

sasfin

HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
("Sasfin" or "the Group" or "the Company")
(Ordinary share code: SFN ISIN: ZAE00006565)
(Preference share code: SFNP ISIN: ZAE00006273)

Unaudited interim results

for the six month period ended 31 December 2006

- Profit for the period R79,6 million up 29%
- Headline earnings per ordinary share 244 cents up 18%
- Return on ordinary shareholders' average equity 33,4%
- Return on total average assets 5,9%
- Efficiency ratio constant at 56,3%

Consolidated balance sheet

	% change	31 Dec 2006 Unaudited R'000	31 Dec 2005 Unaudited R'000	30 June 2006 Audited R'000
Assets				
Cash and cash equivalents		399 042	392 356	681 635
Short-term negotiable securities		28 768	25 947	24 922
Loans and advances to customers	15	1 398 708	1 216 401	1 189 078
Other receivables		350 365	211 961	394 783
Taxation		113	1 466	171
Investment securities	89	152 698	80 709	61 157
Investments in associated and joint venture companies		53 014	4 953	49 413
Property and equipment		47 984	45 209	49 376
Intangible assets and goodwill		10 592	–	9 080
Deferred tax asset		3 359	407	463
Total assets	24	2 444 643	1 979 409	2 460 078
Liabilities				
Deposits from banks		32 626	20 299	78 512
Deposits from customers	13	678 624	600 403	626 851
Other payables		285 873	158 601	320 900
Debt securities issued		673 432	669 799	670 830
Provisions		7 081	6 810	10 670
Taxation		13 688	16 030	39 670
Deferred tax liability		45 273	50 483	44 017
Total liabilities		1 736 597	1 522 425	1 791 450
Equity				
Ordinary share capital and share premium		23 765	22 132	23 525
Reserves	32	416 437	316 287	377 186
Preference share capital and share premium		199 278	99 646	199 278
Total equity attributable to equity holders of the parent		639 480	438 065	599 989
Minority interest		68 566	18 919	68 639
Total equity	55	708 046	456 984	668 628
Total liabilities and equity	24	2 444 643	1 979 409	2 460 078
Commitments and contingencies		123 171	78 928	265 183

Consolidated income statement

	% change	31 Dec 2006 Unaudited R'000	31 Dec 2005 Unaudited R'000	30 June 2006 Audited R'000
Interest income		123 291	102 695	205 143
Interest expense		60 020	46 492	92 552
Net interest income	13	63 271	56 203	112 591
Impairment losses on loans and advances	(29)	5 152	7 220	7 571
Net income from lending activities	19	58 119	48 983	105 020
Other income	28	182 202	142 455	366 297
Operating income		240 321	191 438	471 317
Operating expenses	23	138 271	112 124	245 444
Profit from operations		102 050	79 314	225 873
Share of associated and joint venture companies' income		4 217	2 536	4 277
Profit before income tax		106 267	81 850	230 150
Income tax expense	30	26 653	19 908	55 472
Profit for the period	29	79 614	61 942	174 678
Profit attributable to:				
Minority interest		7 113	2 482	10 244
Preference shareholders		7 482	4 015	7 985
Equity holders of the parent	17	65 019	55 445	156 449
Profit for the period	29	79 614	61 942	174 678
Basic earnings per ordinary share (cents)	18	244	207	404
Basic diluted earnings per ordinary share (cents)	19	237	200	391

Consolidated statement of changes in equity

	Ordinary share capital and premium	Distributable reserve	Share-based payment reserve	Available-for-sale reserve	Regulatory general credit-risk reserve	Total ordinary share-holders' equity	Preference share capital and premium	Minority interest	Total share-holders' equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 30 June 2005	19 814	253 097	742	1 749	4 400	279 802	99 646	16 997	396 445
Available-for-sale portfolio fair value adjustment	–	–	–	23 877	–	23 877	–	40	23 917
Profit for the period	–	59 460	–	–	–	59 460	–	2 482	61 942
Total income and expense for the period	–	59 460	–	23 877	–	83 337	–	2 522	85 859
Issue of shares	2 318	–	–	–	–	2 318	–	–	2 318
Change in shareholding of subsidiaries	–	–	–	–	–	–	–	–	–
Equity-settled share-based payments	–	–	–	–	–	–	–	–	–
Transfer to regulatory general credit-risk reserve	–	–	196	–	–	196	–	–	196
Preference share dividends	–	(300)	–	–	300	–	–	–	–
Ordinary share dividends	–	(4 015)	–	–	–	(4 015)	–	–	(4 015)
Ordinary share dividends	–	(23 219)	–	–	–	(23 219)	–	(600)	(23 819)
Balance at 31 December 2005	22 132	285 023	938	25 626	4 700	338 419	99 646	18 919	456 984
Balance at 30 June 2005	19 814	253 097	742	1 749	4 400	279 802	99 646	16 997	396 445
Available-for-sale portfolio fair value adjustment	–	–	–	68	–	68	–	30	98
Profit for the period	–	164 435	–	–	–	164 435	–	10 244	174 679
Total income and expense for the period	–	164 435	–	68	–	164 503	–	10 274	174 777
Issue of shares	3 711	–	–	–	–	3 711	99 632	–	103 343
Change in shareholding of subsidiaries	–	–	–	–	–	–	–	41 968	41 968
Equity-settled share-based payments	–	–	–	–	–	–	–	–	–
Transfer to regulatory general credit-risk reserve	–	–	367	–	–	367	–	–	367
Preference share dividends	–	(600)	–	–	600	–	–	–	–
Preference share dividends	–	(7 985)	–	–	–	(7 985)	–	–	(7 985)
Ordinary share dividends	–	(39 686)	–	–	–	(39 686)	–	(600)	(40 286)
Balance at 30 June 2006	23 525	369 260	1 109	1 817	5 000	400 711	199 278	68 639	668 628
Available-for-sale portfolio fair value adjustment	–	–	–	421	–	421	–	247	668
Profit for the period	–	72 501	–	–	–	72 501	–	7 113	79 614
Total income and expense for the period	–	72 501	–	421	–	72 922	–	7 360	80 282
Issue of shares	240	–	–	–	–	240	–	–	240
Equity-settled share-based payments	–	–	134	–	–	134	–	–	134
Transfer to regulatory general credit-risk reserve	–	–	–	–	1 100	–	–	–	–
Preference share dividends	–	(1 100)	–	–	–	(1 100)	–	–	(1 100)
Preference share dividends	–	(7 482)	–	–	–	(7 482)	–	–	(7 482)
Ordinary share dividends	–	(26 323)	–	–	–	(26 323)	–	(7 433)	(33 756)
Balance at 31 December 2006	23 765	406 856	1 243	2 238	6 100	440 202	199 278	68 566	708 046

This announcement and additional information is available on our website: www.sasfin.com

Chairman: MB Glatt (Non-executive)
Executive directors: RDEB Sassoon* (Chief Executive Officer), AW Greenstein (Managing Director), M Segal * British
Non-executive directors: CN Axten, ETB Blight, ML Smith
Company secretary: S Jackson
Registered office: Sasfin Place, 13-15 Scott Street, Waverley, 2090, Johannesburg Tel: +27 11 809-7500
Fax: +27 11 887-6167/2489 Websites: www.sasfin.com / www.sfpsecurities.com
Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
1987/002097/06
Company registration no: 1987/002097/06
Lead sponsor: KPMG Services (Pty) Limited
Joint sponsor: Sasfin Capital (a division of Sasfin Bank Limited)

Consolidated cash flow information

	31 Dec 2006 Unaudited R'000	31 Dec 2005 Unaudited R'000	30 June 2006 Audited R'000
Cash flows from operating activities	(153 048)	115 251	222 462
Cash flows from investing activities	(82 582)	(40)	(21 894)
Net cash flows from financing activities	2 769	2 664	147 348
Net increase in cash and cash equivalents	(232 861)	117 875	347 916
Cash and cash equivalents at beginning of the year	628 045	280 129	280 129
Cash and cash equivalents at end of the year	395 184	398 004	628 045

Headline earnings reconciliation

	31 Dec 2006 Unaudited R'000	31 Dec 2005 Unaudited R'000	30 June 2006 Audited R'000
Headline earnings are determined as follows:			
Profit attributable to equity holders of the parent	65 019	55 445	156 449
Capital gains	(59)	(1 378)	(50 399)
Headline earnings	64 960	54 067	106 050

Segmental analysis

	% change	31 Dec 2006 Unaudited R'000	31 Dec 2005 Unaudited R'000	30 June 2006 Audited R'000
Business Banking	(11)	24 916*	27 915	54 697
Capital	110	28 063	13 368	22 449
Personal Wealth	(23)	8 044**	10 469	23 172
Specialised Services	70	3 937	2 315	5 732
Headline earnings		64 960	54 067	106 050

* After deduction of a first-time premium of R6 million for a large exposure credit insurance policy.
** Impacted by a higher tax charge as compared with the previous period.

Financial highlights

	% change	31 Dec 2006 Unaudited R'000	31 Dec 2005 Unaudited R'000	30 June 2006 Audited R'000
Share statistics				
Headline earnings per ordinary share (cents)	18	244	207	404
Basic earnings per ordinary share (cents)	15	244	212	596
Diluted headline earnings per ordinary share (cents)	19	237	200	391
Basic diluted earnings per ordinary share (cents)	16	237	200	377
Number of ordinary shares in issue at end of the period ('000)		26 622	26 288	26 586
Weighted average number of shares in issue ('000)		26 602	26 103	26 271
Diluted weighted average shares in issue ('000)		27 402	27 002	27 104
Dividends per ordinary share relating to profit for the period (cents)	18	73	62	161
Of which final		73	62	62
Dividends per preference share relating to profit for the period (cents)		442,09	396,99	789,76
Of which dividend number 3			396,99	396,99
Of which dividend number 4				392,77
Of which dividend number 5		442,09		
Net asset value per ordinary share (cents)	29	1 654	1 287	1 507
Financial performance				
Return on ordinary shareholders' average equity (%)	(11)	33,4	37,4	31,2
Return on total average assets (%)		5,9	5,9	4,8
Operating performance				
Non-interest income to total income (%)	3	74,2	71,7	76,5
Efficiency ratio (%)		56,3	56,4	57,9
Capital adequacy				
Group capital to risk weighted assets (%)		44,1	30,9	36,6
Sasfin Bank Limited capital to risk weighted assets (%)		34,7	19,3	28,3

Commentary

NATURE OF BUSINESS
Sasfin is a bank-controlling company listed in the "Financials: Investment Services" sector of the JSE Limited ("the JSE"). Sasfin's subsidiaries provide a wide range of complementary banking, financial and related services.

BUSINESS REVIEW

Group performance

- Profit for the period increased by 29% to R79,6 million (2005: R61,9 million).
- Profit attributable to equity holders of the Group increased by 17% to R65 million (2005: R55,4 million) reflecting the impact of the issue, with effect from 1 January 2006, of an effective 10% in Sasfin Bank Limited ("the Bank") and Sasfin Financial Services (Pty) Limited, with effect from 1 July 2006, to the Group's Black Economic Empowerment partners.
- Headline earnings per ordinary share for the period under review increased by 18% to 244 cents (2005: 207 cents).
- The efficiency ratio remains constant at 56,3%.
- Group total assets increased by 24% to R2,4 billion (2005: R1,9 billion) which is reflective of the increased level of activity in all divisions.
- Investment securities increased by 89%, which reflects primarily the Group's increased investment in private equity, augmented by the "mark to market" gains on the private equity portfolio.
- Annualised return on ordinary shareholders' average equity of 33,4% (2005: 37,4%).
- The statutory risk-weighted capital adequacy of the Group is 44,1% (2005: 30,9%) and of the Bank, now a 90%-owned subsidiary of the Company, 34,7% (2005: 19,3%).
- **Business Banking** performed well, with rental finance maintaining earnings in a highly competitive market. All business units within **Sasfin Capital** achieved strong growth. **Personal Wealth** operating income was maintained at the same level as the previous year supported by buoyant conditions on the JSE. **Specialised Services**, in particular international freight forwarding, performed well.

STRATEGIC DEVELOPMENTS

- Progress has been made with the restructuring of the Group's securitisation vehicle, which is expected to be completed during 2007. The Group will benefit from a reduced cost of funding as well as being able to securitise various asset classes.
- The Bank's application to become an authorised dealer in foreign exchange was granted, subject to approval by the South African Reserve Bank of the operating and reporting systems. An international treasury is being established to execute foreign exchange and related transactions from which Sasfin will benefit.
- Private Equity has to date been funding transactions out of the proceeds of the Group's preference share issues and now plans to raise a third-party fund targeted at high net-worth individual and small institutional investors.
- During the period, the Group commenced investing in property equity and providing property mezzanine finance. It is envisaged that these activities will make a significant contribution to Group profits.
- The Financial Services Board granted an asset management licence to Faranani Asset Managers (Pty) Limited, a Group subsidiary. This activity has exciting prospects.
- As announced on 13 November 2006, it was decided not to proceed with a potential acquisition in Mauritius. The Group is exploring various opportunities to expand its international reach.
- The Group is on schedule with plans for the implementation of Basel II.

PROSPECTS

- The Group strives to become recognised as "The Preferred Banking Group for the Entrepreneur".
- The Group's growing range of products and services are in strong demand in the current buoyant economic environment.

BASIS OF PREPARATION AND PRESENTATION OF UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting and the accounting policies applied conform to International