Pty) Ltd	2002/006543/07	Director
Erf 40 Boardwalk Meander (Pty) Ltd	2002/006537/07	Director
Erf 41 Boardwalk Meander (Pty) Ltd	2002/006749/07	Deregistered
Fount Investments (Pty) Ltd	2002/010354/07	Director
Gencel Investments (Pty) Ltd	2000/015614/07	Director
Kagisano Financial Enterprises (Pty) Ltd	2002/010354/07	Director
Kagisano Financial Services (Pty) Ltd	2002/006362/07	Director
Kagisano Financial Services 10 (Pty) Ltd	2004/010534/07	Resigned
Kagisano Financial Services 11 (Pty) Ltd	2004/024979/07	Resigned
Kagisano Financial Services 2 (Pty) Ltd	2002/006807/07	Director
Kagisano Financial Services 3 (Pty) Ltd	2001/022407/07	Director
Kagisano Financial Services 4 (Pty) Ltd	2003/012267/07	Resigned
Kagisano Financial Services 5 (Pty) Ltd	2004/004389/07	Resigned
Kagisano Financial Services 7 (Pty) Ltd	2004/004378/07	Resigned
Kagisano Financial Services 8 (Pty) Ltd	2004/007585/07	Resigned
Kagisano Financial Services 9 (Pty) Ltd	2004/008069/07	Resigned
Kagisano Group Holdings (Pty) Ltd	2002/003827/07	Director
Kagisano Mobile (Pty) Ltd	2002/006830/07	Director
Pearl Bay Financial Investments (Pty) Ltd	2000/009050/07	Director
Silvermoon Three (Pty) Ltd	2001/020674/07	Director
Turtle Creek Investments No 13 (Pty) Ltd	2001/006775/07	Director
Thuthukani Financial Services Group Ltd	1998/016991/06	Resigned
Thuthukani Integrated Financial Services (Pty) Ltd	2000/014471/07	Resigned

NAME OF COMPANY	REGISTRATION NUMBER	STATUS
Thuthukani Term Finance (Pty) Ltd	1998/996877/07	Resigned
Thuthukani Term Loan Sales (Pty) Ltd	1999/020001/07	Resigned
Villa d'Afrique 71 Property Investments (Pty) Ltd	2003/001005/07	Director
Xton Shelf Trading 2 (Pty) Ltd	2000/013963/07	Director

6.1.2 E Grobbelaar

NAME OF COMPANY	REGISTRATION NUMBER	STATUS
Rockcap (Pty) Ltd	1988/003627/07	Resigned
Shagula Estates CC	2002/009479/07	Member
Sindele Mining Supplies (Pty) Ltd	2002/021596/07	Resigned

6.1.3 W Bornman

NAME OF COMPANY	REGISTRATION NUMBER	STATUS
Kagisano Financial Services 8 (Pty) Ltd	2004/007585/07	Resigned
Pro Direct Investments 65 (Pty) Ltd	2001/014516/07	Director
African Contact Outsource Solutions (Pty) Ltd	2004/004372/07	Resigned
Bornwest Bakery CC	1996/039948/23	Member
Fount Investments (Pty) Ltd	2002/010354/07	Director
Golden Quilt Investments 170 CC	2002/067612/23	Member
Kagisano Financial Enterprises (Pty) Ltd	2002/010354/07	Director
Kagisano Financial Services (Pty) Ltd	2002/006362/07	Director
Kagisano Financial Services 11 (Pty) Ltd	2004/024979/07	Resigned
Kagisano Financial Services 2 (Pty) Ltd	2002/006804/07	Director
Kagisano Financial Services 3 (Pty) Ltd	2001/022407/07	Director
Kagisano Financial Services 5 (Pty) Ltd	2004/004389/07	Resigned
Kagisano Financial Services 9 (Pty) Ltd	2004/008069/07	Resigned
Kagisano Group Holdings (Pty) Ltd	2002/003827/07	Director
Kagisano Mobile (Pty) Ltd	2002/006830/07	Director
Mc Millan's Lodge Unit 97 Midrand CC	1997/003882/23	Member
Valuline Twenty Three (Pty) Ltd	1999/027754/07	Director

6.1.4 D A Bosman

NAME OF COMPANY	REGISTRATION NUMBER	STATUS
Everest Asset Management (Pty) Ltd	2003/028604/07	Director
Willie van der Heever Tax Consultants (Pty) Ltd	2000/013702/07	Resigned
Benmore Road Nominees (Pty) Ltd	2000/007248/07	Resigned
Alliance Data IP (Pty) Ltd	1999/017932/07	Resigned
Amber Hill Investments (Pty) Ltd	2002/008683/07	Resigned
Creative Housing Utility (Section 21)	1986/004751/08	Resigned
Digicore Cellular (Pty) Ltd	1998/014313/07	Resigned
Digicore International (Pty) Ltd	1998/014228/07	Resigned
Ditaba Consulting (Pty) Ltd	2001/019161/07	Director
E-Prove (Pty) Ltd	1999/022260/07	Director
EB Administration (Pty) Ltd	2002/018323/07	Director
EB Consulting (Pty) Ltd	2001/002389/07	Director
Explorer Africa (Pty) Ltd	1999/015282/07	Resigned
Explorer Capital (Pty) Ltd	1999/017925/07	Resigned
Explorer Health (Pty) Ltd	1999/013600/07	Resigned
Explorer Health Solutions (Pty) Ltd	1999/015089/07	Resigned

NAME OF COMPANY	REGISTRATION NUMBER	STATUS
Forextrader Investments (Pty) Ltd	2001/001278/07	Resigned
Genuine-Paul Investments 311 (Pty) Ltd	1999/017914/07	Voluntary Liquidation
Indibano Business Services (Pty) Ltd	2000/023738/07	Director
Industrial Credit Company Africa Holdings CC	1997/010950/06	Resigned
Industrial Credit Company Zambia (Pty) Ltd	1999/015179/07	Resigned
Makala Investments (Pty) Ltd	2001/002410/07	Director and Officer
Megasource Properties CC converted to Company	1991/024767/23	Member
Megasource Properties (Pty) Ltd	2002/004029/07	Director
Mobile Card (Pty) Ltd	1999/013811/07	Resigned
Morestat Corporate Services (Pty) Ltd	2000/015549/07	Resigned
Mthombo Holdings (Pty) Ltd	2001/007044/07	Resigned
Nexus Liquor (Pty) Ltd	1998/008823/07	Resigned
Prisma Forum (Pty) Ltd	1994/006233/07	Resigned
Twin Towers Financial Services (Pty) Ltd	1999/026030/07	Resigned
Twin Towers Holdings (Pty) Ltd	2000/004354/07	Resigned
Vestor Investments CC	1998/015580/06	Resigned
Edelstein-Bosman Inc	1997/021461/21	Director
Henkwero (Pty) Ltd	2004/020679/07	Resigned

6.1.5 G A F van Niekerk

NAME OF COMPANY	REGISTRATION NUMBER	STATUS
African Contact Outsource Solutions (Pty) Ltd	2004/004372/07	Director
Amber Hill Investments (Pty) Ltd	2002/008683/07	Resigned
Ashtocor Investments 71 (Pty) Ltd	2003/008108/07	Resigned
Farm Village 237 (Pty) Ltd	2001/008103/07	Director
Fis Consultants CC converted to Hege Enterprises	1999/014324/23	Member
Fount Investments (Pty) Ltd	2003/012089/07	Resigned
Hege Enterprises (Pty) Ltd	2002/011862/07	Director
Hege Investments (Pty) Ltd	2001/018043/07	Company Secretary and Director
Irene Farm Village 329 (Pty) Ltd	2002/020016/07	Deregistration
Irene View 154 (Pty) Ltd	2002/011591/07	Deregistration
Irene View 155 (Pty) Ltd	2002/011591/07	Deregistration
Kagisano Financial Enterprises (Pty) Ltd	2002/010354/07	Director
Kagisano Financial Services (Pty) Ltd	2002/006362/07	Director
Kagisano Financial Services 2 (Pty) Ltd	2002/006804/07	Director
Kagisano Financial Services 10 (Pty) Ltd	2004/010534/07	Director
Kagisano Financial Services 11 (Pty) Ltd	2004/024979/07	Director
Kagisano Financial Services 3 (Pty) Ltd	2001/022407/07	Director
Kagisano Financial Services 4 (Pty) Ltd	2003/012267/07	Director
Kagisano Financial Services 5 (Pty) Ltd	2004/004389/07	Director
Kagisano Financial Services 7 (Pty) Ltd	2004/004378/07	Director
Kagisano Financial Services 8 (Pty) Ltd	2004/007585/07	Director
Kagisano Financial Services 9 (Pty) Ltd	2004/008069/07	Director
Kagisano Group Holdings (Pty) Ltd	2002/003827/07	Director
Kagisano Mobile (Pty) Ltd	2002/006830/07	Director
Pearl Bay Financial Investments (Pty) Ltd	2000/009050/07	Director
Thuthukani Integrated Financial Services (Pty) Ltd	2000/014471/07	In Deregistration

NAME OF COMPANY	REGISTRATION NUMBER	STATUS
Thuthukani Long Term Loans (Pty) Ltd	1998/023281/07	Director
Thuthukani Term Finance (Pty) Ltd	1998/006877/07	Voluntary Liquidation
V-Bross Operations (Pty) Ltd	2001/022632/07	Director
Vryhand Beleggings (Pty) Ltd	1984/001116/07	Dissolved

6.1.6 R L Hendricks

NAME OF COMPANY	REGISTRATION NUMBER	STATUS
Ansec 105 (Pty) Ltd	2006/030980/07	Director
Bassap Fishing Investments (Pty) Ltd	2002/024512/07	Director
Bassap Investments (Pty) Ltd	1996/005471/07	Director
Bassap Services Investments (Pty) Ltd	2002/024610/07	Director
Bravura Equity (Pty) Ltd	1998/017469/07	Resigned
Bravura Equity Services (Pty) Ltd	1998/017454/07	Resigned
Business Systems Group (Africa) (Pty) Ltd	1996/012533/07	Resigned
Catwalk Investments 167 (Pty) Ltd	1999/003477/07	Resigned
Dewberry Trading 52 (Pty) Ltd	2005/025706/07	Director
Dimension Five Management Consulting Group (Pty) Ltd	1997/019111/07	Director
Erf 117 Theewaterskloof CC	1997/063730/07	Member
Engineered Linings (Pty) Ltd	1994/004842/07	Director
Fullhouse Investments 101 (Pty) Ltd	2002/029654/07	Director
Getgood Investments (Pty) Ltd	1998/012206/07	Resigned
Golden Arrow Bus Services (Pty) Ltd	1992/001234/07	Resigned
Green Chip Investments CC	1997/000177/23	Deregistered
H J S Advisory Services	2002/012957/07	Resigned
Hi-Reach Manlift (Pty) Ltd	2005/005422/07	Director
Isilumko Staffing (Pty) Ltd	1995/011602/07	Director
Johnson Access (Pty) Ltd	2002/007063/07	Resigned
Limtech Biometric Solutions (Pty) Ltd	1999/016157/07	Resigned
Mars Holdings (Pty) Ltd	2003/022449/07	Resigned
Mzansila Communicologies (Pty) Ltd	2003/023613/07	Director
PB Liquor Merchants (Pty) Ltd	2006/030368/07	Director
Pennystocks Investments Ltd	1989/002549/06	Deregistered
Phambili Investment Corporation (Pty) Ltd	1996/009253/07	Resigned
Propup Investments (Pty) Ltd	1998/018057/07	Resigned
PS Asset Management (Pty) Ltd	1998/019308/07	Dissolved
Rapitrade 318 (Pty) Ltd	2004/007068/07	Director
Sibanye Bus Services (Pty) Ltd	2000/010588/07	Resigned
Sibetha Financial Services (Pty) Ltd	1997/005869/07	Director
Soleon House CC	1997/032048/23	Resigned
Stella Trade Gelati CC	2004/042515/23	Member
Syntell (Pty) Ltd	2003/022275/07	Resigned
Two-Tone Investments 15 (Pty) Ltd	2004/017610/07	Director
Tylon (Pty) Ltd	1997/005879/07	Resigned
Tylon Holdings (Pty) Ltd	1999/017147/07	Resigned
Vitaltrade 142 (Pty) Ltd	1997/014595/07	Deregistered
Vunani Capital (Pty) Ltd	1998/001469/07	Resigned
Vunani Securities (Pty) Ltd	1997/010323/07	Resigned

7. RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY PROVIDING FOR THE APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS OF DIRECTORS

Extracts from the articles of association of Kagisano are set out below:

“DIRECTORS: NUMBER, QUALIFICATION AND REMUNERATION

- 13.1 Until otherwise determined by a meeting of members, the number of directors shall not be less than 4 (four).
- 13.2 The directors shall have power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the board, but so that the total number of the directors shall not at any time exceed the maximum number fixed. Subject to the provisions of Article 16.20, any person appointed to fill a casual vacancy or as an addition to the board shall retain office only until the next following annual meeting of the company and shall then retire and be eligible for re-election.
- 13.3 The appointment of a director shall take effect upon compliance with the requirements of the statutes.
- 13.4 The shareholding qualification for directors and alternate directors may be fixed, and from time to time changed, by the company at any meeting of members and unless and until so fixed no qualification shall be required.
- 13.5 The remuneration of the directors shall from time to time be determined by the company in general meeting.
- 13.6 The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof, and if any director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the directors which may be either in addition to or in substitution for the remuneration provided for in Article 13.5.
- 13.7 The continuing directors may act, notwithstanding any casual vacancy in their body, as long as they remain in office not less than the prescribed minimum number of directors duly qualified to act; but if the number falls below the prescribed minimum, the remaining directors shall not act except for the purpose of filling such vacancy or calling general meetings of shareholders.”
- 13.9 The company and the directors shall comply with the provisions of the statutes with regard to the disclosure of the interests of directors in contracts or proposed contracts; subject thereto, no director or intending director shall be disqualified by his office from contracting with the company, either with regard to such office or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the company, in which any director shall be in any way interested, be or be liable to be avoided, nor shall any directors so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.
- 13.10 No director shall, as a director, vote in respect of any contract or arrangement in which he is so interested as aforesaid, and if he does so vote, his vote shall not be counted, nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but these prohibitions shall not apply to:
 - 13.10.1 any contract or dealing with a company or partnership or corporation of which the directors of the company or any of them may be directors, members, managers, officials or employees or otherwise interested;
 - 13.10.2 any contract by or on behalf of the company to give to the directors or any of them any security by way of indemnity or in respect of advances made by them or any of them;

- 13.10.3 any contract to subscribe for or to underwrite or sub-underwrite any shares in or debentures or obligations of the company or any company in which the company may in any way be interested;
- 13.10.4 any resolution to allot shares in or debentures or obligations of the company to any director of the company or to any matter arising out of or consequent upon any such resolution;
- 13.10.5 any contract for the payment of commission in respect of the subscription for such shares, debentures or obligations.

The above prohibitions may at any time or times be suspended or relaxed to any extent by the company in general meeting.

- 13.11 A director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat any other director is appointed to hold any office or place of profit under the company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement notwithstanding that at such meeting his own appointment or an arrangement in connection therewith is a matter before the board of directors.
- 13.12 Any general notice given to the directors of the company by a director to the effect that he is a member of a specified company or firm shall comply with the provisions of the statutes.
- 13.13 For the purpose of this Article an alternate director shall not be deemed to be interested in any contract or arrangement merely because the director for whom he is an alternate is so interested.
- 13.14 Nothing in this Article contained shall be construed so as to prevent any director as a member from taking part in and voting upon all questions submitted to a general meeting whether or not such director shall be personally interested or concerned in such questions.
- 13.15 A director may be employed by or hold any office of profit under the company or under any subsidiary company in conjunction with the office of director, other than that of auditor of the company or of any subsidiary company, and upon such terms as to appointment, remuneration and otherwise as the directors may determine, and any remuneration so paid may be in addition to the remuneration payable in terms of Article 13.5 or 13.6 : Provided that the appointment of a director in any other capacity in the company and his remuneration must be determined by a disinterested quorum of directors.
- 13.16 Subject to the provisions of the statutes, a majority of directors may remove a director at a directors meeting before the expiration of his period of office and by an ordinary resolution elect another person in his stead. The person so elected shall hold office until the next following annual meeting of the company and shall then retire and be eligible for re-election."

"ALTERNATE DIRECTORS

- 19.1 Any director shall have the power to nominate another person approved by the board to act as alternate director in his place during his absence or inability to act as such director, and on such appointment being made, the alternate director shall, in all respects, be subject to the terms and conditions existing with reference to the other directors of the company. A person may be appointed as alternate to more than one director. Where a person is alternate to more than one director or where an alternate director is a director, he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any.
- 19.2 The alternate directors, whilst acting in the place of the directors who appointed them, shall exercise and discharge all the duties and functions of the directors they represent. The appointment of an alternate director shall cease on the happening of any event which, if he were a director, would cause him to cease to hold office in terms of these Articles or if the director who appointed him ceases to be a director, or gives notice to the secretary of the company that the alternate director representing him shall have ceased to do so. An alternate director shall look to the director who appointed him for his remuneration."

“GENERAL POWERS OF DIRECTORS

- 20.1 The management of the company shall be vested in the directors who, in addition to the powers and authorities by these Articles expressly conferred upon them, may exercise all such powers, and do all such acts and things, as may be exercised or done by the company and are not hereby or by the statutes expressly directed or required to be exercised or done by the company in general meeting (including without derogating from the generality of the foregoing or from the rights of the members, the power to resolve that the company be wound up), but subject nevertheless to such management and control not being inconsistent with these Articles or with any resolution passed at any general meeting of the members in accordance therewith; but no resolution passed by the company in general meeting shall invalidate any prior act of the directors which would have been valid if such resolution had not been passed. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the directors by any other Article.
- 20.2 It is hereby declared pursuant to the provisions of the statutes that although the directors shall have power to enter into a provisional contract for the sale or alienation of the undertaking of the company, or the whole or the greater part of the assets of the company, such provisional contract shall become binding on the company only in the event of the specific transaction proposed by the directors being approved by a resolution passed by the company in general meeting.
- 20.3 The directors shall have power to delegate to any person or persons any of their powers and discretions and to give to any such person or persons power of sub-delegation.
- 20.4 Without in any way limiting or restricting the general powers of the directors to grant pensions, allowances, gratuities and bonuses to officers or ex-officers, employees or ex-employees of the company or the dependants of such persons, it is hereby expressly declared that the directors may from time to time without any further sanction or consent of the company in general meeting, but subject to the Statutes, grant pensions, gratuities or other allowances to any person or to the widow or dependants of any deceased person in respect of services rendered by him to the company as managing director, executive director, general manager or manager, or in any other office or employment under the company, notwithstanding that he may continue to be or be elected a director or may have been a director of the company, of such amounts, for such period, whether for life or for a definite period or for a period terminable on the happening of any contingency or event, and generally upon such terms and conditions as the directors in their discretion may from time to time think fit. For the purpose of this Article, the expression “executive director” shall mean a director appointed to an executive office in the company and receiving in addition to his fees as a director salary or remuneration for additional services whether under a service agreement or otherwise. The directors may authorise the payment of such donations by the company to such religious, charitable, public or other bodies, clubs, funds or associations or persons as may seem to them advisable or desirable in the interests of the company.”

“PAYMENTS TO SHAREHOLDERS

- 37.1 Subject to the provisions of the statutes, the company may make payments to its members from time to time.
- 37.2 The company in general meeting (subject to obtaining the declaration of the directors referred to in Article 37.2) or the directors, may from time to time determine a dividend (provided that the company in general meeting may not declare a larger dividend than that declared by the directors) or other payment to be made to the members, registered as such at a date which shall be after the date of publication of the announcement of the declaration of the dividend, in such manner as the company in general meeting or the directors, as the case may be, may determine and direct at the time of declaration, including, without limiting the foregoing, that a payment shall be made by distribution of specific assets or in a specific currency (and if the latter the date of conversion of the currency in which the dividend or other payment is approved, into such other currencies). If any difficulty arises in regard to any payment, the directors may settle same as they consider appropriate.

- 37.3 The declaration of the directors as to whether:
- 37.3.1 the company is, or would be after the payment able to pay its debts as they become due in the ordinary course of business;
 - 37.3.2 the consolidated assets of the company, fairly valued would, after the dividend or other payment, not be less than the consolidated liabilities of the company,
- shall be conclusive as regards the company in general meeting declaring a dividend or making any other payment to members.
- 37.4 No notice of change of address or instructions as to payment given after the last day to trade for a dividend or other payment by the company in general meeting or the directors, shall become effective until after the dividend or other payment has been made, unless the company in general meeting or the directors so determine at the time the dividend or other payment is approved.
- 37.5 All unclaimed dividends or other payments to members as contemplated in this Article may be invested or otherwise be made use of by the directors for the benefit of the company until claimed, provided that any dividend remaining unclaimed for a period of not less than 3 (three) years from the date on which it became payable may be forfeited by resolution of the directors for the benefit of the company.
- 37.6 The company shall be entitled at any time to delegate its obligations to any member in respect of unclaimed dividends or other unclaimed payments to any one of the company's bankers from time to time.
- 37.7 Unless the statutes or these Articles require a resolution to be passed by the company in general meeting to authorise the reduction by the company of its share capital, stated capital and any capital redemption reserve fund or any share premium account, the directors shall have the power, to the extent necessary, to resolve that the company reduce its share capital, stated capital and any capital redemption reserve fund or any share premium account, whether accompanied by a payment to members as contemplated in this Article 37, or without any payment to members."

"BORROWING POWERS

- 12.1 The directors may exercise all the powers of the company to borrow money and to mortgage or encumber its undertaking and property or any part thereof and to issue debentures or debenture stock (whether secured or unsecured) and other securities (with such special privileges, if any, as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise as may be sanctioned by a general meeting) whether outright or as security for any debt, liability or obligation of the company or of any third party.
- 12.2 For the purpose of the provisions of Article 12.1 the borrowing powers of the company shall be unlimited."

"MANAGING AND EXECUTIVE DIRECTORS

- 16.1 The directors may from time to time appoint one or more of their number to be managing director or joint managing directors of the company or to be the holder of any other executive office in the company, including for the purposes of these Articles the office of chairman (subject to the JSE Listing Requirements) and may, subject to any contract between him or them and the company, from time to time terminate his or their appointment and appoint another or others in his or their place or places.
- 16.2 A managing director may be appointed by contract for a maximum period of 3 (three) years at any one time and he shall be subject to retirement by rotation and be taken into account in determining the rotation of retirement of directors, except during the period of any such contract. The managing director shall be eligible for reappointment at the expiry of any period of appointment. Subject to the terms of his contract, he shall be subject to the same provisions as to removal as the other directors and if he ceases to hold the office of director from any cause he shall *ipso facto* cease to be a managing director.

- 16.3 A director appointed in terms of the provisions of Article 16.1 to the office of managing director of the company, or to any other executive office in the company, may be paid in addition to the remuneration payable in terms of Article 13.5 or 13.6, such remuneration – not exceeding a reasonable maximum in each year – in respect of such office as may be determined by a disinterested quorum of the directors.
- 16.4 The directors may from time to time entrust and confer upon a managing director or other executive officer for the time being such of the powers and authorities vested in them as they think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the directors and, after powers have been conferred upon him by the directors in terms hereof, he shall be deemed to derive such powers directly from this Article.”

“DISQUALIFICATION AND PRIVILEGES OF DIRECTORS

- 13.8 A director shall cease to hold office as such:
- 13.8.1 if he becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or
 - 13.8.2 if he becomes of unsound mind; or
 - 13.8.3 if (unless he is not required to hold a share qualification) he has not duly qualified himself within 2 (two) months of his appointment or if he ceases to hold the required number of shares to qualify him for office; or
 - 13.8.4 if he is absent from meetings of the directors for 6 (six) consecutive months without leave of the directors and is not represented at any such meetings during such 6 (six) consecutive months by an alternate director and the directors resolve that the office be vacated, provided that the directors shall have power to grant any director leave of absence for any or an indefinite period; or
 - 13.8.5 if he is removed under Article 13.16; or
 - 13.8.6 1 (one) month or, with the permission of the directors earlier, after he has given notice in writing of his intention to resign; or
 - 13.8.7 if he shall pursuant to the provisions of the statutes be disqualified or cease to hold office or be prohibited from acting as director.”

“ROTATION OF DIRECTORS AND REMOVAL

- 15.1 At each annual meeting held in each year 1/3 (one-third) of the directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason of the provisions of Article 16.2 is not subject to retirement. The directors so to retire at each annual meeting shall be firstly those retiring in terms of Article 13.2 and secondly those referred to in terms of Article 13.16 and lastly those who have been longest in office since their last election or appointment. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that notwithstanding anything herein contained, if, at the date of any annual meeting any director will have held office for a period of 3 (three) years since his last election or appointment he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of Articles 13.2 and 13.16, be computed from the date of his last election or appointment.

- 15.2 Retiring directors shall be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election to the office of director at any general meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the meeting, there shall have been given to the secretary notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
- 15.3 Subject to Article 15.2 the company in general meeting may fill the vacated offices by electing a like number of persons to be directors and may fill any other vacancies. In electing directors the provisions of the statutes shall be complied with.
- 15.4 If at any general meeting at which an election of directors ought to take place, the place of any retiring director is not filled, he shall if willing continue in office until the dissolution of the annual general meeting in the next year, and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy.
- 15.5 For the purposes of this Article 15, "director" shall mean a non-executive director."

"PROCEEDINGS OF DIRECTORS' MEETINGS"

- 17.1 The directors may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, and may determine the quorum necessary for the transaction of business. Until otherwise determined 4 (four) directors shall form a quorum. A director may at any time and the secretary upon the request of a director shall convene a meeting of the directors. The directors may determine what period of notice shall be given of meetings of directors and may determine the medium of giving such notice which may include telephone, telegram, telex, e-mail (electronic mail) or telefax. A director who is not within the Republic shall not be entitled to notice of any such meeting, but notice shall be given to all duly appointed alternate directors who may at the time be within the Republic.
- 17.2 Questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes, the chairman shall not have a second or casting vote.
- 17.3 The directors may elect a chairman of their meetings and one or more deputy chairman to preside in the absence of the chairman, and may determine a period, not exceeding 1 (one) year, for which they are to hold office, but if no such chairman or deputy chairman is elected or if at any meeting neither the chairman nor a deputy chairman is present at the time appointed for holding the same, the directors shall choose one of their number to be chairman of such meeting.
- 17.4 A meeting of the directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the regulations of the company for the time being vested in or exercisable by the directors generally.
- 17.5 Subject to the statutes"
- 17.5.1 a resolution in writing, signed by all the directors, including through the medium of telefax or other form of electronic transmission where the directors' consent thereto can be verified, shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted;
- 17.5.2 in the case of matters requiring urgent resolution or, if for any reason it is impracticable to meet or pass a resolution as contemplated in Article 17.1, proceedings may be conducted by utilising video conference or telephone conference facilities, provided that the required quorum is met. A resolution agreed to by a majority of the directors participating during the course of such proceedings shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted. The secretary of the company shall as soon as is reasonably possible after such meeting by video or telephone conference has been held, be notified thereof by the relevant parties to the meeting, and the secretary shall prepare a written minute thereof.

- 17.6 Any resolution referred to in Article 17.5.1 may consist of several documents, each signed by one or more directors or their alternates in terms of these Articles.
- 17.7 Any resolution referred to in Article 17.5.1 shall be deemed (unless the contrary is stated therein) to have been passed on the date upon which it was signed by the last director or alternate required to sign it and where it states a date as being the date of its signature by any director or alternate that document shall be *prima facie* evidence that it was signed by that director or alternate on that date.”

“VALIDITY OF ACTS OF DIRECTORS AND COMMITTEES

- 18.1 The directors may delegate or allocate any of their powers to an executive or other committee consisting of such member or members of their body or any other person or persons as they think fit. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the directors.
- 18.2 Any director who serves on an executive or other committee, or who devotes special attention to the business of the company, or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration (in addition to the remuneration he may be entitled to as a director) by way of salary and/or by way of an amount equal to a percentage of the dividends declared, provided that such amount shall be limited to a reasonable maximum to be fixed by a disinterested quorum of the directors.
- 18.3 The meetings and proceedings of any such committee consisting of 2 (two) or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the directors so far as the same are applicable thereto and are not superseded by any regulations made by the directors under Article 18.
- 18.4 All acts done at any meeting of the directors or of any executive or other committee of the directors, or by any person acting as a director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the directors or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not qualified to vote be as valid as if every such person had been duly appointed and was qualified to be and to act and vote as a director.”

HISTORICAL FINANCIAL INFORMATION OF KAGISANO

The historical financial information of Kagisano Group Holdings Limited, the preparation of which is the responsibility of the directors, is presented below.

The definitions commencing on page 11 of the prospectus were used in this report. The income statements balance sheets statements of changes in equity cash flow statements and the related notes for the years ended 30 June 2004, 30 June 2005 and 31 August 2006 were extracted without adjustment from the audited annual financial statements of Kagisano Group Holdings Limited.

The historical information relating to Kagisano Group Holdings Limited was prepared in accordance with South African Statements of Generally Accepted Accounting Practice for the years ended 30 June 2004 and 30 June 2005 and in accordance with International Financial Reporting Standards for the year ended 31 August 2006.

The independent reporting accountants' report on the historical financial information of Kagisano Group Holdings Limited for the years ended 30 June 2004, 30 June 2005 and 31 August 2006, issued without qualification, is set out in Annexure 4 to this prospectus.

FINANCIAL STATEMENT COMMENTARY

Subsequent information

No financial information has been made available to the company's holders of securities subsequent to the company's latest year-end.

Loans receivable

There are no material loans receivable by the company, other than those originate in the ordinary course of business.

Loans or securities granted on behalf of directors and managers

The company has not furnished security or made any loan for the benefit of any director or manager and any associate of any director or manager.

Details of material borrowings

Details of all material borrowings and the manner in which they arose are disclosed in paragraph 16 of this prospectus.

Directors emoluments

Details of emoluments paid to directors are detailed in paragraph 4 of Annexure 1.

Share capital

There were 100 shares in issue during the 2006 financial year. There have been no changes to the authorised or issued share capital, other than the capital restructurings subsequent to year-end which are disclosed in paragraph 23 of this prospectus.

Principal activities

The company is engaged in the provision of a broad spectrum of financial services and products.

General review

The company's business and operations and the results thereof are reflected in the historical financial information below and no other fact or circumstance material to a fair assessment of the financial position of the company has occurred.

The increase in revenue and net profit increased in 2006 mainly due to expansion of the company's infrastructure and distribution network as well as the provision of additional services and products.

Subsequent events

No material fact or circumstance has occurred between the latest financial year-end and the date of this prospectus, except for the capital restructuring disclosed in paragraph 23 of this prospectus.

Property, plant and equipment

There have been no major changes in the property, plant and equipment of the company during the period or any changes in the policy relating to their use.

Adjustments

The group has applied IFRS 1, First-time Adoption of International Financial Reporting Standards, to provide the company a starting point for the reporting under International Financial Reporting Standards. The effective date of adoption was 1 July 2005, and on principle these standards have been applied retrospectively and the 2005 comparatives contained in these financial statements differ from those published in the financial statements published for the year ended 30 June 2005. However, there were no material effects on the annual financial statements. Details regarding the transition to IFRS are disclosed in note 26 of Annexure 2.

Dividends

Given the growth profile and strategy of the group, it is anticipated that earnings generated by the group will be re-invested to fund future growth and development. It is not expected that the company will declare dividends in the near future. Should such circumstances arise where the group's cash reserves are in excess of its reinvestment requirements, the directors will review the appropriateness of the company's dividend policy and consider returning such excess cash to shareholders.

Other

There are no schemes involving the staff of Kagisano at year-end.

Company structure

The group consists of Kagisano Group Holdings Limited and subsidiaries as reflected in paragraph 22 of this prospectus.

Segmental reporting

The primary segmental information is based on the products provided by the group and currently consists of the following: credit products, mobile products and insurance products.

Authorisation

The historical financials statements for the years ended 30 June 2004, 30 June 2005 and 31 August 2006, were authorised for issue by the directors on 5 July 2007.

INCOME STATEMENTS

The income statements of Kagisano for the years ended 30 June 2004, 30 June 2005 and 31 August 2006 are set out below:

	Notes	Audited 31 August 2006 R'000	Reviewed 30 June 2005 R'000	Reviewed 30 June 2004 R'000
Revenue	14	179 121	88 144	29 093
Cost of sales	15	(11 105)	(487)	–
Gross Profit		168 016	87 657	29 093
Other income		1 385	1 584	1
Operating expenses		(119 620)	(68 177)	(24 177)
Operating profit	16	49 781	21 064	4 917
Interest income	17	216	159	359
Finance costs	18	(8 144)	(6 423)	(3 282)
Profit before taxation		41 853	14 800	1 994
Taxation	19	(13 501)	(4 718)	(418)
Profit for period/year		28 352	10 082	1 576
Attributable to:				
Equity holders of the parent		–	9 217	1 576
Minority interest		–	865	–
Weighted average number of shares in issue		100	100	100
Earnings per share (cents)		28 351 462	10 082 051	1 576 123

BALANCE SHEETS

The balance sheets of Kagisano at 30 June 2004, 30 June 2005 and 31 August 2006 are set out below:

	Notes	Audited 31 August 2006 R'000	Reviewed 30 June 2005 R'000	Reviewed 30 June 2004 R'000
ASSETS				
Non-current assets		19 865	4 159	1 232
Property, plant and equipment	2	7 245	2 415	686
Goodwill	3	8 343	1 744	–
Deferred tax	4	4 277	–	546
Current assets		66 442	42 641	20 992
Inventories	6	218	–	–
Loans and advances	7	50 239	32 282	16 632
Other receivables	5	9 327	745	2 254
Cash and cash equivalents	8	6 658	9 614	2 106
Total assets		86 307	46 800	22 224
EQUITY AND LIABILITIES				
Equity		36 992	8 235	923
Share capital	9	–	–	–
Retained earnings		36 992	8 640	923
Minority interest		–	(405)	–
Non-current liabilities		1 769	97	–
Finance lease obligation	10	1 490	97	–
Operating lease liability	11	20	–	–
Deferred tax	4	259	–	–
Current liabilities		47 546	38 468	21 301
Loans from related parties	27	23 195	23 310	19 067
Current tax payable		13 319	5 350	1 067
Finance lease liabilities	10	703	–	–
Operating lease obligation	11	60	–	–
Trade and other payables	12	9 156	6 723	1 167
Provisions	13	1 113	1 095	–
Dividends payable	23	–	1 990	–
Total liabilities		49 315	38 565	21 301
Total equity and liabilities		86 307	46 800	22 224
Number of shares in issue		100	100	100
Net asset value per share (cents)		36 991 597	8 235 713	923 390
Net tangible asset value per share (cents)		28 648 285	6 492 048	923 390

STATEMENTS OF CHANGES IN EQUITY

The statements of changes in equity of Kagisano for the periods ended 30 June 2004, 30 June 2005 and 31 August 2006 are set out below:

	Share capital R'000	Retained earnings R'000	Total attributable to equity holders of the group R'000	Minority interest R'000	Total equity R'000
Balance at 1 July 2003	—	(653)	(653)	—	(653)
Profit for year	—	1 576	1 576	—	1 576
Balance at 1 July 2004	—	923	923	—	923
Profit for year	—	9 217	9 217	865	10 082
Dividend	—	(1 500)	(1 500)	(775)	(2 275)
Business combinations	—	—	—	(495)	(495)
Balance at 1 July 2005	—	8 640	8 640	(405)	8 235
Profit for year	—	28 352	28 352	—	28 352
Business combinations	—	—	—	405	405
Balance at 1 September 2006	—	36 992	36 992	—	36 992
Profit for period	—	16 136	16 136	—	16 136
Dividends	—	(3 500)	(3 500)	—	(3 500)
Balance at 28 February 2007	—	49 628	49 628	—	49 628

CASH FLOW STATEMENTS

The cash flow statements of Kagisano for the periods ended 30 June 2004, 30 June 2005 and 31 August 2006 are set out below:

	Notes	Audited 31 August 2006 R'000	Reviewed 30 June 2005 R'000	Reviewed 30 June 2004 R'000
Cash flows from operating activities				
Cash generated from operations	21	31 614	11 672	(12 638)
Interest income		216	158	359
Finance costs		(8 144)	(6 423)	(4 148)
Tax paid	22	(10 522)	(19)	84
Net cash flow from operating activities		13 164	5 388	(16 343)
Cash flows from investing activities				
Purchase of property, plant and equipment	2	(5 155)	(1 702)	(615)
Acquisition of businesses	24	(4 141)	(785)	–
Loans to group companies repaid		–	3 155	–
Proceeds from loans		–	111	–
Net cash outflow from investing activities		(9 296)	779	(615)
Cash flows from financing activities				
Proceeds from shareholders' loan		(6 440)	1 529	19 064
Repayment of shareholders' loan		–	–	–
Finance lease payments		2 096	97	–
Dividends paid	23	(2 480)	(285)	–
Net cash flow from financing activities		(6 824)	1 341	19 064
Total cash movement for period		(2 956)	7 508	2 106
Cash at beginning of period		9 614	2 106	–
Total cash and cash at end of period	8	6 658	9 614	2 106

NOTES TO THE FINANCIAL STATEMENTS

The notes to the historical financial information of Kagisano at 30 June 2004, 30 June 2005 and 31 August 2006 are set out below:

1. PRESENTATION OF FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of these financial statements are set out below.

The financial statements were prepared in accordance with International Financial Reporting Standards, the effective date of adoption was 1 July 2005 (refer note 26), and the Companies Act of South Africa. The financial statements were prepared on the historical cost basis, with the exception of certain financial assets and liabilities which are measured at fair value in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

1.1 Property, plant and equipment

All property, plant and equipment are shown at cost, less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure directly attributable to the acquisition of the items. Cost may also include transfers from equity. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will

flow to the company and the cost of the item can be measured reliably.

All other repairs and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on cost less residual value over the expected useful lives of property, plant and equipment.

The following depreciation rates have been used:

• Furniture and fixtures	16.67%
• Motor vehicles	20.00%
• Office equipment	20.00%
• Computer equipment	33.33%
• Computer software	50.00%
• Leasehold improvements	33.33%
• Security systems	33.33%
• Telephone systems	20.00%

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever comes first.

The residual values and the useful life of each asset are reviewed at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any and the carrying amount of the item.

1.2 Goodwill

Goodwill is initially measured at cost, being the excess of cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities or subsidiaries recognised at the date of acquisition.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition is immediately recognised in profit or loss.

Subsequently goodwill is carried at cost less any accumulated impairment.

Internally generated goodwill is not recognised as an asset.

1.3 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the company; *plus*
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.4 Financial instruments

Initial recognition

The group classifies financial instruments, or their component parts, on recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the

contractual arrangement.

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Loans to/(from) group companies

These include loans to holding companies, fellow subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment losses recognised to reflect irrecoverable amounts.

Loans and advances

Loans, advances and trade receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method less any impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Trade and other payables

Trade payables are measured at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are initially measured at fair value. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.5 Income taxes

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due to those periods, the excess is recognised as an asset.

Current tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at time of the transaction affect neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined by tax rates and laws that were enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that the future taxable profit will be available against which the temporary differences can be utilised.

Tax expenses

Current tax and deferred taxes are recognised as income or expense and included in profit or loss for the period, except that the tax arises from:

- a transaction or event which is recognised in the same or of a different period, directly in equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

All other leases are classified as operating leases.

Finance leases – lessee

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Any contingent rentals are expensed in the period they are incurred.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in ordinary course of business less the estimated costs necessary to make the sale.

The cost of inventories consist of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of assets

The group assesses, at each balance sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year;
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual assets. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generated unit to which the asset belongs is determined.

The recoverable amount of an asset or cash-generating unit is higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generated units, or groups of cash-generated units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- firstly, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- secondly, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

For assets other than goodwill, the entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss is not increased above the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss relating to assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

1.10 Provisions and contingencies

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- the amount has been reliably estimated.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.11 Revenue

Revenue is measured at fair value of the consideration received or receivable and represents the amounts receivable for loans issued in the normal course of business. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Mobile Contract Products

Revenue net of discounts and the contractually payable portion to the service provider, represents the invoiced value of the goods and services supplied by the group. The group measures revenue at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. If necessary, revenue is split into separately identifiable components.

The group is invoiced by its independent service provider for the revenue billed by them on behalf of the service provider. The group, within its contractual arrangements, is entitled to a portion of the invoiced revenue on a monthly basis.

Contract products that may include deliverables such as a handset and 24-month service are defined as arrangements with multiple deliverables. The arrangement consideration is allocated to each deliverable, based on the fair value of each deliverable on a stand-alone basis as a percentage of the aggregated fair value of the individual deliverables. Revenue allocated to the identified deliverables in each revenue arrangement and the cost applicable to these identified deliverables are recognised based on the same recognition criteria of the individual deliverable at the time the product is delivered.

- Revenue from the handset is recognised when the product is delivered.
- The contractually agreed monthly portion of service revenue received from the customer, of which the balance is payable to the service provider is recognised in the period in which the service is delivered.
- Revenue from the Sim and Connection fees is inexplicably linked to the contract.

1.12 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2. PROPERTY, PLANT AND EQUIPMENT

	2006		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture and fixtures	1 507	(269)	1 238
Motor vehicles	632	(92)	540
Office equipment	583	(80)	503
Computer equipment	2 670	(987)	1 683
Computer software	135	(47)	88
Leasehold improvements	2 377	(487)	1 890
Security systems	256	(25)	231
Telephone systems	1 170	(98)	1 072
	9 330	(2 085)	7 245

	2005		
	2005 Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture and fixtures	788	(163)	625
Motor vehicles	243	(37)	206
Office equipment	511	(85)	426
Computer equipment	1 487	(475)	1 012
Computer software	16	(3)	13
Leasehold improvements	141	(8)	133
Security systems	—	—	—
Telephone systems	—	—	—
	3 186	(771)	2 415

	2004 Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture and fixtures	276	(67)	209
Motor vehicles	94	(8)	86
Office equipment	128	(13)	115
Computer equipment	449	(174)	276
Computer software	3	(2)	1
Leasehold improvements	–	–	–
Security systems	–	–	–
Telephone systems	–	–	–
	950	(264)	686

Reconciliation of property, plant and equipment – 2006

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Depreciation R'000	Total R'000
Furniture and fixtures	625	242	478	(107)	1 238
Motor vehicles	206	329	60	(55)	540
Office equipment	426	116	–	(39)	503
Computer equipment	1 012	561	620	(510)	1 683
Computer software	13	119	–	(44)	88
Leasehold improvements	133	2 362	–	(605)	1 890
Security systems	–	256	–	(25)	231
Telephone systems	–	1 170	–	(98)	1072
	2 415	5 155	1 158	(1 483)	7 245

Reconciliation of property, plant and equipment – 2005

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Depreciation R'000	Total R'000
Furniture and fixtures	209	376	69	(29)	625
Motor vehicles	86	130	–	(10)	206
Office equipment	115	112	239	(40)	426
Computer equipment	275	930	216	(409)	1 012
Computer software	1	13	–	(1)	13
Leasehold improvements	–	141	–	(8)	133
Security systems	–	–	–	–	–
Telephone systems	–	–	–	–	–
	686	1 702	524	(497)	2 415

Reconciliation of property, plant and equipment – 2004

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Depreciation R'000	Total R'000
Furniture and fixtures		47	196	(34)	209
Motor vehicles		12	82	(8)	86
Office equipment		5	122	(12)	115
Computer equipment		166	215	(106)	275
Computer software		1	–	–	1
Leasehold improvements		–	–	–	–
Security system		–	–	–	–
Telephone system		–	–	–	–
Total		231	615	(160)	686

Pledged as security

Carrying value of assets pledged as security:

	2006 R'000	2005 R'000	2004 R'000
Motor vehicles	479	–	–
Telephone systems	1 083	–	–
Security systems	233	–	–
Computer equipment	94	–	–
Furniture and fixtures	177	–	–
Computer software	62	–	–

A register containing the information required by paragraph 22(3) of Schedule 4 to the Act is available for inspection at the registered office of the group.

3. GOODWILL

	Cost R'000	Accumulated impairment R'000	Carrying value R'000
30 June 2004	–	–	–
30 June 2005	1 744	–	1 744
31 August 2006	8 343	–	8 343

Reconciliation of goodwill – 2006

	Opening balance R'000	Additions through business combinations R'000	Total R'000
Goodwill	1 744	6 599	8 343

Reconciliation of goodwill – 2005

	Opening balance R'000	Additions through business combinations R'000	Total R'000
Goodwill	–	1 744	1 744

4. DEFERRED TAX ASSET/LIABILITY

	2006 R'000	2005 R'000	2004 R'000
Accelerated capital allowance for tax purposes	(259)	–	–
Allowance for impaired loans and advances	3 931	–	546
Allowance for accruals	323	–	–
Operating leases	23	–	–
	4 018		546
Non-current assets	4 277	–	546
Non-current liability	(259)	–	–
	4 018	–	546

5. OTHER RECEIVABLES

	2006 R'000	2005 R'000	2004 R'000
Deposits and sundry receivables	9 179	597	2 106
Loans to joint ventures	148	148	148
	9 327	745	2 254

6. INVENTORIES

	2006 R'000	2005 R'000	2004 R'000
Mobile handsets	218	–	–

7. LOANS AND ADVANCES

	2006 R'000	2005 R'000	2004 R'000
Loans and advances	68 410	32 282	19 141
Provision for impairment	(18 171)	–	(2 509)
	50 239	32 282	16 632

Past experience has enabled the group to determine what the exact impairment for 2005 was and these loans were impaired in full.

8. CASH AND CASH EQUIVALENTS

	2006 R'000	2005 R'000	2004 R'000
Cash and cash equivalents			
Cash on hand	115	25	6
Bank balances	6 543	9 589	2 100
	6 658	9 614	2 106

9. SHARE CAPITAL

	2006 R'000	2005 R'000	2004 R'000
Authorised			
1 000 ordinary shares of R1.00 each	1	1	1
Issued			
100 ordinary shares of R1.00 each	–	–	–
The unissued ordinary shares are under the control of the directors until the next annual general meeting.			

10. FINANCE LEASE OBLIGATION

	2006 R'000	2005 R'000	2004 R'000
Minimum lease payments due			
– within one year	912	–	–
– in second to fifth year inclusive	1 668	–	–
	2 580	–	–
Less: Future finance charges	(387)	–	–
Present value of minimum lease payments due	2 193	–	–
Present value of minimum lease payments due			
– within one year	703	97	–
– in second to fifth year inclusive	1 490	–	–
	2 193	97	–
Non-current liabilities	1 490	97	–
Current liabilities	703	–	–
	2 193	97	–

The average lease term was 48 months (four years) and the average effective borrowing rate was 12%. Interest rates are linked to prime at the contract date. All leases have fixed repayments.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets.

11. OPERATING LEASE LIABILITY

	2006 R'000	2005 R'000	2004 R'000
Non-current liabilities	20	–	–
Current liabilities	60	–	–
	80	–	–
Operating lease payments due			
– within one year	3 732	–	–
– in second to fifth year inclusive	4 786	–	–
	8 518	–	–

12. TRADE AND OTHER PAYABLES

	2006 R'000	2005 R'000	2004 R'000
Trade payables	5 823	5 819	254
Accrued salary expenses	1 172	34	4
Accrual for audit fees	461	205	274
Deposits received	180	147	424
Sundry accruals	1 520	518	211
	9 156	6 723	1 167

13. PROVISIONS

Reconciliation of provisions – 2006

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Leave provision	–	1 040	–	1 040
Bonus provision	1 095	73	(1 095)	73
	1 095	1 113	(1 095)	1 113

Reconciliation of provisions – 2005

Leave provision	–	1 095	–	1 095
Bonus provision	–	–	–	–
	–	1 095	–	1 095

Reconciliation of provisions – 2004

Leave provision	–	–	–	–
Bonus provision	–	–	–	–
	–	–	–	–

14. REVENUE

	2006 R'000	2005 R'000	2004 R'000
Sale of goods	13 790	220	–
Interest earned from loans and advances	165 331	87 924	29 093
	179 121	88 144	29 093

15. COST OF SALES

	2006 R'000	2005 R'000	2004 R'000
Sale of goods	–	–	–
Cost of goods sold	11 105	487	–

16. OPERATING PROFIT

	2006 R'000	2005 R'000	2004 R'000
Operating lease charges – premises	5 310	2 716	453
Telephone and fax expenses	4 475	–	–
Bad debts written off	26 713	32 951	13 408
Provision for impairment of loans and advances	18 073	–	–
Depreciation on property, plant and equipment	1 484	470	163
Employee costs	29 818	13 737	3 428
Management fees	1 812	–	–
Commission paid	267	–	–
Consulting fees	1 270	–	–
Advertising and marketing	12 007	–	–
Other expenses	18 393	–	–

17. INTEREST INCOME

	2006 R'000	2005 R'000	2004 R'000
Bank	216	159	359

18. FINANCE COSTS

	2006 R'000	2005 R'000	2004 R'000
Shareholders	7 755	6 418	3 261
Bank	290	5	21
Other interest paid	99	–	–
	8 144	6 423	3 282

19. TAXATION

	2006 R'000	2005 R'000	2004 R'000
Major components of the tax expense			
Current			
Local income tax-current period	17 519	3 888	982
STC	–	284	–
	17 519	4 172	982
Deferred			
Originating and reversing temporary differences	(4 018)	546	(564)
	13 501	4 718	418
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense:			
Accounting profit	41 853	14 801	1 994
Tax at the applicable tax rate of 29%	12 137	3 759	598
Tax effect of adjustments on taxable income			
Donations to charity	12	–	–
Non-deductible interest	33	–	–
Tax losses carried forward	1 319	675	(180)
STC	–	284	–
	13 501	4 718	418

20. AUDITORS' REMUNERATION

	2006 R'000	2005 R'000	2004 R'000
Fees	415	295	143

21. CASH GENERATED FROM OPERATIONS

	2006 R'000	2005 R'000	2004 R'000
Profit before taxation	41 853	14 801	1 994
Adjustment for:			
Depreciation	1 484	497	163
Interest received	(216)	(159)	(359)
Finance costs	8 144	6 423	3 282
Provision for impairment losses	18 173	–	–
Movement in provision	18	(1 414)	–
Minorities share	809	–	–
Change in working capital			
Inventories	(218)	–	–
Loans and advances	(31 989)	(12 178)	(16 632)
Other receivables	(8 717)	(413)	(2 252)
Operating lease liability	80	–	–
Trade and other payables	2 193	4 115	1 166
	31 614	11 672	(12 638)

22. TAX PAID

	2006 R'000	2005 R'000	2004 R'000
Balance at beginning of period	(5 350)	(1 083)	–
Current tax for period recognised in income statement	(17 519)	(4 172)	(983)
Adjustment in respect of businesses sold and acquired during period	(972)	(114)	–
Balance at end of period	13 319	5 350	1 067
	(10 522)	(19)	84

23. DIVIDENDS PAID

	2006 R'000	2005 R'000	2004 R'000
Balance at beginning of period	(1 990)	(1 500)	–
Dividends	–	(775)	–
Dividends to minority shareholders	(490)	–	–
Balance at end of period	–	1 990	–
	(2 480)	(285)	–

24. ACQUISITION OF BUSINESS

	2006 R'000	2005 R'000	2004 R'000
Fair value of assets acquired			
Property, plant and equipment	1 158	523	–
Trade and other receivables	4 006	1 007	–
Trade and other payables	(240)	(135)	–
Tax liabilities	(972)	(114)	–
Borrowings	(6 325)	(2 735)	–
Cash	2 056	359	–
Dividends payable	(490)	–	–
Total net assets acquired	(807)	(1 095)	–
Less: Existing share of net assets before acquisition	404	–	–
	(403)	(1 095)	–
Consideration paid			
Cash	(6 196)	(1 144)	–
Goodwill	6 599	1 744	–
Minorities	–	495	–
	403	1 095	–
Net cash outflow on acquisition			
Cash consideration paid	(6 196)	(1 144)	–
Cash acquired	2 055	359	–
	(4 141)	(785)	–

25. CONTINGENCIES

A guarantee to the value of R178 194 was issued through ABSA Bank for Centurion Vision Development (Pty) Limited.

26. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The group has applied IFRS 1, First-time Adoption of International Financial Reporting Standards, to provide the group with a starting point for the reporting under International Financial Reporting Standards. In principle these standards have been applied retrospectively and the 2005 comparatives contained in these financial statements differ from those in the financial statements published for the year ended 30 June 2005.

The date of the transition was 1 July 2004 and the effect of the transition was as follows:

Reconciliation of equity at 1 July 2004 (Date of transition to the new standards)

	Audited SA GAAP R'000	Effect of Transition R'000	IFRS R'000
ASSETS			
Non current assets			
Property, plant and equipment	686	–	686
Deferred tax	546	–	546
Total non-current assets	1 232	–	1 232
Loans and advances	16 632	–	16 632
Other receivables	2 254	–	2 254
Cash and cash equivalents	2 106	–	2 106
Total current assets	22 224	–	22 224
LIABILITIES			
Interest bearing loan	19 067	–	19 067
Trade and other payables	1 167	–	1 167
Current tax liability	1 067	–	1 067
Total liabilities	21 301	–	21 301
Total assets less total liabilities	923	–	923
Issued capital	–	–	–
Retained earnings	923	–	923
Total equity	923	–	923
Reconciliation of equity at 30 June 2005:			
Property, plant and equipment	2 415	–	2 415
Goodwill	1 744	–	1 744
Total non-current assets	4 159	–	4 159
Loans and advances	32 282	–	32 282
Other receivables	745	–	745
Cash and cash equivalents	9 614	–	9 614
Total assets	42 641	–	42 641
Interest bearing loan	23 310	–	23 310
Finance lease obligation	97	–	97
Trade and other payables	6 723	–	6 723
Provisions	1 095	–	1 095
Current tax liability	5 350	–	5 350
Dividends payable	1 990	–	1 990
Total liabilities	38 565	–	38 565
Total assets less total liabilities	8 235	–	8 235
Issued capital	–	–	–
Retained earnings	8 640	–	8 640
Minority interest	(405)	–	(405)
Total equity	8 235	–	8 235

26. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of profit or loss for 2005

	Audited SA GAAP R'000	Effect of Transition R'000	IFRS R'000
Revenue	88 144	–	88 144
Cost of sales	(487)	–	(487)
Gross profit	87 657	–	87 657
Other income	1 584	–	1 584
Operating expenses	(68 177)	–	(68 177)
Investment revenue	159	–	159
Finance costs	(6 423)	–	(6 423)
Net profit before taxation	14 800	–	14 800
Taxation	(4 718)	–	(4 718)
Net profit	10 082	–	10 082

27. RELATED PARTIES

Relationships

Directors' remuneration	Refer to Note 28
Director – E van Niekerk	C Financial Credit House (Pty) Ltd Pearl Bay Financial Investments (Pty) Ltd
Director – G A F van Niekerk	Hege Enterprises (Pty) Ltd Pearl Bay Financial Investments (Pty) Ltd
Director – W Bornman	Werner Bornman Familie Trust
Director – J Nel (Snr)	Kalipso (Pty) Ltd Kilnerton (Pty) Ltd Maxi Beherend (Pty) Ltd
Director – J Nel (Jnr)	Corrbex (Pty) Ltd Maxi Beherend (Pty) Ltd
Shareholder – M Viljoen	Creative Touch (Pty) Ltd
Shareholder – D A Bosman	D A Bosman Family Trust

	2007 R'000	2006 R'000
C Financial Credit House (Pty) Ltd	5 721	5 721
Hege Enterprises (Pty) Ltd	800	800
Corrbex (Pty) Ltd	5 229	5 229
Kalipso (Pty) Ltd	2 579	2 579
Kilnerton (Pty) Ltd	2 800	2 800
D A Bosman Family Trust	29	29
Creative Touch (Pty) Ltd	2 036	2 036
Werner Bornman Familie Trust	102	137
Maxi Beherend (Pty) Ltd	3 000	3 000
Pearl Bay Financial Investments (Pty) Ltd	900	900
Eugene van Niekerk	–	80

Related party transactions

Interest paid to shareholders

C Financial Credit House (Pty) Ltd	1 939	1 397
Hege Enterprises (Pty) Ltd	207	162
Corrbex (Pty) Ltd	1 817	1 278
Kalipso (Pty) Ltd	775	520
Kilnerton (Pty) Ltd	1 103	720
D A Bosman Family Trust	4	3
Creative Touch (Pty) Ltd	634	495
Werner Bornman Familie Trust	35	8
Maxi Beherend (Pty) Ltd	965	955
Pearl Bay Financial Investments (Pty) Ltd	275	210

Interest from subsidiary

Kagisano Financial Services (Pty) Ltd	4 378	3 550
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The above loans are unsecured, bear interest at prime plus 18% per annum and have no fixed terms of repayment.

28. DIRECTORS' EMOLUMENTS AND KEY MANAGEMENT PERSONNEL

	2006 R'000	2005 R'000	2004 R'000
<i>Executive</i>			
Emoluments			
Directors	1 532	576	221
Key management personnel	2 264	655	–
	3 796	1 231	221
Bonuses			
Directors	1 648	–	–
Key management personnel	509	55	–
	2 157	55	–

29. RISK MANAGEMENT

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve-borrowing costs by continuously monitoring forecasted actual cash flows and matching the maturity profiles of the financial assets and liabilities.

Interest rate risk

The group is exposed to interest rate risk as the group borrows funds at fixed interest.

At six-month end, financial instruments exposed to the interest rate risk are disclosed in Note 27.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial losses to the group. The group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Loans, advances and trade receivables consist of a large number of customers spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of loans, advances and accounts receivable.

The group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because counterparties are banks with high credit rating assigned by international credit-rating agencies.

30. SEGMENT REPORT

	Credit products 31 August 2006 R'000	Mobile products 31 August 2006 R'000	Other products 31 August 2006 R'000	Eliminations 31 August 2006 R'000	Consolidation 31 August 2006 R'000
Revenue					
External sales	164 205	14 239	677	–	179 121
Inter-segmental sales	–				
Total revenue	164 205	14 239	677	–	179 121
Result					
Segment result	50 711	2	(932)	–	49 781
Unallocated corporate expenses					–
Operating profit					49 781
Interest income					216
Finance costs					(8 144)
Taxation					(13 501)
Net profit					28 352
Other information					
Segment assets	80 261	10 499	1 033	(33 894)	57 899
Unallocated corporate assets	–	–	–	–	28 408
Consolidated total assets	80 261	10 499	1 033	(33 894)	86 307
Segment liabilities	37 840	11 171	2 057	(34 874)	16 194
Unallocated corporate liabilities	–	–	–	–	33 121
Consolidated total liabilities	37 840	11 171	2 057	(34 874)	49 315
Capital expenditure	6 845	542	–	–	–
Depreciation	(1 291)	(187)	–	–	–

30. SEGMENT REPORT (continued)

	Credit Products		Mobile Products		Other Products		Eliminations		Consolidations	
	30 June 2005 R'000	30 June 2004 R'000	30 June 2005 R'000	30 June 2004 R'000	30 June 2005 R'000	30 June 2004 R'000	30 June 2005 R'000	30 June 2004 R'000	30 June 2005 R'000	30 June 2004 R'000
Revenue										
External Sales	87 859	29 093	220	-	65	-	-	-	88 144	29 093
Inter-segmental sales	-	-	-	-	-	-	-	-	-	-
Total revenue	87 859	29 093	220	-	65	-	-	-	88 144	29 093
Result										
Segment result	42 032	4 917	(666)	-	(2 302)	-	-	-	21 064	4 917
Unallocated corporate expenses										
Operating profit									21 064	4 917
Interest income									159	359
Finance costs									(6 423)	(3 282)
Taxation									(4 718)	(418)
Net profit									10 082	1 576
Other information										
Segment assets	67 047	22 224	730	-	-	-	(44 619)	-	22 428	22 224
Unallocated corporate assets	-	-	-	-	-	-	-	-	24 372	-
Consolidated total assets	67 047	22 224	730	-	-	-	(44 619)	-	46 800	22 224
Segment liabilities	57 593	21 301	1 396	-	-	-	(45 272)	-	13 717	21 301
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	24 848	-
Consolidated total liabilities	57 593	21 301	1 396	-	-	-	(45 272)	-	38 565	21 301
Capital expenditure	1 298	618	391	-	-	-	-	-	-	-
Depreciation	(468)	(163)	(23)	-	-	-	-	-	-	-

REVIEWED INTERIM FINANCIAL INFORMATION OF KAGISANO

Basis of preparation

The reviewed interim financial statements of Kagisano for the period ended 28 February 2007 are prepared in terms of International Financial Reporting Standards.

The independent reporting accountants report on the reviewed financial information of Kagisano for the interim period ended 28 February 2007, issued without qualification by Deloitte & Touche, is set out in Annexure 4 to this prospectus.

FINANCIAL STATEMENT COMMENTARY

Subsequent information

No financial information has been made available to the company's holders of securities subsequent to the company's latest reporting period.

Loans receivable

There are no material loans receivable by the company, other than those originate in the ordinary course of business.

Loans or securities granted on behalf of directors and managers

The company has not furnished security or made any loan for the benefit of any director or manager and any associate of any director or manager.

Details of material borrowings

Details of all material borrowings and the manner in which they arose are disclosed in paragraph 16 of this prospectus.

Directors' emoluments

Details of emoluments paid to directors are detailed in paragraph 4 of Annexure 1.

Share capital

There were 100 shares in issue during the 2007 interim period. There have been no changes to the authorised or issued share capital other than the capital, restructurings subsequent to year-end and disclosed in paragraph 23 of this prospectus.

Principal activities

The company is engaged in the provision of a broad spectrum of financial services and products.

General review

The company's business and operations and the results thereof are reflected in the historical financial information below and no other fact or circumstance material to a fair assessment of the financial position of the company has occurred.

The increase in revenue and net profit increased in 2007 mainly due to expansion of the company's infrastructure and distribution network as well as the provision of additional services and products.

Subsequent events

No material fact or circumstance has occurred between the latest financial year-end and the date of this prospectus, except for the capital restructuring disclosed in paragraph 23 of this prospectus.

Property, plant and equipment

There have been no major changes in the property, plant and equipment of the company during the period or any changes in the policy relating to their use.

Dividends

Given the growth profile and strategy of the group, it is anticipated that earnings generated by the group will be re-invested to fund future growth and development. It is not expected that the company will declare dividends in the near future. Should such circumstances arise where the group's cash reserves are in excess of its reinvestment requirements, the directors will review the appropriateness of the company's dividend policy and consider returning such excess cash to shareholders.

Other

There are no schemes involving the staff of Kagisano at year-end.

Company structure

The group consists of Kagisano Group Holdings Limited and subsidiaries as reflected in paragraph 22 of this prospectus.

Segmental reporting

The primary segmental information is based on the products provided by the group and currently comprise the following: credit products, mobile products and insurance products.

Authorisation

The financials statements were authorised for issue by the directors on 5 July 2007.

INCOME STATEMENT for the period ended 28 February 2007

	Notes	Reviewed 28 February 2007 R'000	Unaudited 28 February 2006 R'000
Revenue	14	100 850	76 766
Cost of sales	15	(10 294)	(4 759)
Gross profit		90 556	72 007
Other Income		1 007	593
Operating expenses		(63 381)	(51 266)
Operating profit	16	28 182	21 334
Interest income	17	123	93
Finance costs	18	(3 650)	(3 490)
Profit before taxation		24 655	17 937
Taxation	19	(8 519)	(5 786)
Profit for period		16 136	12 151
Weighted average number of shares in issue		100	100
Earnings per share (cents)		16 136 465	12 150 627

BALANCE SHEET

The balance sheets of Kagisano at 28 February 2007 and 31 August 2006 are set out below:

	Notes	Reviewed 28 February 2007 R'000	Audited 31 August 2006 R'000
ASSETS			
Non current assets		23 627	19 865
Property, plant and equipment	2	8 705	7 245
Goodwill	3	8 343	8 343
Deferred tax	4	6 579	4 277
Current assets		91 219	66 442
Inventories	6	5 279	218
Loans and advances	7	65 798	50 239
Other receivables	5	12 350	9 327
Cash and cash equivalents	8	7 792	6 658
Total assets		114 846	86 307
EQUITY AND LIABILITIES			
Equity		49 628	36 992
Share capital	9	–	–
Retained earnings		49 628	36 992
Non-current liabilities		1 764	1 769
Finance lease obligation	10	1 426	1 490
Operating lease liability	11	79	20
Deferred tax	4	259	259
Current liabilities		63 454	47 546
Loans from related parties	27	30 432	23 195
Current tax payable		20 701	13 319
Finance lease liabilities	10	1 089	703
Operating lease obligation	11	26	60
Trade and other payables	12	8 552	9 156
Provisions	13	2 654	1 113
Dividends payable		–	–
Total liabilities		65 218	49 315
Total equity and liabilities		114 846	86 307
Number of shares in issue		100	100
Net asset value per share (cents)		49 628 161	36 991 597
Net tangible asset value per share (cents)		41 284 749	28 648 285

INTERIM STATEMENT OF CHANGES IN EQUITY
for the period ended 28 February 2007

	Share capital R'000	Retained earnings R'000	Total attributable to equity holders of the group R'000	Minority interest R'000	Total equity R'000
Balance at 1 July 2005	–	8 640	8 640	(405)	8 235
Profit for year	–	28 352	28 352	405	28 757
Balance at 1 September 2006	–	36 992	36 992	–	36 992
Profit for period	–	16 136	16 136	–	16 136
Dividends	–	(3 500)	(3 500)	–	(3 500)
Balance at 28 February 2007	–	49 628	49 628	–	49 628

CASH FLOW STATEMENT
for the period ended 28 February 2007

	Notes	Reviewed 28 February 2007 R'000	Audited 31 August 2006 R'000
Cash flows from operating activities			
Cash generated from operations	21	6 907	31 614
Interest income		123	216
Finance cost		(3 650)	(8 144)
Tax paid	22	(3 437)	(10 522)
Net cash from operations		(57)	13 164
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2 866)	(5 155)
Acquisition of businesses	24	–	(4 141)
Net cash flow from investing activities		(2 866)	(9 296)
Cash flows from financing activities			
Proceeds from shareholders' loans		–	(6 440)
Repayments of shareholders' loans		7 235	–
Finance lease payments		322	2 096
Dividends paid	23	(3 500)	(2 480)
Net cash flow from financing activities		4 057	(6 824)
Total cash movement for period		1 134	(2 956)
Cash at beginning of period		6 658	9 614
Total cash at end of period		7 792	6 658

NOTES ON THE FINANCIAL STATEMENTS

1. PRESENTATION OF FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of these financial statements are set out below.

The financial statements were prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The financial statements were prepared on the historical cost basis, with the exception of certain financial assets and liabilities which are measured at fair value in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

1.1 Property, plant and equipment

All property, plant and equipment is shown at cost, less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

All other repairs and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on cost less residual value over the expected useful lives of property, plant and equipment.

The following depreciation rates were used:

• Furniture and fixtures	16.67%
• Motor vehicles	20.00%
• Office equipments	20.00%
• Computer equipment	33.33%
• Computer software	50.00%
• Leasehold improvements	33.33%
• Security systems	33.33%
• Telephone systems	20.00%

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever comes first.

The residual values and the useful lives of each asset are reviewed at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any and the carrying amount of the item.

1.2 Goodwill

Goodwill is initially measured at cost, being the excess of cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities or subsidiaries recognised at the date of acquisition.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition is immediately recognised in profit or loss.

Subsequently goodwill is carried at cost less any accumulated impairment.

Internally generated goodwill is not recognised as an asset.

1.3 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the company; *plus*
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.4 Financial instruments

Initial recognition

The group classifies financial instruments, or their component parts, on recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Loans to/(from) group companies

These include loans to holding companies, fellow subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment losses recognised to reflect irrecoverable amounts.

Loans and advances

Loans, advances and trade receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method less any impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Trade and other payables

Trade payables are measured at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are initially measured at fair value. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.5 Income tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due to those periods, the excess is recognised as an asset.

Current tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that the future taxable profit will be available against which the temporary differences can be utilised.

Tax expenses

Current tax and deferred taxes are recognised as income or expenses and included in profit or loss for the period, except where the tax arises from:

- a transaction or event which is recognised in the same or a different period, directly in equity; or
- a business combination.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

All other leases are classified as operating leases.

Finance leases – lessee

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Any contingent rentals are expensed in the period they are incurred.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in ordinary course of business less the estimated costs necessary to make the sale.

The cost of inventories consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period during which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the

period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of assets

The group assesses, at each balance sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- test intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year;
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual assets. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generated unit to which the asset belongs is determined.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generated units, or groups of cash-generated units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- firstly, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- secondly, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

For assets other than goodwill, the entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss is not increased above the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss relating to assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

1.10 Provisions and contingencies

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- the amount has been reliably estimated.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 25.

1.11 Revenue

Revenue is measured at fair value of the consideration received or receivable and represents the amounts receivable for loans issued in the normal course of business. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Mobile Contract Products

Revenue net of discounts and the contractually payable portion to the service provider, represents the invoiced value of the goods and services supplied by the group. The group measures revenue at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. If necessary, revenue is split into separately identifiable components.

The group is invoiced by its independent service provider for the revenue billed by them on behalf of the service provider. The group, within its contractual arrangements, is entitled to a portion of the invoiced revenue on a monthly basis.

Contract products that may include deliverables such as a handset and 24-month service are defined as arrangements with multiple deliverables. The arrangement consideration is allocated to each deliverable, based on the fair value of each deliverable on a stand-alone basis as a percentage of the aggregated fair value of the individual deliverables. Revenue allocated to the identified deliverables in each revenue arrangement and the cost applicable to these identified deliverables are recognised based on the same recognition criteria of the individual deliverable at the time the product is delivered.

- Revenue from the handset is recognised when the product is delivered.
- The contractually agreed monthly portion of service revenue received from the customer, of which the balance is payable to the service provider is recognised in the period in which the service is delivered.
- Revenue from the Sim and Connection fees is inextricably linked to the contract.

1.12 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2. PROPERTY, PLANT AND EQUIPMENT

	2007			2006		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture and fixtures	1 821	(272)	1 549	1 507	(269)	1 238
Motor vehicles	632	(135)	497	632	(92)	540
Office equipment	648	(175)	473	583	(80)	503
Computer equipment	3 097	(1 405)	1 692	2 670	(987)	1 683
Computer software	911	(86)	825	135	(47)	88
Leasehold improvements	3 487	(985)	2 502	2 377	(487)	1 890
Security systems	262	(51)	211	256	(25)	231
Telephone systems	1 170	(214)	956	1 170	(98)	1 072
	12 028	(3 323)	8 705	9 330	(2 085)	7 245

Reconciliation of property, plant and equipment – 2007

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fixtures	1 238	481	(170)	1 549
Motor vehicles	540	–	(43)	497
Office equipment	503	52	(82)	473
Computer equipment	1 683	440	(431)	1 692
Computer software	88	776	(39)	825
Leasehold improvements	1 890	1 111	(499)	2 502
Security systems	231	6	(26)	211
Telephone systems	1 072	–	(116)	956
	7 245	2 866	(1 406)	8 705

Reconciliation of property, plant and equipment – 2006

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Depreciation R'000	Total R'000
Furniture and fixtures	625	242	478	(107)	1 238
Motor vehicles	206	329	60	(55)	540
Office equipment	426	116	–	(39)	503
Computer equipment	1 012	561	620	(510)	1 683
Computer software	13	119	–	(44)	88
Leasehold improvements	133	2 362	–	(605)	1 890
Security systems	–	256	–	(25)	231
Telephone systems	–	1 170	–	(98)	1 072
	2 415	5 155	1 158	(1 483)	7 245

Pledged as security

Carrying value of assets pledged as security:

	2007 R'000	2006 R'000
Motor vehicles	496	479
Telephone system	956	1 083
Security system	211	233
Computer equipment	78	94
Furniture and fixtures	162	177
Computer software	48	62

A register containing the information required by paragraph 22(3) of Schedule 4 to the Act is available for inspection at the registered office of the group.

3. GOODWILL

	Cost R'000	Accumulated impairment R'000	Carrying value R'000
28 February 2007	8 343	–	8 343
31 August 2006	8 343	–	8 343

Reconciliation of goodwill – 2007

	Opening balance R'000	Additions through business combinations R'000	Total R'000
Goodwill	8 343	–	8 343

Reconciliation of goodwill – 2006

	Opening balance R'000	Additions through business combinations R'000	Total R'000
Goodwill	1 744	6 599	8 343

4. DEFERRED TAX ASSET/LIABILITY

	2007 R'000	2006 R'000
Accelerated capital allowance for tax purposes	(259)	(259)
Allowance for impaired loans and advances	6 043	3 931
Allowance for accruals	513	323
Operating leases	23	23
	6 320	4 018
Non-current assets	6 579	4 277
Non-current liability	(259)	(259)
	6 320	4 018

5. OTHER RECEIVABLES

	2007 R'000	2006 R'000
Trade receivables	11 069	–
Deposits and sundry receivables	589	9 179
Loans to joint ventures	688	148
Pre-payments	2	–
Sundry	2	–
	12 350	9 327

6. INVENTORIES

	2007 R'000	2006 R'000
Mobile handsets	5 279	218

7. LOANS AND ADVANCES

	2007 R'000	2006 R'000
Loans and advances	93 682	68 410
Provision for impairment	(27 884)	(18 171)
	65 798	50 239

8. CASH AND CASH EQUIVALENTS

	2007 R'000	2006 R'000
Cash on hand	37	115
Bank balances	7 755	6 543
	7 792	6 658

9. SHARE CAPITAL

	2007 R'000	2006 R'000
Authorised		
1 000 ordinary shares of R1.00 each	1	1
Issued		
100 ordinary shares of R1.00 each	–	–

The unissued ordinary shares are under the control of the directors until the next annual general meeting.

10. FINANCE LEASE OBLIGATION

	2007 R'000	2006 R'000
Minimum lease payments due		
– within one year	911	912
– in second to fifth year inclusive	2 037	1 668
	2 948	2 580
<i>Less: Future finance charges</i>	(433)	(387)
Present value of minimum lease payments due	2 515	2 193
Present value of minimum lease payments due		
– within one year	712	703
– in second to fifth year inclusive	1 803	1 490
	2 515	2 193
Non-current liabilities	1 426	1 490
Current liabilities	1 089	703
	2 515	2 193

The average lease term was 48 months (four years) and the average effective borrowing rate was 12%. Interest rates are linked to prime at the contract date. All leases have fixed repayments.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets.

11. OPERATING LEASE LIABILITY

	2007 R'000	2006 R'000
Non-current liabilities	79	20
Current liabilities	26	60
	105	80
Operating lease payments due		
– within one year	5 836	3 732
– in second to fifth year inclusive	5 169	4 786
	11 005	8 518

12. TRADE AND OTHER PAYABLES

	2007 R'000	2006 R'000
Trade payables	7 086	5 823
Accrued salary expenses	485	1 172
Accrual for audit fees	142	461
Deposits received	839	180
Sundry accruals	–	1 520
	8 552	9 156

13. PROVISIONS**Reconciliation of provisions – 2007**

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Leave provision	1 040	–	–	1 040
Bonus provision	73	1 541	–	1 614
	1 113	1 541	–	2 654

Reconciliation of provisions – 2006

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Leave provision	–	1 040	–	1 040
Bonus provision	1 095	73	(1 095)	73
	1 095	1 113	(1 095)	1 113

14. REVENUE

	2007 R'000	2006 R'000
Sale of goods	14 725	5 910
Interest earned from loans and advances	86 125	70 856
	100 850	76 766

15. COST OF SALES

	2007 R'000	2006 R'000
Sale of goods	–	–
Cost of goods sold	10 294	4 759

16. OPERATING PROFIT

	2007 R'000	2006 R'000
Operating lease charges – premises	3 825	2 277
Telephone and fax expenses	2 323	1 918
Bad debts written off	9 778	7 745
Provision for impairment of loans and advances	10 712	11 448
Depreciation on property, plant and equipment	1 406	636
Employee costs	17 990	12 779
Management fees	1 804	776
Commission paid	2 452	114
Consulting fees	776	544
Advertising and marketing	4 986	5 146
Other expenses	7 329	7 883

17. INTEREST INCOME

	2007 R'000	2006 R'000
Bank	123	93

18. FINANCE COSTS

	2007 R'000	2006 R'000
Shareholders	3 569	3 324
Bank	81	124
Other interest paid	–	42
	3 650	3 490

19. TAXATION

Major components of the tax expense

	2007 R'000	2006 R'000
Current		
Local income tax-current period	10 383	7 508
STC	437	–
	10 820	7 508
Deferred		
Originating and reversing temporary differences	(2 301)	(1 722)
	8 519	5 786
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense:		
Accounting profit	24 655	17 937
Tax at the applicable tax rate of 29%	7 168	5 202
Tax effect of adjustments on taxable income		
Charitable donations	–	5
Non-deductible interest	–	14
Tax losses carried forward	914	565
STC	437	–
	8 519	5 786

20. AUDITORS' REMUNERATION

	2007 R'000	2006 R'000
Fees	–	178

21. CASH GENERATED FROM OPERATIONS

	2007 R'000	2006 R'000
Profit before taxation	24 655	41 853
Adjustment for:		
Depreciation	1 406	1 484
Interest received	(123)	(216)
Finance costs	3 650	8 144
Provision for impairment losses	10 712	18 173
Movement in provision	1 540	18
Minorities share	–	809
Change in working capital		
Inventories	(5 061)	(218)
Loans and advances	(26 271)	(31 989)
Other receivables	(3 023)	(8 717)
Operating lease liability	26	80
Trade and other payables	(604)	2 193
	6 907	31 614

22. TAX PAID

	2007 R'000	2006 R'000
Balance at beginning of period	(13 319)	(5 350)
Current tax for period recognised in income statement	(10 820)	(17 519)
Adjustment in respect of businesses sold and acquired during period	–	(972)
Balance at end of period	20 702	13 319
	(3 437)	(10 522)

23. DIVIDENDS PAID

	2007 R'000	2006 R'000
Balance at beginning of period	–	(1 990)
Dividends	(3 500)	–
Dividends to minority shareholders	–	(490)
Balance at end of period	–	–
	(3 500)	(2 480)

24. ACQUISITION OF BUSINESS

	2007 R'000	2006 R'000
Fair value of assets acquired		
Property, plant and equipment	–	1 158
Trade and other receivables	–	4 006
Trade and other payables	–	(240)
Tax liabilities	–	(972)
Borrowings	–	(6 325)
Cash	–	2 056
Dividends payable	–	(490)
Total net assets acquired	–	(807)
Less: Existing share of net assets before acquisition	–	404
	–	(403)
Consideration paid		
Cash	–	(6 196)
Goodwill	–	6 599
	–	403
Net cash outflow on acquisition		
Cash consideration paid	–	(6 196)
Cash acquired	–	2 055
	–	(4 141)

25. CONTINGENCIES

A guarantee to the value of R178 194 was issued through ABSA Bank for Centurion Vision Development (Pty) Limited.

26. RELATED PARTIES

Relationships

Directors' remuneration	Refer to Note 27
Director – E van Niekerk	C Financial Credit House (Pty) Ltd Pearl Bay Financial Investments (Pty) Ltd
Director – G A F van Niekerk	Hege Enterprises (Pty) Ltd Pearl Bay Financial Investments (Pty) Ltd
Director – W Bornman	Werner Bornman Familie Trust
Director – J Nel (Snr)	Kalipso (Pty) Ltd Maxi Beherend (Pty) Ltd Kilnerton (Pty) Ltd
Director – J Nel (Jnr)	Corrbex (Pty) Ltd Maxi Beherend (Pty) Ltd
Shareholder – M Viljoen	Creative Touch (Pty) Ltd
Shareholder – D A Bosman	D A Bosman Family Trust

	2007 R'000	2006 R'000
Related party balances		
Loan accounts – owing to related parties		
C Financial Credit House (Pty) Ltd	10 921	5 721
Hege Enterprises (Pty) Ltd	3 000	800
Corrbex (Pty) Ltd	5 229	5 229
Kalipso (Pty) Ltd	2 579	2 579
Kilnerton (Pty) Ltd	2 800	2 800
D A Bosman Family Trust	29	29
Creative Touch (Pty) Ltd	2 036	2 036
Werner Bornman Familie Trust	837	102
Maxi Beherend (Pty) Ltd	3000	3 000
Pearl Bay Financial Investments (Pty) Ltd	–	900
Related party transactions		
Interest paid to shareholders		
C Financial Credit House (Pty) Ltd	1 236	1 939
Hege Enterprises (Pty) Ltd	338	207
Corrbex (Pty) Ltd	658	1 817
Kalipso (Pty) Ltd	324	775
Kilnerton (Pty) Ltd	352	1 103
D A Bosman Family Trust	4	4
Creative Touch (Pty) Ltd	256	634
Werner Bornman Familie Trust	57	35
Maxi Beherend (Pty) Ltd	346	965
Pearl Bay Financial Investments (Pty) Ltd	–	275
Interest from subsidiary		
Kagisano Financial Services (Pty) Ltd	4 378	–

The above loans are unsecured, bear interest at prime plus 18 % per annum and have no fixed terms of repayment.

27. DIRECTORS EMOLUMENTS AND KEY MANAGEMENT PERSONNEL

	2007 R'000	2006 R'000
<i>Executive</i>		
Emoluments		
Directors	600	1 532
Key management personnel	1 912	2 264
	2 512	3 796
Bonuses		
Directors	–	1 648
Key management personnel	–	509
	–	2 157

28. RISK MANAGEMENT

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve-borrowing costs by continuously monitoring forecasted actual cash flows and matching the maturity profiles of the financial assets and liabilities.

Interest rate risk

The group is exposed to interest rate risk as the group borrows funds at fixed interest.

At 6-month-end, financial instruments exposed to the interest rate risk are disclosed in Note 26.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial losses to the group. The group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Loans, advances and trade receivables consist of a large number of customers spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of loans, advances and accounts receivable.

The group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because counterparties are banks with high credit rating assigned by international credit-rating agencies.

29. SEGMENT REPORT

	Credit Products			Mobile Products			Other Products			Eliminations			Consolidations		
	28 February 2007 R'000	31 August 2006 R'000	28 February 2007 R'000	31 August 2006 R'000	28 February 2007 R'000	31 August 2006 R'000	28 February 2007 R'000	31 August 2006 R'000	28 February 2007 R'000	31 August 2006 R'000	28 February 2007 R'000	31 August 2006 R'000	28 February 2007 R'000	31 August 2006 R'000	31 August 2006 R'000
Revenue															
External sales	86 126	164 205	14 724	14 239	1	677	–	–	–	–	100 850	179 121	–	–	–
Inter-segmental sales	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total revenue	86 126	164 205	14 724	14 239	1	677	–	–	–	–	100 850	179 121	–	–	–
Result															
Segment result	26 518	50 711	1 617	2	47	(932)	–	–	–	–	28 182	49 781	–	–	–
Unallocated corporate expenses															
Operating profit											28 182	49 781			
Interest income											123	216			
Finance costs											(3 650)	(8 144)			
Taxation											(8 519)	(13 501)			
Net profit											16 136	28 352			
Other information															
Segment assets	89 810	80 261	17 097	10 499	920	1 033	(15 934)	(33 894)	91 893	57 899					
Unallocated corporate assets	–	–	–	–	–	–	–	–	22 953	28 408					
Consolidated total assets									114 846	86 307					
Segment liabilities	28 566	37 840	16 153	11 171	2 310	2 057	(12 284)	(34 874)j	34 745	16 194					
Unallocated corporate liabilities	–	–	–	–	–	–	–	–	30 473	33 121					
Consolidated total liabilities									65 218	49 315					
Capital expenditure	2 113	6 845	239	542	–	–	–	–	–	–					
Depreciation	(837)	(1 291)	(128)	(187)	(7)	–	–	–	–	–					

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF KAGISANO

"The Board of Directors
Kagisano Group Holdings (Proprietary) Limited
Eco Fusion 4
Witch Hazel Street
Highveld
0046

5 July 2007

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION REPORTED IN ACCORDANCE WITH SOUTH AFRICAN STATEMENTS OF GENERALLY ACCEPTED ACCOUNTING PRACTICE AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

INTRODUCTION

At your request and for the purposes of the prospectus to Kagisano Group Holdings (Proprietary) Limited ("Kagisano") shareholders, to be dated on or about 12 July 2007, we present our report on the consolidated historical financial information as set out in Annexures 2 and 3 to the prospectus, in compliance with the Listings Requirements of the JSE Limited ("JSE").

RESPONSIBILITY

The compilation, contents and presentation of the prospectus are the responsibility of the company's directors. Our responsibility is to express an opinion on the consolidated historical financial information included as Annexures 2 and 3 to the prospectus.

SCOPE

We have audited the consolidated financial information of Kagisano for the period ended 31 August 2006, and reviewed the financial information for the years ended 30 June 2004 and 30 June 2005 as well as the six months ended 28 February 2007.

BASIS OF OPINION

Audit opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated historical financial information relating to the period ended 31 August 2006 is free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures of the abovementioned historical financial information;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall historical financial information presentation.

We believe that our audit provides a reasonable basis for our audit opinion.

Review opinions

We conducted our reviews in accordance with the International Standard on Review Engagements 2400 applicable to the review of Financial Information. This standard requires that we plan and perform the reviews to obtain moderate assurance that the consolidated historical financial information for the years ended 30 June 2004 and 30 June 2005, presented in terms of South African Statements of Generally Accepted Accounting Practice as well as the six months ended 28 February 2007, presented in terms of International Financial Reporting Standards, is free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and this provides less assurance than an audit. We have not performed an audit of the abovementioned consolidated historical financial information and, accordingly, we do not express an audit opinion thereon.

OPINION

Audit opinion

In our opinion, the consolidated historical financial information of Kagisano for the period ended 31 August 2006 fairly presents, in all material respects, the financial position at that date, and the results of the operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Review opinions

Based on our reviews, nothing has come to our attention that causes us to believe that the consolidated historical financial information of Kagisano for the years ended 30 June 2004 and 30 June 2005, is not fairly presented, in all material respects, in accordance with South African Statements of Generally Accepted Accounting Practice, and the JSE Listings Requirements.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated historical financial information of Kagisano for the six months ended 28 February 2007, is not fairly presented, in all material respects, in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

CONSENT

We consent to the inclusion of this report, which will form part of the prospectus to shareholders of Kagisano, to be dated on or about 12 July 2007, in the form and context in which it appears.

DELOITTE & TOUCHE

Registered Auditors

Per Gareth Rees

Partner

Building 8, Deloitte Place
The Woodlands Office Park, Woodlands Drive
Sandton

National Executive: G G Gelink Chief Executive A E Swiegers Chief Operating Officer
G M Pinnock Audit D L Kennedy Tax L Geeringh Consulting L Bam Strategy C R Beukman Finance
T J Brown Clients and Markets N T Mtoba Chairman of the Board J Rhynes Deputy Chairman of the Board
A full list of partners and directors is available on request"

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
PRO FORMA FINANCIAL INFORMATION OF KAGISANO**

"The Board of Directors
Kagisano Group Holdings (Proprietary) Limited
Eco Fusion 4
Witch Hazel Street
Highveld
0046

5 July 2007

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE FINANCIAL
INFORMATION OF KAGISANO GROUP HOLDINGS (PROPRIETARY) LIMITED**

We have performed our limited assurance engagement in respect of the consolidated group *pro forma* financial effects and consolidated group *pro forma* balance sheet ("*pro forma* financial information") as set out on pages 34 and 35 of the prospectus to be dated on or about 12 July 2007 issued in connection with the proposed listing of Kagisano Group Holdings (Proprietary) Limited ("Kagisano") that is the subject of this prospectus of Kagisano. The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the proposed listing might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

DIRECTORS' RESPONSIBILITY

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the prospectus and for the financial information from which it has been prepared.

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 Kagisano;
- the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the prospectus to potential Kagisano shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro Forma* Financial Information issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SOURCES OF INFORMATION AND WORK PERFORMED

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Kagisano, the issuer, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of the company in respect of the corporate actions that are the subject of the prospectus.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Kagisano and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the issuer;
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed.

DELOITTE & TOUCHE

Registered Auditors

Per **Gareth Rees**

Partner

Building 8, Deloitte Place
The Woodlands Office Park, Woodlands Drive
Sandton

National Executive: G G Gelink Chief Executive A E Swiegers Chief Operating Officer
G M Pinnock Audit D L Kennedy Tax L Geeringh Consulting L Bam Strategy C R Beukman Finance
T J Brown Clients and Markets N T Mtoba Chairman of the Board J Rhynes Deputy Chairman of the Board
A full list of partners and directors is available on request"

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE PROFIT FORECAST OF KAGISANO

"The Board of Directors
Kagisano Group Holdings (Proprietary) Limited
Eco Fusion 4
Witch Hazel Street
Highveld
0046

5 July 2007

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE FORECASTS OF KAGISANO GROUP HOLDINGS (PROPRIETARY) LIMITED

We have examined the accompanying consolidated forecasts of Kagisano Group Holdings (Proprietary) Limited ("Kagisano") for the years ending 31 August 2007 and 31 August 2008 set out in the prospectus to Kagisano's shareholders.

DIRECTORS' RESPONSIBILITY

The directors are responsible for the consolidated forecasts, including the assumptions set out in Note 11, on which it is based and for the financial information from which it has been prepared. This responsibility, arising from compliance with the Listings Requirements of the JSE Limited, includes:

- determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the consolidated forecasts;
- whether the consolidated forecasts have been properly compiled on the basis stated;
- whether the consolidated forecasts are presented on a basis consistent with the accounting policies of Kagisano.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to provide a limited assurance report on the consolidated forecasts prepared for the purpose of complying with the Listings Requirements of the JSE Limited and for inclusion in the prospectus to Kagisano's shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to the Examination of Prospective Financial Information.

This standard requires us to obtain sufficient appropriate evidence as to whether or not:

- management's best-estimate assumptions on which the consolidated forecasts are based are not unreasonable and are consistent with the purpose of the information;
- the consolidated forecasts are properly prepared on the basis of the assumptions;
- the consolidated forecasts are properly presented and all material assumptions are adequately disclosed;
- the consolidated forecasts are prepared and presented on a basis consistent with the accounting policies of Kagisano for the period concerned.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement.

We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the consolidated forecasts;
- the consolidated forecasts have not been properly compiled on the basis stated;
- the consolidated forecasts have not been properly presented and all material assumptions are not adequately disclosed;
- the consolidated forecasts are not presented on a basis inconsistent with the accounting policies of Kagisano.

Actual results are likely to be different from the consolidated forecasts, since anticipated events frequently do not occur as expected and the variation may be material; accordingly no assurance is expressed regarding the achievability of the consolidated forecasts.

DELOITTE & TOUCHE

Registered Auditors

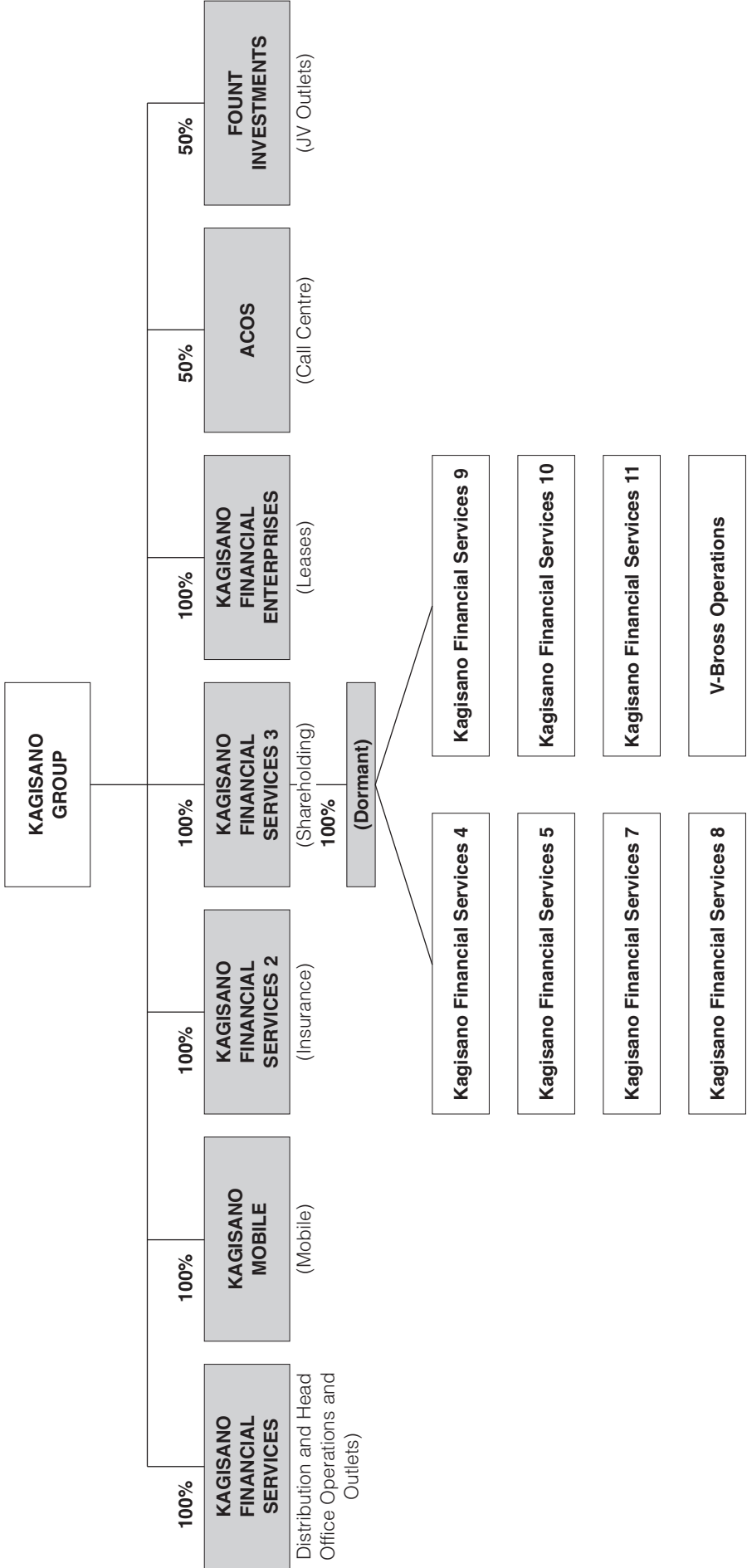
*Per **Gareth Rees***

Partner

Building 8, Deloitte Place
The Woodlands Office Park, Woodlands Drive
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T J Brown Clients and Markets N T Mtoba Chairman of the Board J Rhynes Deputy Chairman of the Board
A full list of partners and directors is available on request"

KAGISANO GROUP STRUCTURE



1. KAGISANO

This is the group holding company and undertakes the treasury function with regard to the listed shares in compliance with the JSE listing and trading requirements. It has entered into Loan Funding Agreements with banks, fund managers and third parties, which funds are used to capitalise the group's business. It holds 100% of the issued shares in its subsidiaries, with the exception of Fount Investments and ACOS, in which it holds 50%. The balance of the equity in these two subsidiaries is held by management.

The business of the group is controlled by the board of directors of this company, assisted by executive and management committees.

The material agreements entered into between Kagisano and third parties are as follows:

1.1 Group Restructuring Agreement.

1.2 Praesidium transaction.

1.3 Loan Funding Agreement.

1.4 Cession of Book Debt.

The salient features relating to the above agreements are set out in paragraph 27 of the prospectus.

The Group Restructuring Agreement deals with the changes relating to equity and business unit ownership within the subsidiaries.

Since the time of restructuring, the group has undertaken the following new business ventures through medium of its subsidiaries:

- Kagisano Mobile – commenced trading during December 2005.
- Kagisano Financial Services – commenced trading on 1 April 2002.
- African Contact Outsource Solutions (Call centre) – commenced business 1 January 2007.
- Fount Investments (JV outlets) – commenced business 1 July 2006.

As a result of the restructuring, Kagisano Financial Services 3 holds shares in the dormant companies indicated on the above diagram and Kagisano Financial Enterprises holds leases in respect of retail outlets conducted by Kagisano Financial Services.

2. KAGISANO FINANCIAL SERVICES

Following the restructuring of the Kagisano group, this company conducts the group's retail loan business through the medium of a national network of more than 110 branded outlets, strategically located, through which the front office function is undertaken. This company is the largest revenue generator in the group at present as a result of implementing the Kagisano Group Restructuring Agreement with effect from 1 July 2005, in terms of which it, *inter alia*, acquired the business of the retail outlets which were conducted by Kagisano Financial Services 4 to Kagisano Financial Services 10 and Fount Investments at the time.

The national network of retail outlets provides the Kagisano group with its platform for face-to-face interaction with its customer base for the marketing, sales and distribution of its product offerings.

All outlets are in electronic communication with the group head office, where the full back office and all support functions are undertaken. This company obtains its operating budget from the holding company and the debtors' book resides in this subsidiary company. This company complies in all respects with the requirements of the National Credit Act and is registered with the National Credit Regulator.

In terms of the Restructuring Agreement, the consideration payable to the respective sellers was the tangible net asset value of each business reflected in the audited financial statements for the year ending 2005.

3. KAGISANO MOBILE

The interaction with loan customers through medium of the national outlet network provides an opportunity to determine and satisfy the financial needs of customers. A void was identified in the cellular telephone industry by the board of directors for the migration of users of expensive pre-paid airtime to contract users. This company acquires its products from the relevant service providers and supplies its customers with a tailor-made package of a handset and airtime.

The company has concluded a written supply agreement with a national service provider, GloCell.

4. KAGISANO FINANCIAL SERVICES 2

Communication with the group's customers, through its outlets, revealed that the existing insurance providers did not provide a tailor-made product to suit their specific requirements for life assurance, death benefits and funeral cover. The board identified the need to provide the customers with a broader spectrum of everyday financial services, tailor-made to suit their financial needs and conceived an insurance package taking care of the above-mentioned eventualities, within an affordable financial product. This package has been designed for Kagisano customers and is underwritten by a registered life assurer with a long-standing track record in the industry in South Africa. The company is registered as a financial services provider with the Financial Services Board.

The company has entered into a contract with Assupol Life, known as the Kagisano Protection Plan.

5. KAGISANO FINANCIAL SERVICES 3

This is not a trading company, but rather operates as a shareholding company.

Kagisano Financial Services 3 acquired the shares in the following companies in order that Kagisano Financial Services 3 shall hold all the shares previously held by third party shareholders in certain of the Kagisano group retail outlets. These companies are reflected as dormant with effect from the date of group restructuring, with the exception of Kagisano Financial Services 6 which is now Acos and Fount Investments. Kagisano acquired these shares on 1 January 2007 and 1 July 2006, respectively:

- Kagisano Financial Services 4.
- Kagisano Financial Services 5.
- Kagisano Financial Services 6.
- Kagisano Financial Services 7.
- Kagisano Financial Services 8.
- Kagisano Financial Services 9.
- Kagisano Financial Services 10.
- Fount Investments.

Kagisano Financial Services 3 does not trade at present and neither do the companies listed above.

6. ACOS

ACOS was previously registered as Kagisano Financial Services 6 with the name change registered on 15 January 2007.

The shares were acquired by Kagisano Financial Services 3, in terms of the Group Restructuring Agreement, where after the company was dormant. Kagisano subsequently acquired 50% of the shares at par value, with the remaining shares being acquired by Silvermoon 3 (Pty) Limited (Registration number 2001/020674/07).

Acos conducts a 73-seat call centre enterprise at the Kagisano Head Office, servicing Kagisano group marketing, sales and client service requirements as well as providing an outsourced call centre facility to third parties on a contract basis. It is equipped with state of the art hard- and software, having a large volume capacity handling both incoming and outgoing calls.

The shares in Silvermoon 3 (Pty) Limited (Registration number 2001/020674/07) will be held equally between Etienne Muller the managing director of ACOS with Eugene van Niekerk the beneficiary of Gencel.

7. FOUNT INVESTMENTS

The shares in Fount Investments were acquired by Kagisano Financial Services 3 in accordance with the Group Restructuring Agreement. The company was dormant and its shares were acquired and transferred to Kagisano, which has used the company for the purpose of a joint venture undertaking, which conducts 6 co-owned retail outlets. These retail outlets trade as part of the national branded outlet footprint of Kagisano distributing its product range.

Kagisano and Henoch Lourence Moll each hold 50% of the issued shares in Fount Investments. The *inter partes* relationship between the shareholders is regulated in terms of the Fount Shareholders Agreement. The Strategic Alliance Agreement regulates the conducting of the company's retail outlets to be fully compliant with the Kagisano branding and business model.

8. KAGISANO FINANCIAL ENTERPRISES

This company does not conduct any retail operations, but has entered into leases in respect of certain retail outlets occupied by companies forming part of the Kagisano group.

9. DORMANT COMPANIES

The companies listed as dormant in the above diagram do not conduct retail business and are intended for future use, alternatively, they will be deregistered as being redundant, resulting from the group restructuring.

OPERATING LEASES

Kagisano leases the following properties:

Location	Property description	Expiry date	Monthly rental (exclusive of VAT) R	Escalation per annum	Square metres
Centurion (Headquarters)	Office Block B, Eco Fusion 4 Witch Hazel Avenue, Highveld	30 April 2009	255 201.68	9%	2 978.23
Alberton	Shop 29, Stax Village 46 Voortrekker Street	28 February 2010	6 500.00	10%	50
Bellville	Shops 2 and 3 10 Kruskal Avenue	31 December 2010	13 700.00	9%	81
Benoni	Shop 3, Constantines Building 20 Rothsay Street	31 May 2007	3 250.00	10%	71.5
Bloemfontein	Shop 3, The Arcade, between West Burger Street and Floreat Mall	Monthly	1 000.00	10%	50
Boksburg	Suite 2, Perm Boksburg 310 Commissioner Street	31 October 2009	6 870.76	10%	73
Cape Town (Claremont)	Shop 4, Hargor Building 195 Main Road	31 May 2008	4 840.00	10%	68
Cape Town (Strand Street)	Shop 16B, Picbel Parkade 58 Strand Street	31 May 2009	6 704.78	9%	82.5
Carletonville	Shop 4 Corner Flint and Halite Streets	30 November 2008	4 400.00	8%	110
Durban (Smith Street)	Shop 5, Union Club Building 353 Smith Street	31 May 2010	7 633.00	10%	76
Durban (Umlazi)	Shop V 1B, Umlazi Mega City 50 Mangosuthu Highway	31 March 2009	10 269.00	10%	103
Durban (Victoria Street)	Shop 4, Qualbert Centre 37/39 Victoria Street	31 March 2009	6 562.17	9.5%	83
East London	Mezzanine Floor, Oxford House Oxford Street	30 July 2008	6 565.00	8%	178
Edenvale	Shop 1 50 van Riebeeck Avenue	Monthly	2 600.00	10%	27
Empangeni	Shop 11D, Empangeni Centre Maxwell Street	30 December 2007	2 625.00	9%	75
Florida	Shop 4, Medical Centre Goldman Street	31 December 2008	4 000.00	9%	65
Garankuwa	Shop 1, Garankuwa City Shoprite Corner Lucas Mangope Highway, Zone 15	30 April 2010	8 866.35	9.2%	103
Germiston	Shop 2 Golden Walk Shopping Centre 141 Victoria Street	28 February 2009	12 420.00	8%	92
Johannesburg (Benrose)	Unit 5, corner Main Reef and New Goch Roads	30 November 2007	2 582.00	10%	192
Johannesburg (Booyens)	Office 108 Booyens Place Corner Beaumont and Booyens Roads	Monthly	2 970.00	10%	82
Johannesburg (Braamfontein)	Management House 38 Melle Street	Monthly	3 102.33	10%	82
Johannesburg (Bree Street)	Shop 3, Longsbank Building 187 Bree Street	31 January 2008	10 800.00	8%	90

Location	Property description	Expiry date	Monthly rental (exclusive of VAT) R	Escalation per annum	Square metres
Johannesburg (Dobsonville)	Shop 65A, Dobsonville Shopping Centre Roodepoort Road	31 May 2009	4 206.00	10%	75
Johannesburg (Market Street)	Shop 3, Northstate Building Corner Kruis and Market Streets	30 November 2007	4 600.00	10%	92
Johannesburg (Rissik Street)	Shop 6, Surrey House 35 Rissik Street	31 December 2008	3 983.60	9%	92
Kempton Park	Shop 7, Central Building 12 Central Avenue	31 January 2008	6 600.00	10%	100
Kimberley	Portion A 12 6 Chapel Street	Monthly	2 783.00	0%	91
King Williams' Town	Shop 110, Metlife Mall Cross Street	30 August 2007	2 805.00	10%	66
Krugersdorp	Shop 3 Absa Centre Corner Burger and Monument Streets	31 August 2008	4 235.00	10%	100
Mafikeng	Shop 6, Value Centre Nelson Mandela Drive	31 January 2010	11 400.00	10%	130
Mamelodi	Office 1, Mamelodi Crossing Corner Stormvoel and Waltloo Roads	30 October 2008	3 815.00	10%	54.5
Midrand	Midpoint Building Corner Old Pretoria Road and Morritz	Monthly	3 582.42	10%	74
Mitchells Plain	Shop F09, Station Plaza 7th Avenue	30 August 2009	6 849.40	8%	59.56
Nelspruit	Shop G3, Nelcity Centre Corner Paul Kruger and Louis Trichardt Streets	31 August 2008	2 700.00	10%	64
Pietermaritzburg	Shop 2 250 Longmarket Street	Monthly	4 160.00	10%	78
Pinetown	Shop 3 32 Hill Street	31 August 2009	15 680.00	11%	260
Polokwane	Office 1, Al Smit Building 26 Thabo Mbeki Street	31 May 2007	4 500.00	12.5%	100
Port Elizabeth (Cleary Park)	LG 57B, Cleary Park Centre Corner Stanford and Norman Middleton Roads	30 November 2009	8 540.00	9%	61
Port Elizabeth (Africorp House)	1st Floor, Africorp House 30 Govan Mbeki Avenue	31 July 2007	3 000.00	10%	105
Potchefstroom	Shop 10 117 Kerk Street	31 March 2010	8 400.00	8%	120
Pretoria (Apollo)	Shop 1, Apollo Centre Corner Church and du Toit Streets	31 March 2008	7 255.00	10%	85
Pretoria (Centre Place)	Shop 4a, Centre Place 275 Church Street	28 February 2010	16 400.00	9%	137
Pretoria (Paul Kruger Street)	Shop 3, Waterbron Building Corner Paul Kruger and Schoeman Streets	31 March 2010	9 390.24	10%	117.58
Pretoria (Pretoria West)	Shop E 327 Church Street West	30 April 2008	8 000.00	10%	78
Pretoria (Steyns Arcade)	Shop 10 274 Schoeman Street	31 January 2008	5 506.80	10%	130
Pretoria (Sunnyside)	Shop 1, Naledi Centre 83 Greef Street	31 May 2007	7 000.00	10%	100
Queenstown	Shop 19, Morums Building, Cathcart Road 83 Greef Street	31 August 2008	2 250.00	9%	52
Randburg	Shop 33 Sanlam Centre 104 Hill Street	30 June 2008	4 849.55	10%	106.55

Location	Property description	Expiry date	Monthly rental (exclusive of VAT) R	Escalation per annum	Square metres
Richards Bay	Shop 1, Bellingham Park 8 Markstrasse	Monthly	7 000.00	10%	90
Roodepoort	Shop 6B, Nadan Building 64 van Wyk Street	Monthly	4 020.00	10%	60.5
Rosslyn	Shop B11, Rosslyn Plaza de Waal Street	30 June 2009	6 158.00	8%	85
Rustenburg	Shop 20A, Biblio Plaza Corner President Thabo Mbeki and Nelson Mandela Drive	31 January 2009	5 511.43	10%	59
Sasolburg	Shop 7, Allied Building, Civic Centre Fichard Street	31 March 2008	4 000.00	9.2%	87.5
Secunda	Shop 13B, Shoprite Secunda Lourens Muller and Waterson Streets	28 February 2007	3 600.00	10%	86.5
Soshanguve	Shop 2A, Soshanguve Shopping Centre Buitekant Street	31 July 2008	11 491.20	8%	144
Springs	Shop 8, 15 Wima Court Corner 4th Street and 5th Avenue	Monthly	2 280.00	10%	86
Tembisa	Office 2, Tembi Mall 232 and 233 Igqaqqa Section	Monthly	876.00	10%	21.9
Umtata	Shop 37, Mthatha Plaza 35 Nelson Mandela Drive	31 March 2012	10 920.00	8%	84
Upington	44 Schroeder Street	31 March 2009	5 250.00	10%	87
Vanderbijlpark	Shop 8, Ekspa Centre Corner Attie Fourie and DF Malan Streets	31 October 2007	2 956.00	10%	74.3
Vereeniging	Shop 5, Spes Bona Building Corner Leslie Street and Beaconsfield Avenue	31 March 2008	3 505.00	8%	95.2
Witbank	Shop SK8A, Witbank Shoprite Escombe and Athlone Streets	31 October 2009	11 990.09	10%	205.98
Boksburg (Beyers Park)	Shop 1, Tudor Rose Centre North Rand Road	31 December 2009	6 000.00	9.2%	100
Boksburg (Vosloorus)	Shop 25, 1st Floor, Naledi Shopping Centre Corner Botha Drive and Moagi Street	30 November 2009	9 500.00	9.2%	111.6
Johannesburg (Harrison Street)	Shop 4 Corner Harrison and Main Streets	28 February 2010	11 935.00	10%	77
Kempton Park	Shop 39, Kempstar Mall Pretoria Road	30 November 2009	8 000.00	8%	80
Pretoria (Scheiding Street)	Shop 7A 190 Scheiding Street	31 October 2008	6 204.00	9%	94
Johannesburg (Rosettenville)	Shop L6A 592 Geranium Street	31 October 2009	3 796.10	9.2%	100
Tzaneen	Shop 3, Maroela Centre Corner Claude Wheadley and Skirving Streets	31 January 2008	2 300.00	7%	35

There have been no material changes to the lease payments of the group between 31 August 2006 and the last practicable date.

The following are outlets in Cash Converters retail stores, in terms of which Kagisano is only liable for a commission on all transactions transacted in the listed stores:

Location	Description
Alberton	Shop 8, Alberton City, Voortrekker Road
Bellville (Goodwood)	Shop 62, N1 City, Value Centre, Vangaard Drive
Bloemfontein	12 Dia House, corner Second Avenue and Zastron Street
Boksburg	Shop 4, East Rand Value Mall, Rietfontein Road
Brackenfell	Brackenfell Hyper, Frans Conradie Street
Cape Town (Cape Gate)	Shop 7, Cape Gate Lifestyle Centre, Okavango Road
Cape Town (Mitchells Plain)	Shop 10, Westgate Mall, Morgenster Street
Cape Town (Montague Gardens)	Unit 2B, 2A Montague Drive
Cape Town (Ottery)	Shop 7, Pick 'n Pay Hyper Centre, Ottery Road
Cape Town (Seapoint)	367 Main Road, Seapoint
Cape Town (Table View)	Shop 7, Cavalier City, Parkland Main Road
Cape Town (Tokai)	KFC Centre, Main Road
Cape Town (Wynberg)	155 Main Road
Durban (Berea)	Shop L3/4, Berea Centre, 249 Berea Road
Durban (Greyville)	Shop 16, Game City, Stamfordhill Road
Durban (Umhlanga Rocks)	Shop 203, The Cresnet, 1 Sunset Cresnet
East London	Shop 19, Malcomes Park, St. Georges Street, Southern Wood
Florida	Shop 23, Flora Centre, corner Conrad and Ontdekkers Avenue
George	Joubert Plaza, corner Meade and Market Streets
Johannesburg (Northriding)	Shop 2, Northgate Shopping Centre, Northumberland Road, Northriding
Johannesburg (Blackheath)	Shop 40 C, Heathway Centre, Beyers Naude Drive
Johannesburg (Kensington)	Shop 32, Park Meadows, corner Cumberland and Allum Streets
Johannesburg (Oakdene)	Shop M25, The Glen Shopping Centre, Orpen Street
Johannesburg (Woodmead)	Shop 12, Woodmead Super Value Centre, Extension 5, Waterfall Cresnet
Kuils River	Shoprite Centre, van Riebeeck Road
Paarl	334 A Main Road
Parow	Shoprite Centre, 262 Voortrekker Road
Pietermaritzburg	Shop 15, Victoria Centre, 151 Victoria Road
Pinetown	Glenugie Centre, corner Old Main and Glenugie Roads
Port Elizabeth (Greenacres)	53 Third Ave, Newton Park
Pretoria (Centurion)	Southlake Shopping Centre, corner Lenchen North and Heuwel Streets
Pretoria (Mayville)	Mayville Hyperama, van Rensburg Street
Pretoria (PTA Central)	Shop 45,46, Sanlam Centre, corner Andries and Schoeman Streets
Pretoria (Queenswood)	Shop 6, Queens Corner, corner Soutpansberg Road and Stead Avenue
Pretoria (The Reeds)	Shop 73, Mall @ Reds, corner Hendrik Verwoerd Drive and Rooihuiskraal Street
Randburg	HIS Building, 220 HF Verwoerd Drive
Randburg (Fourways)	Upper Level, Fourways Crossings, William Nicol and Witkoppen Road
Richards Bay	Housewives Market Building, Lira Link Street
Roodepoort	Shop 11, Hillfox Value Centre, Hendrik Potgieter Street
Roodepoort	Shop 22, Princess Crossings, Ontdekkers Road
Rustenburg	Midtown Mall, Berg Street
Somerset West	Helderberg Village Walk, Callavan Street
Uitenhage	68 Caledon Street
Witbank	Shop 15, Pick 'n Pay Centre, Watermeyer Street

SALIENT FEATURES OF THE COMPANY'S SHARE TRUST

The salient features of the employees share trust, which was adopted on 1 June 2007, intended as an incentive to employees to promote the continued growth of the company by giving them an opportunity to acquire shares therein, are set out below. The trustees of the company's share scheme are Gert Andries Francois van Niekerk and Daniel Athol Bosman.

1. NATURE

The maximum number of shares which can be of being allocated by the directors of the company to the scheme shall not exceed 15% of the entire issued share capital of the company, on a fully diluted basis from time to time. This limit will include any shares offered and accepted and any options granted and exercised in terms of the scheme. Share incentive schemes may be created for subsidiary companies within this overall limit.

2. BENEFICIARIES

Full-time employees, including salaried directors of the company and its subsidiary companies shall be eligible to participate in the scheme, ("the beneficiaries"). The participation of any beneficiary and the form of his/her participation in the scheme shall be at the discretion of the directors of the company. The maximum number of shares which any beneficiary is entitled to acquire in terms of the scheme shall not exceed the limit, it being recorded that the current limit is 5% of the aggregate number of shares available which can be of being allocated by the directors of the company to the scheme.

3. PRICING

Options offered after the listing date will be priced at the weighted average closing market price per share determined over a period of three trading days on the JSE immediately before granting of the option.

4. RIGHTS ATTACHING TO SHARE OPTIONS

Share options shall not entitle the option holder to participate in rights offers by the company. If, however, the company undertakes a rights offer, it shall grant to the option holder options to acquire the same number of shares or other securities to which he/she would have been entitled in terms of the rights offer, had he been the holder of the same number of shares as the number of share options held by him/her.

5. RELEASE PERIOD

Beneficiaries in terms of the scheme shall only be entitled to exercise share options previously accepted on the following bases:

- 5.1** 30% on or after the first anniversary of the acceptance date;
- 5.2** 30% on or after the second anniversary of the acceptance date; and
- 5.3** a further 40% on or after the third anniversary of the acceptance date.

The exercise of a share option must be accompanied by the full purchase price in relation to the share forming the subject matter of the option.

Share options not exercised by the fourth anniversary of the acceptance date shall lapse automatically.

6. DEATH, RETIREMENT OR DISABILITY, DISMISSAL OR RESIGNATION

The following conditions will apply in the event of:

6.1 Death, retirement or disability

Upon the death (other than by suicide), or retirement or as a result of his/her retirement due to ill-health or permanent disability, the beneficiary (or the executors of his/her deceased estate or his/her curator or his/her heir (as the case may be)), may exercise all or any multiple of 100 of his/her share options (whether or not they share capable of being exercised at the date of termination of his/her employment), by not later than twelve months after the date on which his/her employment terminated, failing which his/her share options shall automatically lapse.

6.2 Dismissal

Upon dismissal on grounds of his/her proven dishonest, fraudulent or grossly negligent conduct, all of the beneficiary's share options shall lapse automatically.

6.3 Cessation of employment for other reasons (e.g. resignation)

Upon termination of a beneficiary's employment prior to the expiry of the option period of seven years for any reason other than those set out above, the beneficiary shall be entitled to exercise all or any multiple of 100 of his/her share options which he/she was entitled to exercise in terms of the scheme, immediately prior to the termination of his/her employment by not later than 60 days after the date of termination of his/her employment, failing which the share options shall automatically lapse. Such share options which the beneficiary was not entitled to exercise on the date on which his/her employment terminated, shall automatically lapse, unless the board otherwise determines.

7. AMENDMENTS

The deed constituting the scheme may be amended from time to time by the directors and trustees, but no amendment in respect of the following matters shall operate unless such amendment has received the approval of the company in general meeting, namely:

- 7.1** the category of beneficiaries;
- 7.2** the aggregate number of shares which may be utilised for purposes of the scheme;
- 7.3** the maximum percentage of shares any participant may hold;
- 7.4** the pricing mechanism;
- 7.5** procedures on termination of employment or the retirement of a beneficiary; and
- 7.6** the vested rights of beneficiaries.

8. TRUSTEES

There shall at all times be a minimum of two and a maximum of four trustees of the trust. No person who is a trustee of the trust shall be entitled to be a beneficiary under the scheme.

9. ANNUAL DISCLOSURE

The company shall disclose the following in respect of its annual financial statements:

- 9.1** the number of shares which may be utilised for the scheme at the beginning of a financial year;
- 9.2** changes in such number during a financial year;
- 9.3** the balance of shares available for utilisation for the purpose of the scheme at the end of a financial year; and
- 9.4** if the company's shares are listed on the JSE, such other disclosures as may be required in terms of the Rules of the JSE from time to time.

CORPORATE GOVERNANCE

Kagisano is committed to the principles of openness, integrity and accountability and adheres to the code of Corporate Practices and Conduct as advocated in the King Code on corporate governance. A summary of the current compliance is as follows:

STRATEGIC DECISIONS

The board of directors of Kagisano sets the group's overall policy and provides guidance and input in areas relating to strategic direction, planning, acquisitions, performance management, resource allocation, key appointments, standards of conduct and communication with stakeholders.

The company's corporate philosophy is consistent with the principles of the King Report II on Corporate Governance in that, *inter alia*:

- the roles of Chairman and Chief Executive Officer will be separated;
- a non-executive director will be elected Non-Executive Chairman;
- service contracts of the executive directors do not exceed three years in duration;
- Remuneration, Audit and Risk Committees are chaired by non-executive directors.

At present the company's Chief Executive Officer fulfils the role of chairman until such time as a suitable candidate has been identified.

CODE OF CONDUCT

The directors acknowledge the importance of sound corporate governance and the guidelines set out in the Principles of Good Corporate Governance and Code of Best Practice ("Combined Code"). The directors therefore intend to embrace the Combined Code so far as is appropriate, having regard to the nature and size of the various companies making up the group. The board will take such measures in so far as is practical to comply with the Combined Code.

BOARD OF DIRECTORS

The company has three executive directors and three non-executive directors. The board is in the process of identifying an additional non-executive director who will also be appointed as the non-executive chairman. The non-executive directors are all fully independent of management and free to make their own decisions and independent judgments. They enjoy no benefits from the company for their services as directors, other than their fees and potential capital gains and dividends on their interests in ordinary shares and options.

The non-executive directors are high-calibre professionals and sufficient in number for their independent views to carry significant weight in the board's deliberations and decisions.

The board retains full and effective control over the company. Apart from regular meetings, additional meetings are arranged when necessary to review strategy, planning, operations, financial performance, risk and capital expenditure, human resource and environmental management. The board is also responsible for monitoring the activities of the executive management.

THE EXECUTIVE COMMITTEE

The Executive Committee consists of three executive directors together with certain managing directors and executive managers of each of the subsidiary companies.

The Executive Committee, which is responsible for the daily running of the group, regularly reviews current operations in detail, develops strategy and policy proposals for consideration by the board and then implements its directives.

The board has also established a number of standing committees on which only the non-executive directors serve and to which executive committee members are invited.

Once the non-executive chairman is appointed, he will liaise on a regular basis with the financial director and the CEO, with regard to matters raised at committee meetings.

AUDIT COMMITTEE

The Audit Committee, chaired by Reyburn Lars Hendricks and consisting of Reyburn Lars Hendricks and Gert Andries Francois van Niekerk, both non-executive directors, as well as Eugene van Niekerk and Elmar Grobbelaar on invitation, will be formed for the purposes of monitoring and reviewing:

- the effectiveness of the group's information systems and other systems of internal control;
- the effectiveness of the internal audit function;
- the reports of both the external and internal auditors;
- the Annual Report and specifically the Annual Financial Statements included therein;
- the accounting policies of the group and any proposed revisions thereto;
- the external audit findings, reports and fees and the approval thereof;
- compliance with applicable legislation and requirements of regulatory authorities.

Audit Committee meetings will be attended by the company's Designated Adviser.

The internal and external auditors have unrestricted access to the Audit Committee and its chairman with the view of ensuring that their independence is not impaired.

REMUNERATION COMMITTEE

The Remuneration Committee consists of Gert Andries Francois van Niekerk, who is the committee chairman, Reyburn Hendricks and Daniel Athol Bosman, as well as Eugene van Niekerk and Elmar Grobbelaar on invitation,. This committee will establish the group's remuneration philosophy, review the terms and conditions of employment of the executive directors and other executives, as well as incentive schemes.

RISK MANAGEMENT COMMITTEE

The primary objective of the envisaged Risk Management Committee is to minimise business risk by safeguarding the assets and income earning capacity of the group.

The Risk Management Committee, consisting of Reyburn Hendricks, Eugene van Niekerk, Elmar Grobbelaar and certain members of the Executive Committee on invitation, monitors and reviews the group's risk management programme.

This philosophy is founded on the identification of risk. The introduction of the necessary control measures to reduce the risks identified at the lowest level possible and the procurement of insurance for those events severe in nature, although infrequent in occurrence and which are usually beyond the control of management. The Risk Management Committee will through policies, procedures and reports, manage the following risk areas:

- financial;
- surplus fund investment – counter-party;
- exchange rate fluctuations
- profit/(loss) of income;
- human resources;
- asset protection;
- operational;
- natural disasters;
- human exposure; and
- environmental.

ANNUALISED INCOME STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2006

The consolidated financial information for the year ended 31 August 2006 has been adjusted to reflect a 12-month comparative as the previous reporting period constituted a 14-month period. The 12-month comparative was obtained by dividing the 14-month period results by 14 and multiplying the results by 12 to obtain the adjusted audited results for the 12 months ended 31 August 2006.

The following reflects the comparative between the 14-month period results and the adjusted 12-month results:

**ANNUALISED INCOME STATEMENT
for the period ended 31 August 2006**

	Audited for the 14 months ended 31 August 2006 R'000	Adjustments R'000	Adjusted for the 12 months ended 31 August 2006 R'000
Revenue	179 121	(25 589)	153 532
Cost of Sales	(11 105)	1 587	(9 518)
Gross profit	168 016	(24 002)	144 014
Other income	1 385	(199)	1 186
Operating expenses	(119 620)	17 089	(102 531)
Operating profit	49 781	(7 112)	42 669
Interest income	216	(31)	185
Finance costs	(8 144)	1 164	(6 980)
Profit before taxation	41 853	(5 979)	35 874
Taxation	(13 501)	1 929	(11 572)
Profit for period/year	28 352	(4 050)	24 302

INDEPENDENT AUDITORS REPORT

"The Board of Directors
Kagisano Group Holdings (Proprietary) Limited
Eco Fusion 4
Witch Hazel Street
Highveld
0046

5 July 2007

Dear Sirs

INDEPENDENT AUDITORS REPORT TO THE DIRECTORS OF KAGISANO GROUP HOLDINGS (PROPRIETARY) LIMITED ON FACTUAL FINDINGS

We have performed the procedures agreed with you and enumerated below with respect to Kagisano Group Holdings (Proprietary) Limited ("Kagisano"). Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements regarding financial information (ISRS 4400). The procedures were performed in respect of the annualised income statement of Kagisano for the period ended 31 August 2006, as contained in Annexure 11 to the prospectus to be dated on or about 10 July 2007 ("the prospectus") and are summarised as follows:

1. Agree the income statement balances for the 14 months ended 31 August 2006 to the audited income statement for the same period;
2. Recalculate the adjusted income statement balances for the 12 months ended 31 August 2006 by dividing the 14 month balances in (1) by 14 and multiplying by 12;
3. Recalculate the adjustment figures as the difference between the results obtained in (1) and (2); and
4. Cast and cross cast the table contained in Annexure 11 to the prospectus.

We report our findings below:

1. The income statement balances for the 14 months ended 31 August 2006 agreed to the audited income statement for the same period;
2. The adjusted income statement balances for the 12 months ended 31 August 2006 were recalculated by dividing the 14 month balances in (1) by 14 and multiplying by 12;
3. The adjustment figures were recalculated as the difference between the results obtained in (1) and (2); and
4. The table contained in Annexure 11 to the prospectus was cast and cross cast and no exceptions noted.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the annualised income statement for the period ended 31 August 2006.

Had we performed additional procedures or had we performed an audit or review of the income statement balances for the 12 months ended 31 August 2006 in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and relates only to the items specified above and does not extend to any financial statements of Kagisano.

Deloitte & Touche
Registered Auditors

Per **Gareth Rees**
Partner

5 July 2007

Building 8, Deloitte Place
The Woodlands Office Park, Woodlands Drive
Sandton

National Executive: G G Gelink *Chief Executive* A E Swiegers *Chief Operating Officer* G M Pinnock *Audit*
D L Kennedy *Tax* L Geeringh *Consulting* L Bam *Strategy* C R Beukman *Finance* T J Brown *Clients & Markets* N T Mtoba *Chairman of the Board* J Rhynes *Deputy Chairman of the Board*

A full list of partners and directors is available on request"



Kagisano Group Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2002/003827/06)

(JSE code: KGH ISIN: ZAE000098448)

("Kagisano" or "the company")

PRIVATE PLACEMENT APPLICATION FORM

In respect of the private placement by way of a subscription of 25 000 000 Kagisano ordinary shares at an issue price of 300 cents per share registered in terms of the prospectus issued on or about 12 July 2007 ("the prospectus")

Please refer to the instructions overleaf before completing this private placement application form.

Certificated shares – Payment by bank guaranteed cheque or bank draft

Applicants who elect to receive their allocated shares in certificated form and who wish to pay by way of bank guaranteed cheque or bank draft must complete and return the private placement application, together with their payment in the form of a bank guaranteed cheque or bank draft (crossed "not transferable" and "or bearer" deleted with "or order" deleted and drawn in favour of "**Kagisano Limited**") in an envelope marked "**Kagisano Private Placement**" to:

if delivered by hand or by courier

Designated Adviser
Exchange Sponsors
39 First Road
Hyde Park
2196

if posted

Designated Adviser
Exchange Sponsors (Pty) Limited
PO Box 411216
Craighall
2024

Certificated shares – payment by electronic transfer

Applicants who elect to receive their allocated shares in certificated form and who wish to pay by way of electronic transfer may do so, in which case the private placement application, and proof of such payment by electronic transfer must be hand delivered, posted or faxed to Kagisano (and not the transfer secretaries) to:

if delivered by hand

Designated Adviser
Exchange Sponsors (Pty) Limited
39 First Road
Hyde Park
Johannesburg
2196

or if posted

Designated Adviser
Exchange Sponsors
PO Box 411216
Craighall
2024

or if faxed

Designated Adviser
(011) 447 1929

so as to be received no later than 12:00 on Tuesday, 17 July, 2007.

Payment by electronic transfer must be made into the following bank account:

Bank: ABSA Bank
Branch: Pretoria
Branch code: 335 345
Account name: Kagisano Private Placement
Account number: 40 6873 5221
Account type: Current Account

Kagisano accepts no responsibility and will not be liable for the correct or any allocation of private placement shares pursuant to payment being made or alleged to have been made by way of electronic transfer due to proof of such payment not being received or purported proof of such payment being insufficient or defective or Kagisano, for any reason, not being able to reconcile a payment or purported payment with a particular application for private placement shares.

Dematerialised shares: payment by electronic transfer or through a CSDP or broker

Applicants who elect to receive their allocated shares in dematerialised form and who wish to pay by way of electronic transfer must do so, in which case the private placement application and the section on their CSDP or broker must be completed, and proof of such payment by electronic transfer must be hand delivered, posted or faxed to:

if delivered by hand

Designated Adviser
Exchange Sponsors
39 First Road
Hyde Park
2196

or if posted

Designated Adviser
Exchange Sponsors
PO Box 411216
Craighall
2024

or if faxed

Designated Adviser
(011) 447 1929

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Applicants, who wish to receive their allocated shares in dematerialised form, must complete and return this private placement application form to their duly appointed CSDP or broker by the time and date stipulated in the agreement governing their relationship with their CSDP or broker, together with the method of payment as stipulated in such agreement.

NO LATE APPLICATIONS WILL BE ACCEPTED.

Reservation of rights

The directors of Kagisano reserve the right to accept or refuse any application(s), either in whole or in part, or to abate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine. The directors of Kagisano reserve the right to accept or reject, either in whole or in part, any private placement applications should the terms contained in this prospectus of which this private placement application forms part and the instructions herein not be properly complied with.

Applications must be for a minimum of 5 000 shares and in multiples of 1 000 thereafter.

To the directors

Kagisano Limited

1. I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the prospectus, hereby irrevocably apply for and request you to accept my/our application for the under mentioned number of shares in Kagisano at 300 cents per share or any lesser number that may, in your absolute discretion, be allotted to me/us.
2. I/We wish to receive our allocated shares in dematerialised form and will hand this private placement application form to our appointed CSDP or broker. **(Delete paragraph if not applicable.)**
3. I/We wish to receive our allocated shares in certificated form and commit to accept the physical share certificate. Accordingly I/We hereby enclose a crossed cheque/bank draft in favour of **"Kagisano Limited"** for the appropriate amount due in terms of this application. **(Delete paragraph if not applicable.)**
4. I/We understand that the subscription for shares in terms of the prospectus is conditional on the granting of a listing of the shares of Kagisano, by 24 July 2007 or such later date as the directors may determine, on the Alternative Exchange ("ALT^X") of the JSE.

Dated _____ 2007 Telephone number (_____)

Signature _____

Assisted by (where applicable) _____

Surname of individual or Name of entity	Mr Mrs Miss Other title
First names (in full)	
To be completed by all applicants Postal address (Preferably PO Box address) Refund cheque and/or share certificate, if applicable, will be sent to this address	
Telephone number (_____)	
Total number of ordinary shares applied for Note: Minimum number of 5 000 shares and thereafter in multiples of 1 000 shares	(Enter figures only – not words)
Total amount of cheque or bank draft to cover ordinary shares applied for herein at 300 cents per share	R _____ (Enter figures only – not words)
Section must be completed if shares required in dematerialised form. Required information must be obtained or completed by CSDP or broker	
CSDP	
CSA or Bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp duty and signature of CSDP or broker	

This application will constitute a legal contract between Kagisano and the applicant. Kagisano is the issuer of the shares. Application forms for certificated or uncertificated shares will not be accepted unless the above information has been furnished.

Instructions:

1. Applications may be made on this private placement application form only. Copies or reproductions of this private placement application form will be accepted.
2. Applications are irrevocable and may not be withdrawn once submitted to the Designated Adviser, transfer secretaries, CSDP's or brokers.
3. All CSDP's and brokers will be required to retain this application form for presentation to the directors if required.
4. Please refer to the terms and conditions of the private placement set out in paragraph 10 of the prospectus. Applicants should consult their brokers, bankers or other professional advisors in case of doubt as to the correct completion of this private placement application form.
5. Applications must be for a minimum of 5 000 shares and thereafter in whole multiples of 1 000 shares.
6. Applicants who wish to receive their shares in uncertificated form and who have a CSDP or broker, must do so in terms of the custody agreement entered into between them and their CSDP or broker.
7. Applicants who wish to receive their shares in certificated form must submit only one private placement application form and one cheque or bank draft in respect of each application. Payment may also be by way of electronic transfer as set out above. To the extent that more than one application is submitted, the first private placement application form received will be the one in respect of which Kagisano shares will be allocated in terms of the prospectus and further application form(s) will be ignored. The application monies applicable thereto will be held by the transfer secretaries and returned without interest to the applicants concerned with all other returned cheques in terms of the prospectus at the applicant's risk. Postal orders, cash or telegraphic transfers will not be accepted.
8. No receipts will be issued for application forms, application monies or any supporting documentation and applications will only be regarded as complete when the relevant cheque/bank draft has been paid. All monies will be deposited immediately for payment. If a receipt is required, shareholders or lodging agents are required to prepare special transaction receipts for application forms lodged.
9. If any cheque or bank draft is dishonoured, the company may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
10. All alterations on this private placement application form must be authenticated by full signature.
11. Kagisano will use the "certified transfer deeds" and other temporary "documents of title" procedure approved by the JSE Limited and therefore will issue only a "block" certificate for the shares allotted in terms of this application, should share certificates be requested.
12. "Blocked Rand" may be used by emigrants and non-residents of the common monetary area (comprising the Republics of South African and Namibia and the Kingdoms of Swaziland and Lesotho) for payment in terms of this and reference should be made to paragraph 10.12 of the prospectus, which deals with Exchange Control Regulations.

KAGISANO GROUP HOLDINGS LIMITED
Registration No. 2002/003827/06

Website: www.kagisano.co.za // Email: invest@kagisano.co.za
Tel: 012 676 7400 // Fax: 012 661 5867

Physical Address: Eco Fusion 4, Block B, Witch Hazel Street, Highveld, Centurion, South Africa
Postal Address: PO Box 7508, Centurion, 0046, South Africa

Kagisano is an Authorised Credit and Financial Services Provider
NCR# CP102

