

sasfin

HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Share code: SFN ISIN: ZAE00006565)
(*Sasfin" or "the Group" or "the Company")

Audited Group Results for the year ended 30 June 2004 and withdrawal of cautionary announcement

- Headline earnings R60 million \uparrow 195%
- Headline earnings per share \uparrow 185%
- Net asset value per share \uparrow 29%
- Average return on assets 4.6%
- Average return on equity 30.6%

consolidated balance sheet

	30 June 2004 Audited R'000	30 June 2003 Audited R'000
ASSETS		
Short-term interbank funds	188 535	185 848
Short-term negotiable securities	14 320	10 343
Accounts receivable	159 507	141 730
Advances	959 745	852 811
Investments	19 497	20 042
Deferred taxation	520	5 202
Property, plant and equipment	40 547	40 071
Total assets	1 382 671	1 256 047
LIABILITIES AND EQUITY		
Liabilities		
Interbank funding	36 014	73 913
Deposits	268 568	248 304
Accounts payable	135 806	115 294
Provisions	7 277	4 255
Commercial paper	666 679	605 696
Deferred taxation	31 065	28 723
Total liabilities	1 145 409	1 076 185
Minority interest	12 378	11 453
Equity		
Share capital	258	248
Share premium	16 718	16 484
Distributable reserves	206 908	148 862
Non-distributable reserves	1 000	2 815
Total equity	224 884	168 409
Total liabilities and equity	1 382 671	1 256 047
Commitments and contingencies	35 716	28 782
Number of shares in issue at end of year ('000)	25 759	24 837
Net asset value per share (cents)	873,0	678,1
KEY RATIOS		
Operating expenses to total income (%)	68.2	87.6
Return on average equity (%)	30.6	12.6
Return on total average assets (%)	4.6	1.7

consolidated income statement

	30 June 2004 Audited R'000	30 June 2003 Audited R'000
Interest income	192 103	192 425
Interest expense	96 318	127 666
Net interest income	95 785	64 759
Other income	174 358	156 722
Foreign exchange income/(losses)	350	(19 755)
Total income	270 493	201 726
Credit losses/(reversals)	760	(6 485)
Income after credit losses	269 733	208 211
Operating expenses	184 383	176 811
Income before taxation	85 350	31 400
Taxation	23 261	9 141
Income after taxation	62 089	22 259
Minority interest	1 852	1 876
Earnings attributable to ordinary shareholders	60 237	20 383
Weighted average number of shares in issue ('000)	25 472	24 569
Headline earnings per share (cents)	236,5	83,0
Earnings per share (cents)	236,5	83,0
Diluted earnings per share (cents)	232,5	83,0
Dividend per share (cents)	94	33

consolidated statement of changes in equity

	30 June 2004 Audited R'000	30 June 2003 Audited R'000
Share capital	258	248
Opening balance	248	237
Issue of shares	11	11
Consolidation of the Sasfin Share Incentive Trust*	(1)	-
Share premium	16 718	16 484
Opening balance	16 484	16 495
Issue of shares	1 915	(11)
Consolidation of the Sasfin Share Incentive Trust*	(1 681)	-
Distributable reserves	206 908	148 862
Opening balance	148 862	139 064
AC133 transitional adjustment at 1 July 2002	-	2 046
Restated balance	148 862	141 110
Earnings attributable to ordinary shareholders	60 237	20 383
Available-for-sale portfolio fair value adjustment	(1 404)	(1 399)
Transfer from/(to) non-distributable reserves	1 815	(2 815)
Consolidation of the Sasfin Share Incentive Trust*	696	-
Dividend	(3 298)	(8 417)
Non-distributable reserves**	1 000	2 815
Opening balance	2 815	-
Transfer (to)/from distributable reserves	(1 815)	2 815
Total equity	224 884	168 409

consolidated cash flow statement

	30 June 2004 Audited R'000	30 June 2003 Audited R'000
Net cash (outflow)/inflow from:		
Operating activities	(4 729)	(71 145)
Investing activities	(11 706)	(8 728)
Financing activities	60 998	83 964
Net increase in cash and cash equivalents	44 563	4 091
Cash and cash equivalents at beginning of year	122 278	118 187
Cash and cash equivalents at end of year	166 841	122 278

commentary

NATURE OF BUSINESS

Sasfin is a bank-controlling company listed under the "Financials: Speciality and other Finance" sector of the JSE Securities Exchange South Africa, whose subsidiaries provide a wide range of complementary banking, financial and related services to its target market of entrepreneurial corporate, commercial and private clients.

REVIEW

It is pleasing to report that earnings for the year under review have increased by 195% to R60,2 million, representing returns on equity of 30.6% (2003: 12.6%) and on assets of 4.6% (2003: 1.7%).

Factors that have resulted in the Group's improved performances include:

- focusing on its core competency of relationship banking and investment solutions for the high-net-worth individual and entrepreneurial corporate and commercial finance markets.
- reducing costs and improving efficiency and productivity.
- maintaining sound Corporate Governance and conservative Risk Management policies.
- curtailing foreign exchange losses by eliminating the foreign currency exposures of its offshore subsidiary.
- increasing interest margins by:
 - switching offshore interest earnings to higher-yielding Rand-based investments and receivables, and
 - benefiting from the reduction in domestic interest rates on borrowings.
- completing the re-engineering of its securitisation structure, which was first floated in 1991, in line with international best practice. This not only reduces cost of funds, but also allows for more flexibility, thereby enhancing Sasfin's competitive position.

The statutory risk-weighted capital adequacy of Sasfin Bank Limited is 25.8% (2003: 35.6%).

CORPORATE ACTIVITIES

Sasfin concluded the following transactions during the year:

- in September 2003, Sasfin's private client wealth management arm, Sasfin Frankel Pollak Securities (Pty) Limited ("SFPS"), facilitated the creation of Legends Financial Services (Pty) Limited ("Legends"), a black-owned and controlled investment management business, in which African Legends Limited is the major shareholder. Sasfin has an option to acquire a 10% interest in Legends before 31 December 2004.
 - in December 2003, Sasfin Bank Limited acquired a 33.6% shareholding in InnoVent Rental and Asset Management Solutions (Pty) Limited ("InnoVent"), a new black-owned company focusing on the rental of technology assets to the medium to large corporate sector. InnoVent complements Sasfin's equipment finance unit, as it is well positioned to cater for the corporate market's growing need for residual-based rentals for the procurement of technology.
 - with effect from 31 January 2004, Sasfin sold its 25.1% interest in Fingro Management and Financial Services (Pty) Limited to management as it was not core to Sasfin's activities.
 - with effect from 31 May 2004, Sasfin disposed of its interest in Commonwealth Trust (Pty) Limited to its previously-disadvantaged co-shareholders, as it has become clear that insolvency practitioners should preferably operate independently of banks.
- The following transactions were concluded post year-end:
- with effect from 1 July 2004, Sasfin disposed of its Employee Benefits Administration and Consulting business to a company in which Sasfin Investment and Asset Managers (Pty) Limited ("SIAM") will retain a 30% share with 10% earmarked for Black Economic Empowerment. The remaining 60% share will be owned by Pioneer Financial Planning Services (Pty) Limited, with whom SIAM has a close working relationship.
 - the formation, subject to South African Reserve Bank approval, of an offshore financial services joint venture, to be known as SasCred Financial Services Limited.

THE FINANCIAL SECTOR CHARTER

Sasfin has subscribed to the Financial Sector Charter in order to fast track the development of the previously-disadvantaged people of South Africa. A task force has been put in place with the objective of optimal compliance with the Charter. Some success can be reported in achieving the employment, investment, procurement and corporate social investment targets set and Sasfin is currently still in the process of identifying suitable Black shareholders and directors.

BASIS OF ACCOUNTING

These results are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the accounting policies used in the preparation of the prior year's annual financial statements have been consistently applied.

AUDIT OPINION

The Group annual financial statements have been audited by Fisher Hoffman PKF (Jhb) Inc and KPMG Inc. Their unqualified audit report is available for inspection at the Company's registered office.

DIVIDEND

Notice is hereby given that a cash dividend of 94 cents per share (2003: cash dividend of 33 cents per share with a scrip dividend alternative) ("the dividend") has been declared, payable to shareholders recorded in the books of the Company at the close of business on Friday, 12 November 2004. Shareholders are advised that the last day to trade "cum" dividend will be Friday, 5 November 2004. Shares will trade "ex" dividend as from Monday, 8 November 2004, and the record date will be Friday, 12 November 2004. Payment will be made on Monday, 15 November 2004. Shares may not be dematerialised or rematerialised during the period Monday, 8 November 2004 to Friday, 12 November 2004, both days inclusive.

PROSPECTS

With a strong and growing entrepreneurial client base, Sasfin is now well positioned to be the banker of choice for this target market.

While an increase in interest rates would impair profitability, the consensus view is that interest rates will remain steady for the foreseeable future, with any increase likely to be modest. Under this scenario and given the cost saving measures that have been achieved, earnings growth is likely to return to normal levels in the year ahead.

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the Trading Statement and Cautionary Announcement published on SENS on 25 February 2004 and in the press on 26 February 2004, which is hereby withdrawn.

Prepared on behalf of the Board

Opening balance	2 815	-
Transfer (to)/from distributable reserves	(1 815)	2 815
Total equity	224 884	168 409

* As required by the JSE Securities Exchange South Africa, the Group's share incentive scheme – the Sasfin Share Incentive Trust – has been prospectively consolidated.

** Regulatory reserve created to meet the minimum general provisioning requirements in terms of the Regulations to the Banks Act.

segmental earnings analysis

	30 June 2004 Audited R'000	30 June 2003 Audited R'000
Banking	55 707	18 803
Investment Advisory and Asset Management	2 831	(529)
Freight	2 778	2 743
Other	(1 079)	(634)
Total	60 237	20 383

WITHDRAWN OF STATEMENT ANNOUNCEMENT

Shareholders are referred to the Trading Statement and Cautionary Announcement published on SENS on 25 February 2004 and in the press on 26 February 2004, which is hereby withdrawn.

For and on behalf of the Board.

M B Glatt
Chairman

R D E B Sassoon
Chief Executive Officer

6 September 2004

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

Chairman:

M B Glatt (Non-Executive)

Executive directors:

R D E B Sassoon * (Chief Executive Officer)

A W Greenstein (Managing Director)

Non-executive directors:

C N Axten, E T B Blight, D Paizes, M L Smith

Company secretary:

SK Erasmus * British

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

Company registration number:

1987/002097/06

Lead sponsor:

KPMG Services (Pty) Limited

Joint sponsor:

Sasfin Corporate Finance, a division of Sasfin Bank Limited

