

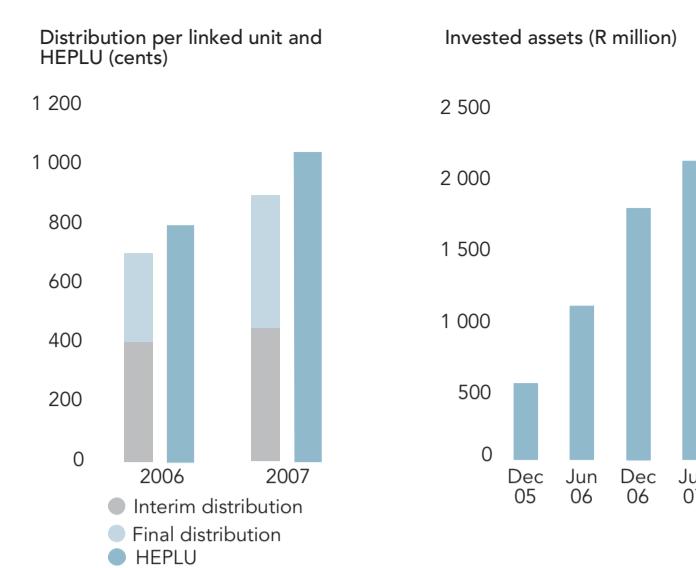
CONSOLIDATED RESULTS
FOR THE YEAR ENDED 30 JUNE 2007

2007

HEPLU increased by 27% to 1 004 cents

Total distribution per linked unit increased by 29% to 900 cents

Invested assets increased by R1 billion to R2.1 billion



INCOME STATEMENT

for the year ended 30 June 2007

	Audited 12 months 2007 R'000	Audited 14 months 2006 R'000
Note		
Interest income	242 706	212 979
Fair value gains	13 607	2 225
Fee income	5 341	—
Operating expenses	(25 220)	(15 829)
Profit on repurchase of debentures	1 968	—
Indirect taxation	(2 741)	(2 697)
Net operating income	235 661	196 678
Debenture interest	(150 776)	(146 814)
Net profit before taxation	84 885	49 864
Taxation	837	1 513
Profit for the period attributable to equity holders	85 722	51 377
Earnings per share	3	206

BALANCE SHEET

at 30 June 2007

	Audited 2007 R'000	Audited 2006 R'000
Note		
ASSETS		
Cash and cash equivalents	248 722	1 007 738
Money market instruments	—	464 953
Derivative financial instruments	13 756	4 755
Invested assets at fair value	2 113 057	1 094 678
Loans and advances	2 053 885	1 069 178
Other financial assets	59 172	25 500
Deferred tax assets	5 214	1 720
Total assets	2 380 749	2 573 844
EQUITY AND LIABILITIES		
Share capital and premium	553 052	615 711
Accumulated profit	87 290	39 127
Share capital and reserves	640 342	654 838
Debentures	1 657 774	1 847 447
Linked unitholders' interest	2 298 116	2 502 285
Derivative financial instruments	2 626	5 284
Taxation	2 632	207
Other liabilities	71 881	66 068
Provisions	5 494	—
Total equity and liabilities	2 380 749	2 573 844

CONDENSED CASH FLOW STATEMENT

for the year ended 30 June 2007

	Audited 12 months 2007 R'000	Audited 14 months 2006 R'000
Cash generated from operations	219 492	202 240
Taxation paid	(232)	—
Interest and dividend distribution	(174 788)	(100 250)
Net cash inflow from operating activities	44 472	101 990
Net cash outflow from investing activities	(552 853)	(1 557 096)
Net cash (outflow)/inflow from financing activities	(250 635)	2 462 844
Net (decrease)/increase in cash and cash equivalents	(759 016)	1 007 738
Cash and cash equivalents at beginning of period	1 007 738	—
Cash and cash equivalents at end of period	248 722	1 007 738

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

	Share capital R'000	Share premium R'000	Accumulated profit R'000	Total equity R'000
Balance in May 2005	—	—	—	—
Issued	3	624 997	—	625 000
Issue expenses	—	(9 289)	—	(9 289)
Profit for the period	—	—	51 377	51 377
Dividends paid	—	—	(12 250)	(12 250)
Balance at 30 June 2006	3	615 708	39 127	654 838
Repurchase of shares	(1)	(62 658)	—	(62 659)
Profit for the period	—	—	85 722	85 722
Dividends paid	—	—	(37 559)	(37 559)
Balance at 30 June 2007	2	553 050	87 290	640 342

NOTES TO THE RESULTS

1. Basis of preparation

The results have been prepared in accordance with those International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations issued and effective at the time of preparing these results. The Group's accounting policies as set out in the annual report for the period ended 30 June 2006 have been consistently applied, with no significant changes in estimates. These results have consolidated the results of the Company's only subsidiary being a company that holds treasury linked units. The annual financial statements from which this announcement has been extracted have been audited by PricewaterhouseCoopers Inc. A copy of their unmodified opinion is available for inspection at the registered office of the Company.

Comparative information

The corresponding comparative financial information, as previously published is for a period of 14 months ended 30 June 2006, whereas these results are for the 12 months ended 30 June 2007.

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The Tongaat transaction

Makalani provided R101 million to two Black Economic Empowerment ("BEE") entities as part funding for their acquisition of a shareholding in Tongaat-Hulett Limited ("Tongaat"). The BEE entities include a substantial broad-based component with anchor BEE partners being Ayavuna Women's Investments and Sangena Investments.

Following the recent unbundling and separate listing of Tongaat's aluminium business, Tongaat is now an agri-processing business with significant integrated land management, agriculture and property development activities.

The Prostart transaction

Makalani provided approximately R19 million to Izingwe Holdings to enable it to acquire a shareholding in Prostart Investments 93 (Proprietary) Limited ("Prostart"), a subsidiary of Barloworld Coatings (Proprietary) Limited ("Barlow Coatings"). Prostart is a distributor of automotive refinish paint and Barlow Coatings is a paint manufacturer.

COMMENTARY ON RESULTS

Makalani is a mezzanine financing company that provides funding for BEE transactions and targeted investments, such as infrastructure and affordable housing, as defined in the Financial Sector Charter. Makalani's investment focus is predominantly on mezzanine instruments, while it can also invest in senior loans, convertible instruments and, where appropriate, common equity. Makalani is managed by Makalani Management Company (Proprietary) Limited ("Makalani Manco").

1. Operating environment

The operating environment during the financial year continued to be dominated by increasing local equity prices and contracting credit spreads. The Company managed to increase its invested assets without sacrificing margins earned on the assets. The invested assets increased from R1.1 billion to R2.1 billion and the annualised pre-tax yield on invested assets increased from 12.9% at 30 June 2006 to 15.2% at 30 June 2007. This performance shows that the strategy adopted by the Company since inception of not lowering its pricing was correct. It is the intention to continue with the same strategy.

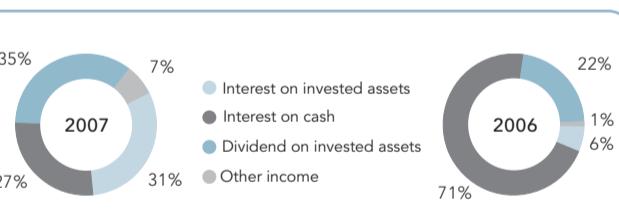
The economy's high growth path continued to attract foreign portfolio inflows into the equity market, including prominent companies that were acquired by private equity firms and delisted from the JSE. The Company was not able to participate to a large extent in these buyouts as the most attractive parts of the capital structure of the buyouts were funded from outside of South Africa and the debt instruments listed in foreign jurisdictions.

In recent months, global markets have been volatile as a result of concerns arising from the US subprime market. The Company does not have any exposure to the US subprime market. It is management's view that none of its invested assets are affected by the concerns around exposure to this asset class.

2. Financial results

2.1 Financial results

The Company generated revenue of R261.7 million, an increase of 22% compared to R215.2 million in 2006. The revenue comprises interest income on cash of R70 million, interest on invested assets of R90.3 million and other income of R18.9 million. The Company generated 73% of its income from invested assets and 27% from interest on cash in 2007, compared to 29% and 71% respectively in 2006. Other income includes fair value gains on derivative instruments and financial assets of R13.6 million (2006: R2.2 million) and fee income of R5.3 million (2006: Rnil). Included in the fair value gains on financial assets is an amount of R8.2 million (2006: Rnil) relating to the revaluation of equity participation instruments. Equity participation instruments relate to instances where the Company is entitled to participate in the growth in the net asset value of the special purpose vehicles that it has funded. This is in addition to the coupon that it earns on the funding. The equity participation instruments are in respect of the Convergence Partners, Gold Reef and Sandown Motors transactions.



Operating expenses were R25.2 million (2006: R15.8 million) of which R22.3 million is the management fee expense relating to the management agreement between the Company and Makalani Manco. The balance of the operating expenses of R2.9 million relates to audit fees, directors fees and other expenses. The management fee includes a R4.8 million provision for a performance fee payable to Makalani Manco. The provision will only be paid when the pre-tax cash yield on invested assets exceeds the benchmark.

Makalani generated headline earnings of R234.5 million or 1 004 cents per linked unit (2006: R198.2 million or 973 cents per linked unit). This represents an overall yield of 10.6% based on the closing linked unit price of R95.00 at 30 June 2007. The headline earnings yield of 10.6% is equivalent to a pre-tax headline earnings yield of 12.1%.

The net asset value per linked unit is R105.66 at 30 June 2007 compared to R105.27 at 31 December 2006.

2.2 Distributions

Makalani's distribution policy is to distribute 100% of all after-tax cash income, subject to good corporate governance, sound business principles, going concern and future investment requirements.

The board has declared a final distribution per linked unit of 454 cents and together with the interim distribution, Makalani's total distribution is 900 cents per linked unit comprising 229 cents of dividend and 671 cents of interest. The total distribution represents a yield of 9.5%, which is equivalent to a pre-tax distribution yield of 10.5%.

The distribution per linked unit of 900 cents is less than the headline earnings per linked unit of 1 004 cents because on certain invested assets, income is accrued with payment thereof due on maturity.

Makalani Holdings Limited (Incorporated in the Republic of South Africa), (Registration number: 2005/00726/06), Share code: MKL, ISIN: ZAE000066700 ("Makalani" or "the Company")

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Directors: VW Bartlett (Chairman), V Mahlangu (Chief Executive Officer), DCM Gihwala, D Konar, MS Moloko, SEN Sebotsa, BJ van der Ross, L von Moltke (alternate RJC Hamer)

Company secretary: AH Arnott, 4th Floor, 4 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, 2196

Transfer secretary: Link Market Services South Africa (Proprietary) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2001

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited), 1 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton,