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**SECTION 4**

# Black business

The new developments around BBBEE from government's side and the private sector side. What do the new BEE Codes of Good Practice mean to business? – Duma Gqubule

## Demystifying the BEE Codes

AT THE END OF JANUARY 2007, THE DEPARTMENT OF TRADE AND INDUSTRY (DTI) is expected to gazette the BEE Codes of Good Practice (the Codes) almost four years after it released its first BEE strategy document. After reading the final versions of the Codes, it is impossible to understand why it took almost four years to produce a final document. The delays are a symptom of policy indecision and failure to move from policy to implementation, which has been the hallmark of the dti since 1994.

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For example, South Africa still does not have an industrial policy after many years of policy dithering; the envisaged APEX fund for the micro-enterprise sector has not seen the light of day, despite repeated announcements of its impending establishment during President Thabo Mbeki's State of the nation addresses since the start of the new millennium.

#### Government's role on BEE

At the core of this policy paralysis is a wider confusion in government

about the role of the state. For many, the state should have a passive (or regulatory) role and mediate between stakeholders in the economy. However, a developmental, as opposed to a regulatory state, has a clear, long-term vision and plan for the economy. It pursues a strategy of governing the market – guiding stakeholders towards the achievement of the national vision. South Africa does not have such a vision or plan; hence the BEE Codes were developed in a vacuum. The dti stumbled from pillar to post, rewriting

the Codes ad nauseam as it sought to mediate between a powerful and well-resourced lobby from white business and the ineffective black business lobby. There was virtually no participation by other sectors of civil society in the process. The final Codes reflect the balance of power between the lobby groups; they are a massive compromise which dilutes the essence of empowerment and reflects the views of big business, its representatives in Cabinet, and a few members of the comprador black bourgeoisie.

The abridged version of the generic scorecard is as follows:

BEE Pillar	Weighting	Previous Weighting	Target	Previous Target	Notes
Ownership	20	20	25.1% - multinationals which prohibit minority shareholding allowed to apply for exemption and to make contributions equivalent to 25% of their South African operations	25.1%	Indirect ownership will count towards ownership up to a maximum of 40% of the respective score. Indirect ownership includes forms of ownership where the black shareholder owns shares in a company through the participation of another structure, such as a pension fund administrator
Management	10	10	40% to 50% black representation at board and executive management	40% to 50% black representation at board and executive management	This represents board participation and executive management representation, with the requirement that women should constitute at least 50% of the total black representation
Skills Development	15	20	3% of annual payroll on learning programmes for black people (2% for qualifying small enterprises – which are enterprises with annual turnover between R5 million and R35 million)	4% of annual payroll on accredited learning programmes for black people	The learning programme need no longer be accredited with a Sector Education & Training Authority and could include adult basic education and training (ABET), but must be linked to the career advancement of the black person participating in it. 0.3% of the amount must be spent on disabled black employees
Employment Equity	15	10	40% to 80% black representation	60% to 80% black representation	Black women must constitute half of the black component of staff at all applicable levels
Preferential Procurement	20	20	70% of total procurement expenditure	70% of total procurement expenditure	Micro enterprises are exempted from BEE compliance and are awarded an automatic Level 4 Contributor status, meaning procurement from these enterprises will be accounted for at 100% of the rand value. Micro enterprises are those enterprises with annual turnover of up to R5 million
Enterprise Development	15	10	3% of net profit after tax (NPAT) spent on developing black enterprises	5% of earnings before interest, tax, depreciation and amortisation	The higher of 3% of NPAT and 0.75% of turnover should be spent on the development of black enterprises, including industry-specific initiatives which were previously part of corporate social investment
Socio-Economic Development (Residual)	5	10	1% of net profit after tax (NPAT) on qualifying development programmes	3% of net profit after tax on qualifying development programmes	The higher of 1% of NPAT and 0.125% of turnover should be spent on second economy initiatives to uplift the standard of living of black people
Total	100	100			

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### The BEE Codes of good practice

The most important thing to say about the Codes is that they provide a framework for white businesses to comply with BEE. They mean nothing for the man or woman in Tembisa. Lest we forget, we live in a country where 1.7-million of the economically active population has no schooling and where 7.2-million people are functionally illiterate because they have never proceeded beyond primary school. We live in a country where eight million black people are unemployed according to the expanded definition.

There are four-million underemployed people who earn less than R1 000 a month in the informal sector. A true national vision for our economy must explain how these 12-million people, most of them black, uneducated, unemployed and underemployed, will become empowered. The shortcomings of the BEE Codes for reasons of space it is not possible to describe in detail all the massive compromises in the Codes.

But two examples will illustrate the point. Firstly, the ownership target for the first year of the Codes, 14 years after the end of apartheid, is 2% – 5%. Many large listed companies on the JSE have already reached this target, because of the spectacular performance of the JSE since March 2003. Secondly, the same companies will be able to exclude so-called mandated investments (held by institutions) from the calculation of black ownership up to a maximum of 40%. The result is that the effective compliance target for JSE-listed companies is reduced from 25% to 15%.

However, the most important shortcoming of the Codes is in the area of procurement. There are two kinds of BEE companies: the first buys and sells minority stakes in white companies; the second grows through preferential procurement, mostly from the public sector, without diluting black control. Their prospects of growing through preferential procurement in the public and private sector will diminish after the gazetting of the Codes. The Codes have a five-year target of

50% for preferential procurement from BEE-accredited companies. This target does not refer to procurement from black-owned companies. It refers to the average scores and BEE recognition levels of an enterprise's suppliers.

### Conclusion

A recent survey by Empowerdex found that the average reporting company on the JSE scores almost 50 points. Therefore, the average JSE company has the BEE Status of a Level Six contributor to BEE, which results in a BEE procurement recognition level of 60%. A company can reach this level without selling any equity to a black company. Therefore, if an enterprise were to procure all its goods and services from a random sample of JSE companies, it would score 60% for preferential procurement and exceed the five-year target today. The implementation of the target in the public sector would result in a reversal of the gains made over the past 13 years. In the private sector, companies will be able to exceed the target without procuring from black companies. ■

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## African Legend Investments

**AFRICAN LEGEND INVESTMENTS LIMITED (ALI)** was founded in 1996. It started off as a broad empowerment organisation that consisted of, and embraced, individuals and groups of historically disadvantaged communities in the new South Africa. The group was initially formed to participate in the Johnnic transaction.

ALI is focused on investing in opportunities that have the potential for annuity income, to generate immediate cash flows, and offer a long-term appreciation in the inherent value of the investment. The approach of the group is one of creating partnerships to share skills and co-operate for the mutual benefit of all parties in both the short and long term.

**ALI operates and manages its interests in four sectors:**

- energy;
- financial services;
- information and communications technology; and
- logistics.

Its vision is to be a significant multi-business African company with a globally recognised brand, that creates wealth and empowerment for all its stakeholders.

The group offers strong empowerment credentials and strong management expertise that have been tried and tested through its involvement in Johnnic Communications, African Harvest, African Legend Technologies (ALT) and AXS-One Solutions, a joint venture with US-based AXS-One, an IT company.

Additionally, ALI and its management have been involved in managing successful business operations over the past decade.

African Legend Energy (ALE) led a BEE consortium in purchasing 25% of Caltex South Africa. This transaction opened the way for ALE management to play a strategic role in the business of Caltex SA.

Shareholders include: African Pioneer Limited, Akhona Trade & Investment (Pty) Ltd, Brimstone Investment Corporation Ltd, CommLife Holdings (Pty) Ltd, Continental Africa Investment Holdings (Pty) Ltd, Eastern Cape Black Empowerment Consortium Ltd (ECBEC), First

National Bank of SA, Lehman Brothers, Lerumo Investment Scheme, Tsoelopele Investment Scheme, Mashudu Ramano, Mashudu Tshivhase, Phambili Investment Corporation (Pty) Ltd, SADTU Investment Trust, Sekunjalo Investment Ltd, Ubambo Investment Holdings (Pty) Ltd, Unity Management (Pty) Ltd, Western Eastern Cape Black Empowerment Consortium Ltd (WECBEC), Women Investment Network (Pty) Ltd (WINET), Women in Capital Growth (Pty) Ltd, and Nafcoc Investment Holding (Pty) Ltd. ■

### Shareholding Structure of Africa Legend investment

AK Peer	New World Foundation Orlen Street Trust
Al-Akwan Investment Corporation Ltd	Rimaz Investment (Pty) Ltd
Almatom Investment Consultant cc	
Bam Family Trust	Sam Tuntubele
Ben Mazwi Trust	
	SMD Family Trust
	Stephen Dondolo
	Taole Mokoena
Cross Country Trading (2) (Pty) Ltd	Tony Reuters
	Tommy Oliphant
	Tshira Investment Holdings (Pty) Ltd
Fred Robertson	
Frontline Africa Investments (Pty) Ltd	Wabed Investment cc
Indwe Yase Kapa (Pty) Ltd	
Klaas Family Trust	
	Yakhani Properties (Pty) Ltd
Masibambane Investment Holdings	Michael M Klaas
Mbadzeni Trust	Mpho Scott
MC Tsholo Family Trust	Msimbithi Investment (Pty) Ltd

### AFRICAN LEGEND INVESTMENT LIMITED

#### Strategic Investments

- Johnnic Industrial Holdings
- HT Group
- Business Partners

#### African Legend Energy (Pty) Ltd

- Electricity
- Gas -- Elgas
- Caltex

#### African Legend Financial Services (Pty) Ltd

- Legend Capital
- Share Legend

#### African Legend Technologies (Pty) Ltd

- African Legend I-Cubed (Pty) Ltd
- African Legend Indigo (Pty) Ltd
- African Legend Solutions (Pty) Ltd
- AXS-One African Solutions (Pty) Ltd



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## African Rainbow Minerals Limited

**AFRICAN RAINBOW** Minerals Limited, ARM, is a leading, niche-diversified mining and minerals company, based in Johannesburg, South Africa, with excellent long-life low-cost assets in key commodities.

The company owns and operates its assets and exercises a strategic influence on the boards of those companies in which it has an interest. ARM's unique management style is supported by experience and a focus on entrepreneurship, which adds significant value to its business. An integral part of ARM's business is the forging of partnerships with key players in the various sectors to ensure that ARM is at the forefront of technological development and global practices, and has access to key markets and to value-generating growth opportunities.

ARM in its current form was formed in May 2004, to explore, develop, operate and hold significant interests in the South and southern African mining industries. The company has five areas of interest, namely:

- ferrous metals through its holding in Assmang Limited;
- platinum group metals (PMGs) and nickel held through a range of joint ventures and partnerships;
- coal, through its interest in Xstrata Coal South Africa;
- copper, cobalt and other base metals outside of South Africa, through TEAL Exploration & Mining Incorporated (TEAL);
- gold, through its interest in Harmony Gold Mining Company Limited (Harmony).

ARM's history, though, goes back much further, to 1933 when the Anglo-Transvaal Consolidated Investment Company Limited was incorporated as a mining, finance and industrial holding company. That group was unbundled

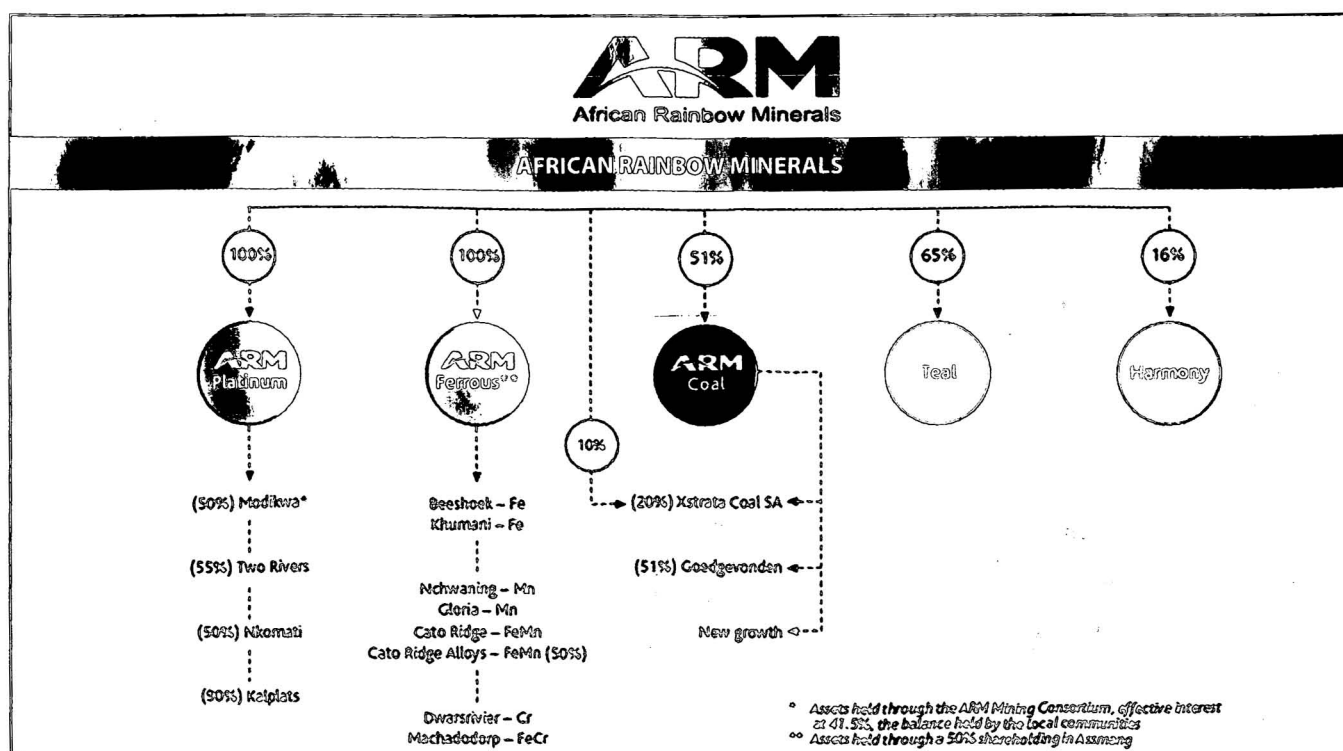
in 1998, allowing Anglovaal Limited to focus on its core mining operations through Anglovaal Mining Limited (Avmin).

In 1994, ARM Executive Chairman Patrice Motsepe started Future Mining, a contract mining company which, following a series of acquisitions of gold interests from Anglo American Corporation of South Africa Limited, led to the formation of ARMgold Limited. The gold assets of ARMgold were listed in May 2002, while the platinum assets were bolstered with the development of Modikwa Platinum in a joint venture with Anglo Platinum Limited in 2001.

In May 2003, ARM gold merged with Harmony to create the world's sixth-largest gold company and, in May 2004, a range of indivisible transactions involving certain interests of Avmin, ARMgold and Harmony resulted in the formation of two entities – Harmony Gold in its current form, and ARM.

In November 2005, ARM listed TEAL Exploration & Mining Incorporated (TEAL), on the Toronto Stock Exchange and later on the JSE Limited, into which ARM's non-South African exploration portfolio was injected. This exploration portfolio includes copper projects in Zambia, a copper-cobalt project in the Democratic Republic of Congo (DRC) and a gold project in Namibia.

The formation of ARM Coal, the company's new coal investment, was announced in February 2006. ARM Coal holds a 20% interest in the existing coal operations of Xstrata Coal South Africa, and a 51% interest in an unincorporated joint venture which holds the Goedgevonden coal project. Subsequent to the financial year-end, the ARM Board approved the exercise of the option to acquire an additional 10%, directly, in Xstrata Coal South Africa, for R400 million by 1 September 2006. ■



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**BIDVEST**

**BIDVEST IS AN INTERNATIONAL** services, trading and distribution company, listed on the JSE, South Africa and operating on four continents. It employs over 93 000 people worldwide, but its roots will always be South African. In a big business environment it runs the company with the determination and commitment evident in a small business heart. Bidvest believes in empowering people, building relationships and improving lives. Incentivisation and decentralised management are the keys.

Bidvest subscribes to a philosophy of transparency, accountability, integrity, excellence and innovation in all its business dealings.

And it strives to deliver strong and consistent shareholder returns.

But most importantly, the company understands that people create wealth, and that companies only report it.

The company has made a name for creating value and building strength from diversity.

The Bidvest Group is listed on the JSE, South Africa, in the Cyclical Services – Support Services sector.

Bidvest has a clear focus and a commitment to build on what it has created. It has a common, proven business model across all of

its closely aligned businesses and uses its resources and diversity to create value.

Bidvest is a strong, resilient and accountable company with a multi-faceted portfolio of focused businesses selling leading branded products and services and this financial strength allows it to capitalise on opportunities that present themselves through unpredictable economic cycles.

The company is acquisitive and opportunistic by nature and will continue to be so. It has a focused approach to acquisitions, targeting assets, which not only extend and add value to its range of products and services, but also offer an above average return on investment.

Organic growth is equally important and Bidvest strives for optimal operational performance, which includes focusing on product and market development, improved product and service quality and cost containment. Bidvest's management is tasked with ensuring that the business strategies of the decentralised operations remain relevant in the changing business environment and that future customer demands are proactively anticipated and addressed. ■

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## Brimstone Investment Corporation

IN JULY 1998, Brimstone Investment Corporation became the first Western Cape-based BEE group to list on the JSE. The company, founded by deputy chairman Fred Robertson and CEO Mustaq Brey, is chaired by Professor Jakes Gerwel. Its investment focus is into the branded consumer goods, healthcare and financial services environment. Brimstone has achieved a high level of success on the back of deal flow and astute management of its underlying investments. Strategic partnerships are continually evaluated with the intention of merging the skills and credentials of Brimstone and other key players in its core sectors where synergies exist.

### Financial Services

Brimstone's financial services investments comprise short-term insurance company Lion of Africa Insurance Company, in consortium with CommLife Holdings and Santam Insurance. Since its formation in 1999, Lion of Africa has built an impressive portfolio of corporate clients in the private and public sector, and the group has made substantial contributions to Brimstone's profit base. Brimstone's holding in this emerging player in the insurance sector is 39%. Brimstone also holds an 18% interest of 18% in insurance brokerage company Aon South Africa,

a subsidiary of Dutch company Aon Holdings bv, and strategic stakes in life insurer Old Mutual plc and banking group Nedbank.

### Industrial

Brimstone holds meaningful stakes in clothing, through its subsidiary companies House of Monatic and Fifth Element Marketing, which together market well-known brands Canterbury Clothing, O'Neill and Carducci, among others. In the packaging sector the company holds a 25% share in packaging company Lenco Holdings, which produces bottles for the soft drink and sports drinks market. Brimstone has also become an important shareholder in the fishing industry, through its 21,5% holding in deep sea fishing group Sea Harvest and 10% interest in Oceana, which has a dominant position in the pilchard market through its Lucky Star label.

### Healthcare

Acute hospital care group Life Healthcare, in which Brimstone holds a 21,9% stake, is one of the largest private hospital group's outside of the US and forms the nucleus of Brimstone's investment in healthcare. The group also has a 26% interest in medical equipment supplier The Scientific Group.



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## Business Connexion

**AN INTEGRATOR** of competitive, innovative business solutions based on ICT, Business Connexion has offices in all major centres throughout South Africa. The company employs more than 4 500 employees. Of these, more than 30% are from previously disadvantaged backgrounds.

Management signalled a clear commitment to transformation when the company was re-launched under the Business Connexion brand in April 2004. This followed the merger between Comparex Africa and the former Business Connexion.

Clients are firmly positioned at the centre of the Business Connexion world. The Group's unique 'Solutions Integration Model' model represents the way in which the integration of business solutions is configured. It ensures a client-centric approach that facilitates the flexibility and close client relationships of a small and mobile organisation as well as the strength, resilience, and diversity of a large organisation. The Group strives to integrate the strategic value of ICT into clients' business strategies.

Business solutions are developed and implemented by drawing on expertise from the Technology Infrastructure, Business Applications, Professional Services and Outsourcing competencies. Solutions are designed to meet clients' strategic and operational business needs.

Business Connexion runs mission-critical ICT systems for many JSE-listed organisations and manages products, services and solutions for key public sector organisations, parastatal enterprises and a host of medium sized emergent companies. The company boasts unrivalled expertise across a range of vertical industry sectors.

Business Connexion is considered a leader in financial services. Its expertise in telecommunications has helped bridge the digital divide on the continent through the work the company has done in implementing a network management system in Mozambique and the rollout of large telecommunications projects in South Africa, Nigeria and Ethiopia.

The Group delivers a wide variety of solutions to the petrochemical industry providing the ICT backbone for the delivery of over 40% of the country's liquid fuel requirements. In healthcare, the organisation was privileged to be a partner in the implementation of a total integrated hospital information system, including an electronic patient record system, in Kwa-Zulu Natal. This created South Africa's first, world-class, paperless medical facility.

As vehicle exports have increased significantly, local manufacturing operations want to become more effective and streamlined, reduce costs, and boost productivity. From total outsourcing of entire in-house ICT departments through complex network integrations to delivering a 30% cost saving on maintenance, Business Connexion has helped leading vehicle manufacturers overcome the challenges of the local automotive industry.

Given the significant role ICT plays in enabling service delivery, Business Connexion has worked with many public sector departments. An online facilities solution has reduced a bond registration process from three months to three weeks, while a Microsoft automated workflow solution for leave allowed another department to eliminate its antiquated paper-based system and reduce the risk of fraud.

With respect to transformation, the company is 25,01% black-owned. The Business Connexion board comprises a 50% black representation. The company has a structured six-point transformation strategy that is closely aligned to the IQT charter. The company is also a founding partner of "Savant", a public-private partnership that markets South Africa's ICT innovations locally and abroad, and is also a "Proudly South African" company.

Business Connexion is a truly South African ICT company that understands the unique challenges of the African continent and that continually builds on its track record of delivering world-class services and solutions to Africa's most successful corporations and public sector clients. ■

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## Datacentrix

**DATACENTRIX IS A LEADING**, empowered IT business that provides computing power and business value to corporate South Africa and operates through offices in Pretoria, Samrand, Johannesburg, Cape Town and Durban. Established as a separate legal entity through a management buy-out in 1994, the group has performed successfully since its listing on the JSE Securities Exchange in September 1998.

Datacentrix does not manufacture its own products, but represents leading international technology partners with whom the company shares long-standing relationships and for whom it boasts some of the highest partner accreditations in South Africa. As a result Datacentrix remains at the forefront of the latest IT innovations and offers the highest level of technical support and engineering expertise. Some of Datacentrix, partners include HP, Microsoft, IBM, Novell and others, including sole distribution rights on the Sterling Commerce product ranges in Southern Africa.

Datacentrix is 40% black owned and obtained black empowerment status when it joined forces with Aka Capital (CNI) in 1997, prior to the company's public listing. The group presently employs 577 individuals, of which 52% are black and 67% comprise individuals from the designated group.

Since listing, Datacentrix has expanded its infrastructure services, product offerings and its skills base through a series of acquisitions, which resulted in the company's structure as it is today.

**The company consists of three business units:**

### Infrastructure

Datacentrix Infrastructure offers large-scale IT infrastructure hardware and software solutions, including high-end server platforms, intelligent storage

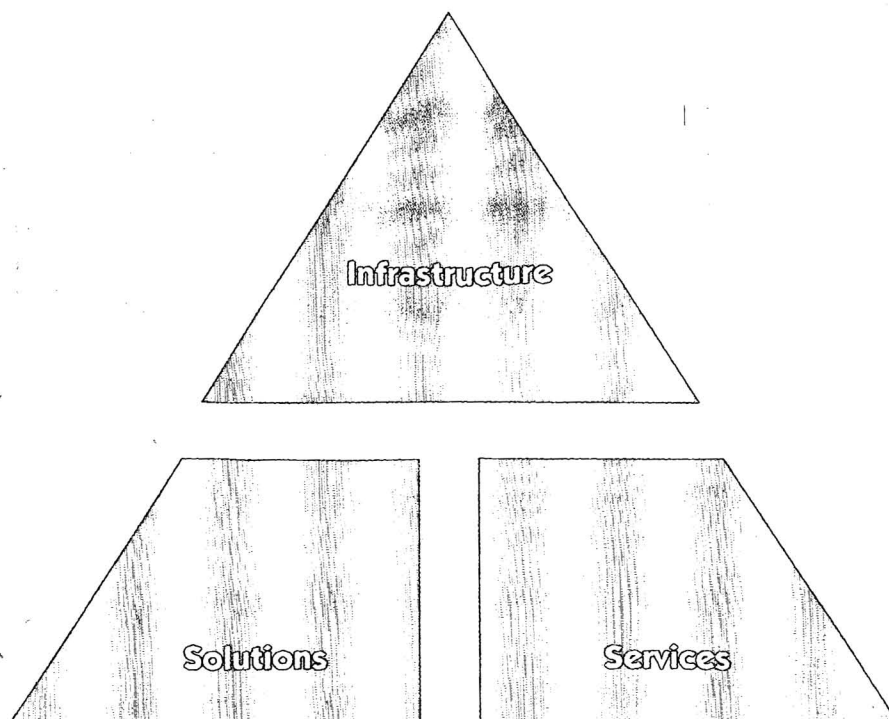
solutions, enterprise backup and archiving solutions, server and storage consolidation solutions, output solutions, software licensing, as well as networking, security and power protection solutions.

### Solutions

The company provides a wide range of business solutions and related services to the enterprise market. This division's skills base focuses on Microsoft Business Solutions applications, including enterprise resource planning (ERP) and customer relationship management (CRM); productivity applications, including business intelligence and performance management, data warehousing and workflow; enterprise content management (ECM), including document management, records management and archiving; collaboration solutions, including B2B integration and Person-2-Person communication; development and associated integration solutions; as well as professional services, consulting, implementation, training and support to its customers.

### Services

Datacentrix Services offers an array of service accreditations, obtained to ensure high quality support to the group's Infrastructure clients. These accreditations allow Datacentrix to provide in-warranty repairs to clients on behalf of the vendors. The key services of configuration, installation, hardware maintenance, desktop/server support, operating system upgrades, managed print services, infrastructure outsourcing and hosted services continue to be the division's focus. The increased momentum towards selective or full outsourcing continues and Datacentrix boasts specific competencies in the printer, desktop and server environments. ■





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## The Don Group

# Freedom to stay your way



**Thabiso Tlelai**  
Chief Executive Officer

**THE DON GROUP** is the only black-owned and managed hotel group listed on the JSE Securities Exchange South Africa. The Don group board of directors are: Danisa Baloyi – as the chairperson, Thabiso Tlelai is the Chief Executive Officer, Prof Francois Viruly – Independent non-executive director and Max Maisela is also an Independent non-executive director.

### The shareholding

The controlling shareholder is Thabiso Tlelai, chief executive, an experienced hotelier who holds a BCom degree from the Memorial University of Newfoundland, Canada. He assumed control in late 1999. Tlelai holds a 32% stake in the group. These shares are held indirectly through Business Venture Investments which is the holding company of the Don group. This company holds the indirect shareholdings of the directors.

Other than Business Venture Investments holding 42,5% of the group, the Golden Hind Partnership holds 6,9%. The Don Group employees share scheme have a 1,2% with public shareholders holding 56%.

### The hotel group

Don is also South Africa's largest suite hotel group. It pioneered the concept of all suite hotels from the early 1980s and has attained standards of accommodation, comfort and service equal to the best international suite hotels. Its hotels are well

located in Cape Town, Johannesburg, Sandton and Pretoria. There are a total of 4 100 suites spread through nine hotels, each with well-maintained garden, swimming pool, ample parking and high security. Depending on the hotel, there is a choice of studio (sleeping two), one – two and three-bedroomed suites (main with TV), each with ample lounge (also with TV), dining space and modern bathrooms. All have high quality furnishings, linen and fittings, are fully serviced, and have well-equipped kitchens. Guests also have the option of patronising the in-house breakfast rooms. All hotels provide conventional concierge services. The tariff is competitive: the rate is per suite (irrespective of guest numbers commensurate with the size of the suite), not per person. Long-term rates are available. Few rooms in conventional hotels can match the spaciousness of Don's suites. Embodied in the Don Suite Hotels philosophy and service is the charming: 'Freedom to stay your way' invitation to new and regular guests.

### The group's financial performance

Importantly, revenue streams have been improved. The ongoing drive to sustain such was realised during the reporting period ended 30 June 2006. This is reflected in an 8,9% increase from R45,2 million to R49,2 million. Traditional clientele that prefers suite hotels in the location of the Don properties is neither dwindling nor static, which is indubitably to the advantage of Don Suite Hotels. Certainly, the company remains the largest suite hotel, specialists and pioneers of suite-type hotel groups in Africa.

### The Don owns

- Two Hotels in Pretoria – Arcadia
- One in Eastgate
- One in Johannesburg International Airport
- One in Rosebank – Johannesburg
- Three in Sandton – Johannesburg
- One in Cape Town – Beach Road
- One in Durban – Oceanic.

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## Exxaro

EXXARO IS A SOUTH African-based mining group, listed on the JSE. Exxaro has a diverse and world-class commodity portfolio in coal, mineral sands, base metals and industrial minerals, with exposure to iron ore through a 20% interest in listed Kumba Iron Ore. As the fourth-largest South African coal producer with capacity of 45 million tonnes per annum and the third-largest global producer of mineral sands, Exxaro is a significant participant in the coal and mineral sands markets and provides a unique listed investment opportunity into these commodities.

As South Africa's largest black-controlled, diversified mining company, Exxaro is well positioned to grow domestically, and its existing operational interests in Namibia, Australia and China and strong project pipeline provide a base for growth in international markets.

### Business strategy

As a fully empowered and diversified South African mining company, Exxaro's strategy is to capitalise on growth opportunities domestically and internationally. Following its listing in November 2006, the short-term strategy will be to consolidate and integrate the assets, operations and projects of Kumba, Eyesizwe Coal and Namakwa Sands for maximum benefit and to optimise the potential synergies of the enlarged group.

Exxaro's longer-term strategy is to leverage the advantage it enjoys

in South Africa's Waterberg coalfield, where it has the only existing operating mine and high-quality reserves, and satisfy growing domestic demand for power station coal, reductants and metallurgical coal. Exxaro's mineral sands business is unique in being the only integrated producer from mine to pigment. The ability to produce a full range of mineral sands products, global operations and high level of intellectual knowledge lends itself to developing strategic opportunities.

### Prospects

Through continuity of senior management and a similar approach displayed by Kumba and Eyesizwe Coal to leadership style, operational excellence, a focus on people development and best practice financial reporting and legislative compliance, Exxaro is geared to achieve similar successes as have been achieved by Kumba and Eyesizwe over the past five years.

Exxaro is positioned for growth and presents investors with an exciting investment case. As South Africa's largest, black-controlled and diversified mining company, its ability to grow domestically is significantly enhanced, while the existing operational interests in Namibia, Australia and China provide a base for growth in international markets.

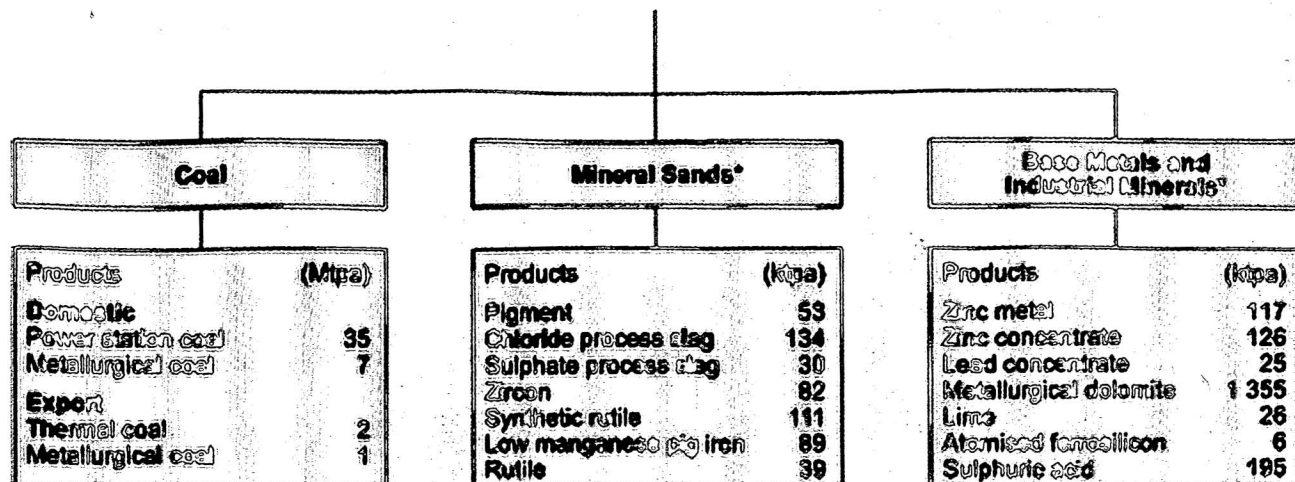
Strategic opportunities in the aggregate and industrial minerals environment will be assessed as a potential growth area for Exxaro in future.

### EXXARO GROUP STRUCTURE

**exxaro**

POWERING POSSIBILITY

20% interest  
in Sishen Iron Ore Company



\* Excluding the Namakwa Sands option and the Black Mountain option. The above figures reflect current production capacity.

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## Faritec Holdings

**FARITEC HOLDINGS LTD** is a leading, black empowered IT Services and Solutions company listed on the JSE. By combining intellectual capital, resources, technology and business processes with a 'no limits' approach, the company enhances products, services and skills to take its customers' businesses to another level.

Dynamic, open minded and visionary, Faritec delivers customer-centric tailor-made IT solutions that enable clients to manage their businesses more effectively, harness potential, reduce risks and open up new opportunities that know no limits.

### Faritec's History

Established in South Africa in 1995, Faritec Holdings has grown from a Johannesburg based company of just 20 employees into a leading black empowered listed organisation with more than 400 employees located in all South Africa's major centres.

### Faritec's Core Values

Faritec believes that corporate values are of utmost importance. Corporate values are more than statements that a company pins up on the wall; they need to be the basis on which decisions are made. As such, Faritec has been through a process of defining a meaningful value system that takes into account the values of its employees. Faritec's core value system encompasses a combination of teamwork, caring, integrity, relationships and excellence.

### Professional security Services

Faritec's professional security service division enables its clients to effectively minimise security risks, enhance their skills and ensure an information security and risk-free environment for their business. Faritec establishes long-term trusted partnerships with their clients, and the security industry combined. Faritec is an independent industry security professional without affiliation to any product or third party influences.

### Managed Security Services

Faritec consults, implements, supports and manages its clients' IT security. Its use of best-of-breed solutions combined with our 24/7 Security Operations Centre, staff and resources enables its clients to benefit from having a comprehensive security strategy.

### Security Product Solutions

Faritec provides leading edge security products and best-of-industry skills, which are applied in the design and development of a client specific solution that enables its clients to drive their businesses in the most cost-effective way.

A key priority in designing and choosing a security solution or service is sustaining business value and providing return on investment. Faritec believes different industries have different value drivers – and therefore need specific security services and solutions. Faritec's range of products, services and solutions provide clients with the ability to manage the ever-growing virus, worm, and malicious code threats being presented. This can be effectively achieved through several technology mechanisms, and the enhancement of the current solution through the use of the Faritec's security operations centre Data.

### Document & Content Management

Organisations the world over are facing numerous challenges on how to manage, retain, retrieve information in and out of the enterprise. Governments all over the world have come with legislation (i.e. ECT Act in South Africa) that governs how to manage information. Organisations have to deal with paper, paper, and more paper in their attempt to communicate with both internal and external stakeholders. The emergence of e-mail, electronic documents and eForms means that how you manage, where you store and what information needs to be available to whom is no longer a simple exercise. ■

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## Harmony Gold

HARMONY GOLD MINING COMPANY LIMITED was formed in 1950 as part of Rand Mines to exploit the Harmony mine lease. In 1997 Harmony severed its links with Randgold and became an independent, unhedged, South African gold producer. Since then, the company's directors have set out to grow Harmony into a world-class gold mining company.

Today, Harmony is the fifth-largest gold producer in the world, with increasing growth potential in South Africa, Australasia and Papua New Guinea. In 2005, Harmony produced 3-million ounces of gold, predominantly from South African sources.

Harmony owns the world's largest gold ore resource. Harmony has a mineral resource of 528,6-million ounces at a cut-off of 250cm g/t, of which 54,1-million ounces are in the ore reserve category, using a long-term gold price of R92 000/kg.

Harmony remains the most exciting and prosperous growth story of the Gold Mining industry today.

B1

### HARMONY GOLD LISTINGS AND TICKER NOTES

JSE Securities Exchange Johannesburg	HAR
New York Stock Exchange	HMY
NASDAQ	HMY
London Stock Exchange	HRM
Euronext Brussels	HMY
Euronext Paris	HG
Berlin Stock Exchange	HAM1



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## Hosken Consolidated Investments

### HOSKEN CONSOLIDATED INVESTMENTS

(HCI) is an investment holding company listed on the JSE Securities Exchange, with a market capitalisation in excess of R3bn. HCI is controlled by the South African Clothing and Textile Workers Union (Sactwu), whose members comprise some 113 000 industry workers.

Sactwu, together with other previously disadvantaged individuals, currently holds some 53% of the share capital of HCI, which is one of the few companies on the JSE where broad-based black empowerment shareholders with substantial social responsibility initiatives have a major economic interest.

It thus remains incumbent upon the company to focus its attention on addressing the social benefit programmes that were the originating cause of its investment activities. In addition, HCI has recently established the HCI Foundation which has assets in excess of R250-million. The Foundation's primary focus involves education and health.

### HCI's investments

HCI has a number of successful investments in various sectors, including media (e-tv and Yfm), transport and industrial (Golden Arrow Bus Services, Johnson Crane Hire, Tylon), gaming and leisure (Tsogo Sun, Johnnic, Vukani) and financial services (Mettle).

### The Clover deal

The recent investment in Clover SA represents an opportunity for HCI to expand its interests into the food and beverages sector, and to grow the profile of Clover's branded products among black consumers.

HCI's shareholding in Clover significantly enhances Clover's BEE profile, with concomitant commercial advantages expected in Clover's corporate-customer procurement policies and public profile. The association of HCI's broad-based BEE credentials with Clover's high-quality consumer brands is expected to provide additional opportunities for growing the business and expanding into new markets.

In terms of the deal, HCI will subscribe 25,1% interest (19,3m ordinary shares) and 25m preference shares in Clover through its wholly owned subsidiary, Mettle Food & Beverages Investment (Pty) Ltd.

The total investment value amounts to R91,8m, payable to Clover in cash. Ordinary shares will be issued and will not be linked to any milk delivery agreements, as is the case with the balance of the shareholding.

According to Elias Mphandle, Executive Director of HCI: "The transaction has enabled HCI to develop its existing relationship with Clover into a formal partnership as a shareholder in the business. This provides HCI with a powerful motivation to contribute to the growth of Clover at all levels."

HCI	
MEDIA & BROADCASTING	Midi TV (e.tv) 63%   Yred 77,5%   Three Blind Mice Communications 71,3%
TRANSPORT	Golden Arrow Bus Service 100%
FINANCIAL SERVICES	Mettle 100%   HJS Advisory Services 100%   Noah Financial Innovation 49%
GAMING HOTELS & LEISURE	Vukani Gaming Corporation 51%   Isogo Investment Holding Company 96%   Johnnic Holdings 39,7%
INDUSTRIAL	Johnson Crane Hire   Tylon 88%   Formex Engineering 80%   Johnson Access 80%
TECHNOLOGY	IO Business Group 22%   Business Systems Group (Africa) 40%   Syntell 50,1%   Linetech 38,9%
OTHER	Isilumko Staffing Solutions 30,1%   Clover 25,1%



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## Imperial

**IMPERIAL** is a powerful force in the wider transportation and mobility markets in Southern Africa, Europe and the United Kingdom. The group's activities in these markets encompass a wide range of related sales and services. They are as follows:

### Logistics

#### ◦ Southern Africa

Imperial Logistics enjoys a leading position in the provision of logistics services in Southern Africa. It provides high quality logistics solutions to its blue chip customer base, encompassing all the elements of land-based supply chains including road transport, warehousing and leading-edge technological solutions.

#### ◦ Europe

Imperial's European logistics business comprises five operating units, spanning a broad range of logistics activities. The principal areas of business include providing high value added solutions in the automotive and steel industries by Panopa Logistik, bulk handling and logistics by Neska, transportation of bulk commodities in barges by Imperial Reederei and broking and chartering of sea transportation by Brouwer Shipping.

### Leasing and fleet management

Imperial's Leasing and Fleet management division is the largest business of its type by value in Southern Africa. It operates in both the public and private sector, providing fleet management solutions to its customers for passenger and light, medium and heavy commercial vehicles as well as forklift trucks and warehousing handling equipment. Its aim is to provide customers with value-added services.

### Aviation leasing

The aviation leasing division is involved in a number of segments of the aviation industry, including specialised and contract operations, aircraft charter, new and used aircraft sales, leasing in its various forms, maintenance, and a broad range of value-added aviation services. This division consists of Safair, Air Contractors and National Airways Corporation (NAC). Safair and Air Contractors offer customers a broad range of products and services in the commercial aviation market, including narrow and wide-bodied cargo and passenger aircraft. NAC services the general aviation market. Geographically, these businesses operate in Africa, Europe, the UK, UAE, Asia, Latin America and the USA.

### Car rental and tourism

The car rental and tourism division operates one of the largest car rental businesses in Southern Africa as well as having a significant presence in the regional tourism market which includes a 68% interest in its listed subsidiary, Tourvest. The business is positioned in one of the most exciting sectors of the economy, and although macroeconomic effects like the strength of the rand and global political instability are affecting current trading conditions, it is well positioned to deliver solid growth in the years ahead.

### Distributorships

This division comprises a number of marketleading distributors of imported products. The largest component of this division distributes passenger, and light and medium commercial vehicles and motorcycles. It exclusively represents a number of leading vehicle and motorcycle brands. It also has a 49% shareholding in Renault SA. Heavy commercial vehicles are distributed through Tyco, which represents Peterbilt, International and DAF trucks in Southern Africa. Lectrolite is the distributor of NGK spark plugs.

### Motor Dealerships

Imperial Holdings owns the largest network of motor dealerships in South Africa. The group represents all the major original equipment manufacturers (OEM's). The business has a clearly defined strategy to continue its proud record of growth, innovation and top quality customer service. These critical success factors are all aimed at delivering superior returns and generating strong cash flows.

### Insurance

#### ◦ Regent Life

Regent Life is primarily a provider of credit life cover to motorists acquiring vehicles on credit. The business also provides group life cover and has a small individual life business. The main focus of Regent Life's activities is to capture the additional business opportunity available when a customer purchases a motor vehicle. A significant component of its business originates from Imperial dealerships or as a result of the group's positioning in the motor industry. The other lines of business have grown from the expertise gained in the credit life environment and have become an integral part of its business model.

#### ◦ Regent Insurance

Regent Insurance is a niche insurer providing a range of short-term insurance products in the transport and mobility markets. The greater part of its business is generated from outside of the Imperial group. Regent Insurance provides the group with the opportunity to unlock further value from its customer interactions as well as to reduce the costs involved in insuring the group's assets and operations. A major achievement has been its successful expansion into niche broker markets.

### Associates

Imperial has a number of associates and joint ventures that are specialists in their respective fields. The principal associates of Imperial Holdings are:

- Imperial Bank, which is a partnership with Nedcor that provides asset-based finance for motor vehicles, aircraft and property.
- Safair Lease Finance in partnership with Sanlam focuses on opportunities available in the aviation leasing market.
- Imperial's empowerment partner Ukhamba was specifically set up to generate wealth for and create opportunities for the historically disadvantaged employees of the group.

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## Johnnic Communications

JOHNNIC COMMUNICATIONS (Johncom) is South Africa's leading media and entertainment company. But more than that, it is a truly South African and African enterprise.

In a continent where social reform and economic progress are critical goals, Johncom stands proud. It is a profitable – and equally important, ethical – South African company owned and operated by South Africans. As such it is a world-class supplier of media, including national newspapers, magazines and digital services, and a globally competitive entertainment company, which produces and distributes local and international music, film and books.

Johnnic Communications is a public company, listed on the Johannesburg Securities Exchange.

The group's 3 806 staff, from the board of directors, through its executive team and down to its branch operations, reflects and celebrates the diversity of African culture. As at March 2006, 65% of the group's staff was representative of previously disadvantaged communities.

These and other Johncom brands are leading the group's growth into the burgeoning continent of Africa, with new business enterprises focusing on Nigeria and Kenya.

These include:

- cinemas
- multimedia stores
- media and book publishing opportunities
- CD and VCD replication manufacturing.
- The *Sunday Times*, with over 3,5-million readers each week, is the

nation's leading voice and a fierce defender of our young democracy. Johnnic's other publications include regional newspapers *Sowetan*, *Sunday World*, *Daily Dispatch*, *Dispatch on Saturday*, *The Herald* and *Weekend Post*, and locally and internationally-branded magazines including *Elle*, *Longevity* and *SA Home Owner*.

Plus Johncom leads the business publishing market in SA, owning 50% (with Pearsons of the UK, publishers of the *Financial Times*) of BDFM Publishers. BDFM produces *Business Day* and the *Financial Mail*, and the Summit business television channel is carried on the DSTV bouquet.

- Gallo Music is the pre-eminent producer, distributor and publisher of African music, representing artists such as Miriam Makeba, Lucky Dube, Danny K and Ladysmith Black Mambazo. Gallo is also a leading distributor of international music.

- Warner Music Gallo Africa (WMGA), a music-based content company, is a joint venture between Warner Music International and Gallo Africa Limited. WMGA has the rights to sell and distribute Warner Music International's repertoire throughout English speaking Africa. In addition, it houses worldwide digital rights to Gallo Music's domestic repertoire and marks the first time Gallo Music's entire catalogue will be made available in digital formats in Africa.

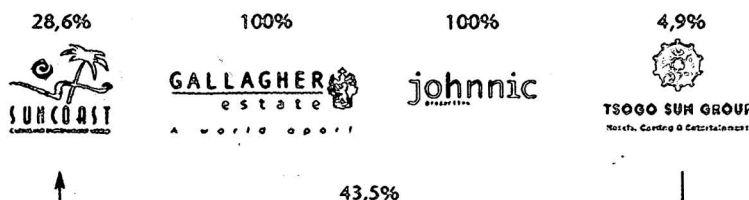
- Under the Nu Metro brand, Johncom distributes and exhibits the world's top movies, and supplies the retail and rental trade with videos and DVDs, through its strategic partnership agreements with some of the world's greatest studios, including MGM, Warner Brothers and 20th Century-Fox.

### JOHNNIC HOLDINGS STRUCTURE

johnnic  
holdings



### HOTELS AND GAMING, EXHIBITIONS AND PROPERTY



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## Kagiso Trust Investments

KAGISO TRUST INVESTMENTS (KTI) was formed in December 1993 by the Kagiso Trust as a vehicle to generate sustainable, long-term financial support, by way of dividends, to Kagiso Trust, for the purpose of community development and to achieve true economic empowerment through active, operational involvement in underlying strategic investments.

Initial capital to establish KTI came from the Kagiso Trust and JP Morgan, and was later supplemented by investments from Liberty Group and Nedcor Investment Bank. Kagiso Trust remains the controlling shareholder of KTI.

KTI initially invested in a range of assets to create an investment holding company, but later repositioned to pursue its objective of becoming the pre-eminent empowerment investment-banking services group in South Africa, actively managing the operations of the various business units within the group.

Despite retaining interests in an investment portfolio and a majority stake in Kagiso Media – a prominent listed broadcasting, publishing and exhibitions company – KTI increasingly concentrates on its financial services operations.

The group's investments and its controlled operations have performed consistently well over a period of almost 10 years, providing solid returns to its shareholders and adding to the strength of its balance sheet. This has permitted KTI to make several strategic acquisitions, to enter into joint arrangements with strong partners and to invest in promising opportunities where this served the group's strategic objectives.

KTI's approach to business is an ethical one, profoundly based on integrity. Consequently, it is a principled policy of the group not to invest in businesses conducting activities that are harmful to man or to nature, including gambling, alcohol, microlending and armaments.

The distinctive empowerment model employed by the Kagiso

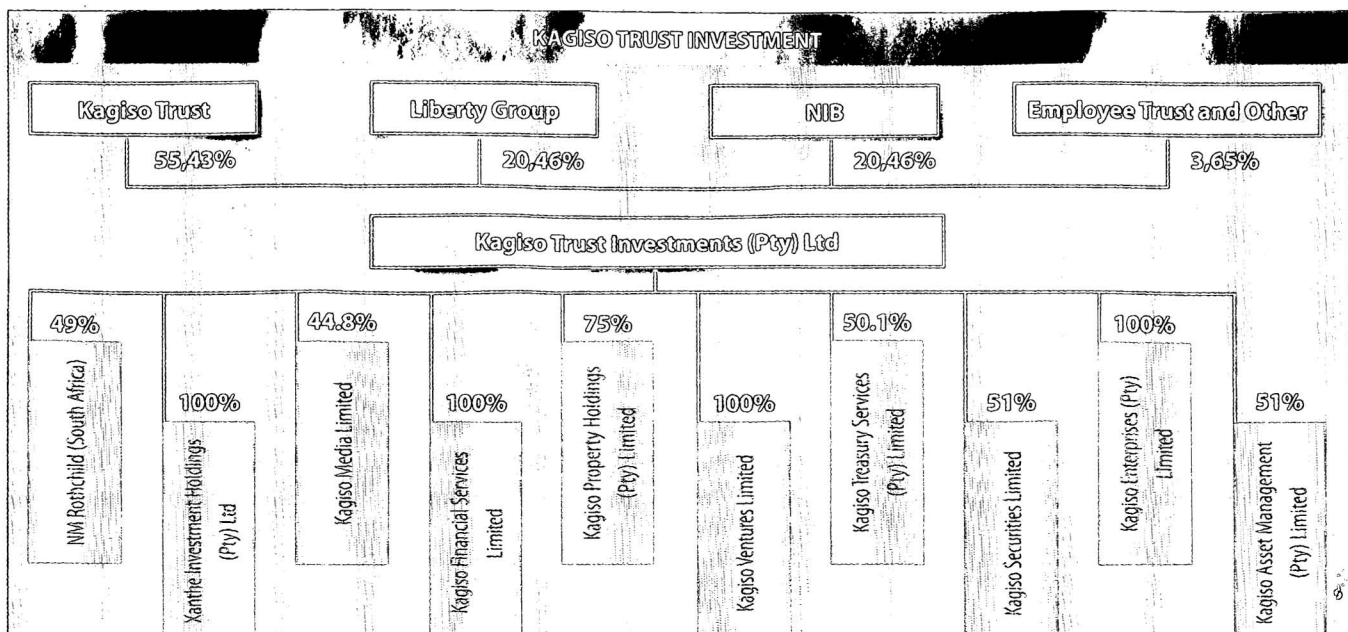
group – characterised by black ownership of the group exceeding 50% without resorting to artificial control structures, and by the representative nature of the group's top management, operational management and its clientele – has proven to be a truly South African business model.

The group comprises the following core operations:

- Kagiso Asset Management;
- Kagiso Enterprises;
- Kagiso Financial Services;
- Kagiso Property Holdings;
- Kagiso Securities;
- Kagiso Treasury Services; and
- Kagiso Ventures.

This line-up of specialised subsidiaries under the new Kagiso banner function collaboratively to assist clients in the public and private sectors, big and small, with most types of transactions or projects, offering a comprehensive suite of services which includes:

- advisory services: project finance and corporate finance, securitisation and structured finance;
- private equity fund management;
- small enterprise development and strategic equity partnership;
- securities trading: equities and gilts brokerage;
- property investment, management, development, securitisation;
- property asset management, integrated urban management and facilities management;
- risk management and related treasury services; and
- institutional fund management.



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## Kunene Brothers Holdings

THE STORY OF KUNENE BROTHERS HOLDINGS began in 1978 when Keith Kunene secured a sub-lease for Fortune Kunene senior to operate a fresh-milk outlet in Vosloorus, east of Johannesburg. The business underwent drastic changes when, in 1983, the Kunene Brothers won a tender to take over a liquor outlet that was previously owned by the government in the same township. In addition, the milk outlet started selling Coca-Cola products on a wholesale scale. Three of the five Kunene brothers, Zanos, Zoli and Menzi, joined the business on a full-time basis.

The Coca-Cola leg of the business grew rapidly between 1983 and 1987, culminating in the establishment of three Coca-Cola wholesale outlets (Vosloorus, Kwa-Thema and Kathlehong). During this time the brothers also established three liquor store outlets.

### Empowerment through active ownership

Kunene Bros. Holdings (Pty) Limited (KBH) was incorporated on 21 July 1994 as an "active ownership" business with diversified interests. All five brothers have joined the company full-time as active owners, enabling KBH to provide a range of well-defined services to group companies.

On 28 August 1994, Kunene Finance Company (KFC) was established for the purpose of raising medium to long-term finance to fund the Group's investment programme. KFC is controlled by KBH in partnership with six financial institutions.

KFC is a diversified holding company and currently has four major areas of investment interests:

- Coca-Cola bottling and distribution;
- defence electronics and telecommunications;
- financial services; and
- motor dealerships.

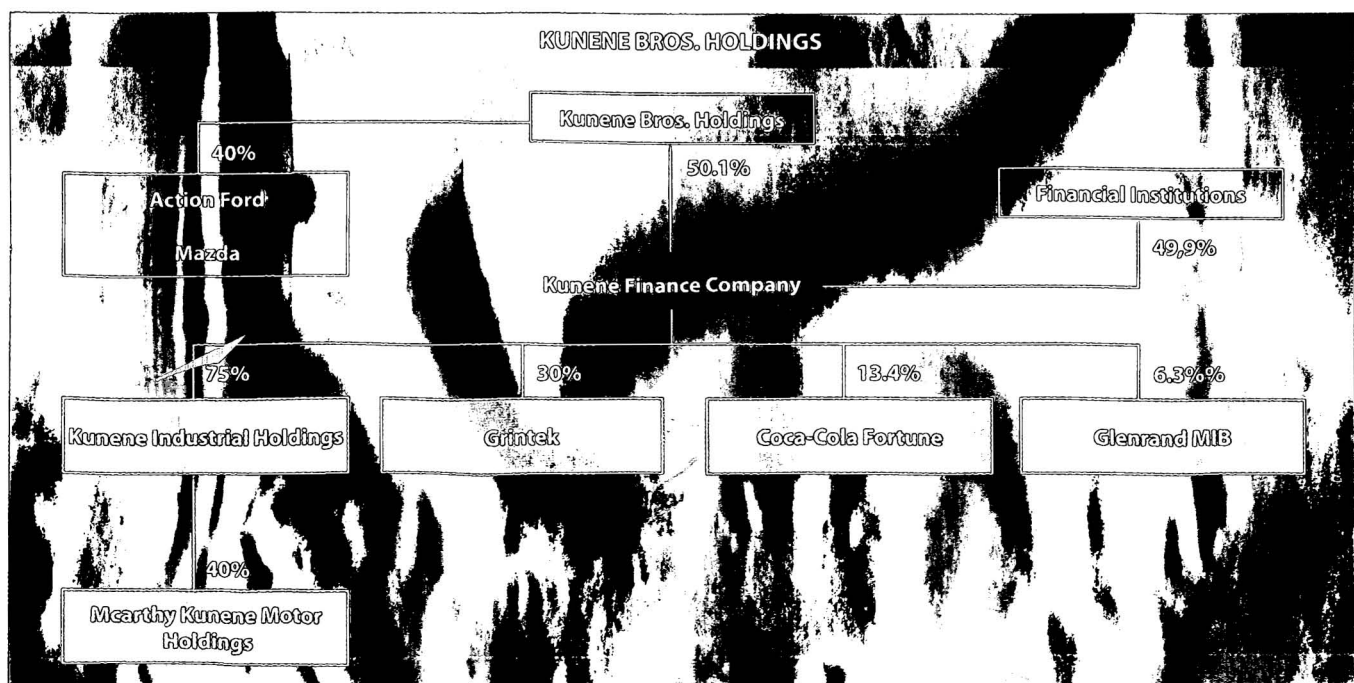
The companies in the group housing these investments are: Grintek Limited (a listed defence electronics and telecommunications company); Coca-Cola Fortune, the second-largest bottling and distribution company in South Africa; Glenrand MIB (a listed specialist financial services company); and McCarthy Kunene Motors (authorised dealer for DaimlerChrysler).

### Active ownership

KBH's active ownership programme is exercised through contracts under which KBH executives are seconded to the group's subsidiaries and associates in positions of influence, including membership on boards of directors, operating boards, executive committees, audit committees and remuneration committees. In addition, KBH secondees provide group companies with value-added input.

KBH's active ownership is demonstrated through executive roles on the boards of investee companies. For example, Zanos Kunene is the Executive Chairman of Coca-Cola Fortune, Zoli Kunene is the Executive Chairman of Grintek, and Dudu Kunene is the Executive Director of Glenrand MIB and Chairman of McCarthy Kunene Motor Holdings.

Through its unique active ownership model, KBH is recognised as one of the most successful black empowerment companies in South Africa. ■





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## Makalani Holdings

**MAKALANI HOLDINGS** is a mezzanine financing company that provides funding for Black Economic Empowerment (BEE) transactions and targeted investments, such as infrastructure and affordable housing, as defined in the Financial Sector Charter. Makalani listed on the Investment Companies sub sector of the JSE on 18 May 2005 after raising R2,5 billion through a public offer and private placement.

Makalani's investment focus is predominantly on mezzanine instruments, subject to acceptable risk/return parameters. The portfolio effect achieved by investing in a diversified portfolio of investments significantly decreases the specific risks attached to individual investments.

Makalani is managed by Makalani Manco. This company is 75% owned by RMB and 25% owned by BEE partners, Tamela (15%), WDB Investment Holdings (5%) and Thesele Group (5%). RMB performs the merchant banking operations of FirstRand and trades off FirstRand Bank Limited's R424 billion balance sheet. RMB has 27 years of experience in the investment industry and has grown its profits in excess of 20% per annum since inception.

RMB provides specialist services and takes principal positions in the fields of Corporate Finance, Structured Finance, Project Finance, Private Equity and Trading Markets. RMB has consistently been accorded the accolade of being the leading merchant bank in all areas of its activities. ■

Makalani invests in the BEE transactions of large corporates as well as large infrastructure and affordable housing projects. The investment guidelines include the following:

### INVESTMENT GUIDELINES

Minimum amount advanced by Makalani per transaction	R25-million
Term of funding	1 year onwards
Nature of instruments	Loans, preferences shares etc.
Cost of funding	Varies according to the risk taken



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## Matodzi Resources

MATODZI RESOURCES LIMITED is a leading diamond producer with operations in the Kingdom of Lesotho. Matodzi Resources is also engaged in the exploration for and acquisition of other minerals properties in South Africa.

Founded in 1921 in Heidelberg, Matodzi Resources was incorporated on 3 May 1933 as Witwatersrand Nigel Ltd and twice changed its name, to New Mining Corporation Ltd on 1 February 1999 and Matodzi Resources on 1 February 2003. During 1997, the company changed its main business from that of a mining company to that of an investment company.

Matodzi Resources' headquarters are in Johannesburg, Gauteng.

■ The Company's main business is that of an investment company. Its subsidiaries and associates are primarily involved in resource activities. Principal activities include:

- sourcing and evaluating investment opportunities; and
- operational and executive involvement in selected mining ventures.

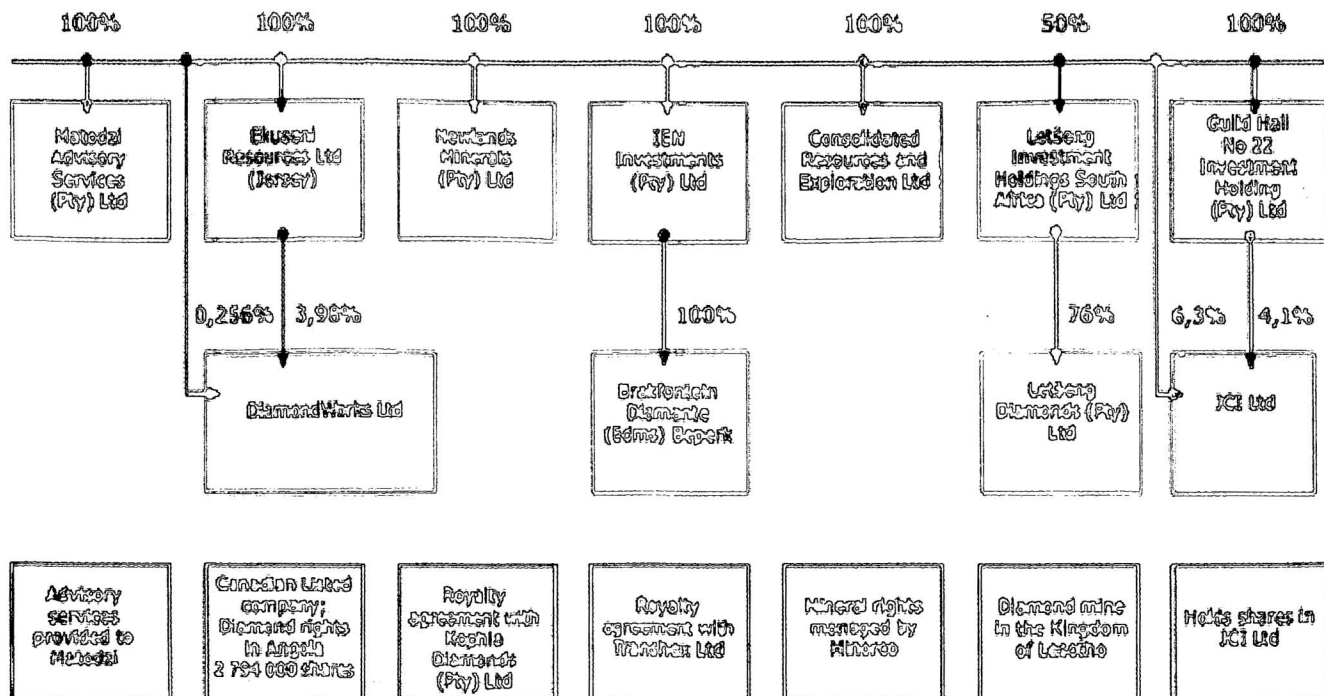
### Main assets include:

- a 50% holding in Letšeng Investment Holdings, South Africa (Pty) Ltd, a diamond mine project in the Kingdom of Lesotho.
- a 12,1% share of JCI Limited.
- a diversified portfolio of mineral rights that have potential for a variety of commodities.

### MATODZI STRUCTURE



## MATODZI RESOURCES LIMITED



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Source Page: 173

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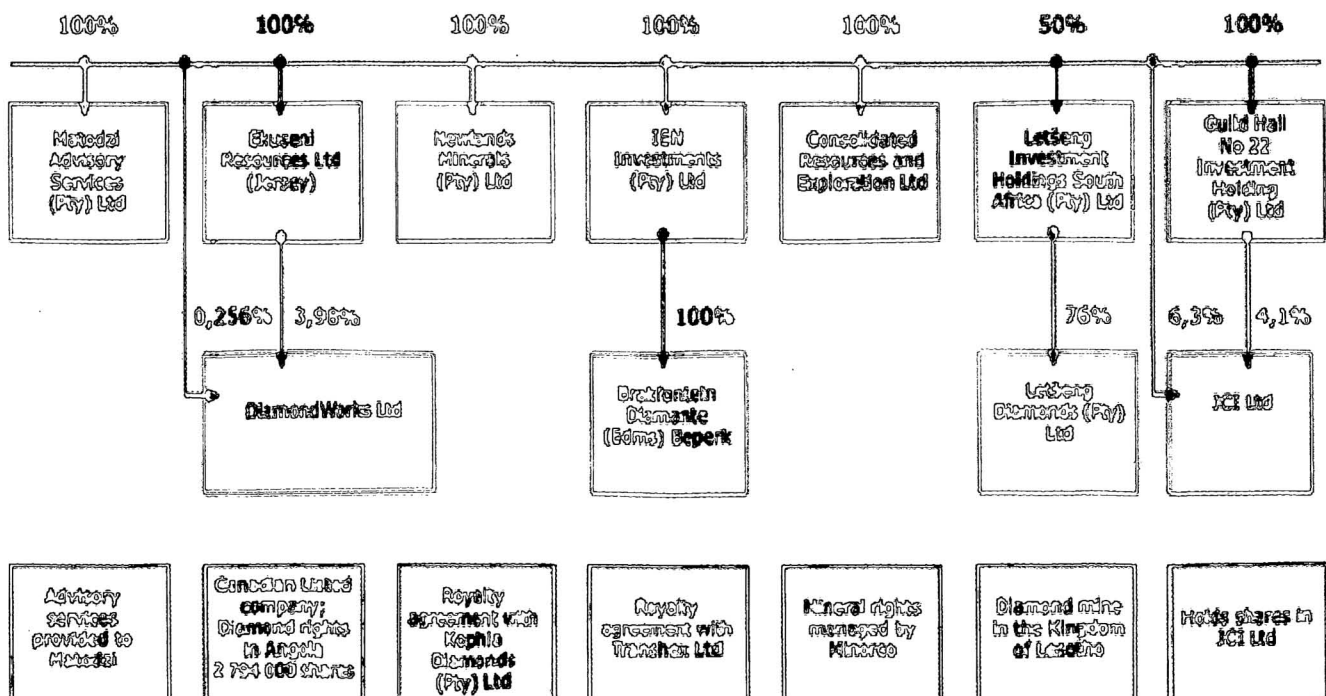
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### MATODZI STRUCTURE



## MATODZI RESOURCES LIMITED



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## Mvelaphanda Holdings

MVELAPHANDA HOLDINGS (Pty) Ltd ("Mvela") was established in 1998 by former Gauteng premier-turned-businessman Tokyo Sexwale. The company has emerged in a very short space of time as a leading black-managed and owned investment company. Mvela's focus is on the resource and energy sectors and it has a number of strategic/private equity, property development and financial services investments. Over the past three years it has built itself into a significant-sized private company, with its primary assets in the mining and energy sector being a listed mining and resources house, Mvelaphanda Resources Limited, Northam Platinum Limited, Trans Hex Limited and the Ibhubezi gas field. On the strategic investment side, the company has direct and indirect investments in a number of leading technology, property management, security, industrial and transport companies.

Mvela began with a capital base of R1000 and currently has gross assets exceeding R2,5bn. It has capital resources for investment and has raised a third-party private equity investment fund with committed capital of R500m to invest in service and industrial-based businesses.

Mvela has a diverse shareholder participation, which enables it to contribute to the benefit of a constituency previously excluded from the business sector. Its broad direct and indirect shareholder base includes:

- Makana Investment Company, representing some 10 000 former political prisoners and their dependants;
- Mabutho Investment Company, representing some 60 000 former MK members and their dependants;
- the Sedibeng Mining Company, comprising small-scale and women miners;
- the Steve Biko Foundation;
- the Women's Development Bank Investment Company, which provides finance to previously disadvantaged rural women;
- various local charities, including Cotlands, Johannesburg Child Welfare, Aids Link, and Alternatives to Violence;
- various trusts incorporating historically disadvantaged persons;
- management of Mvela.

Mvela believes that community participation is critical to its future success. Its shareholder profile reflects its commitment to ensuring that grassroots communities benefit from its assets and investments. Mvela wants to be viewed as the "company of choice" for providing value-add empowerment services.

Mvela, an empowerment company itself, has taken empowerment one step further by supporting BEE entrepreneurs, businesses and charities. The proceeds accruing from investments are expected to filter through to the communities in which they operate.

### Mvela has six subsidiaries:

- Mvelaphanda Resources Ltd (JSE-listed);
- Mvelaphanda Energy (Pty) Ltd;
- Mvelaphanda Strategic Investments (Pty) Ltd;
- Mvelaphanda Private Equity (Pty) Ltd;
- Mvelaphanda Property Investments (Pty) Ltd; and
- Mvelaphanda Financial Services (Pty) Ltd.

Each entity focuses on developing portfolio investments and each has its own financial management team, which focuses on acquiring significant equity interests in companies within the defined target markets.

### Direct and indirect investments held within each company include:

- Mvelaphanda Resources Ltd;
- Transhex Limited;
- Northam Platinum Limited;
- Platinum Mile (Pty) Ltd;
- Mvelaphanda Energy (Pty) Ltd;
- MvelaMasfield (Pty) Ltd;
- Ibhubezi Gas;
- Mvelaphanda Strategic Investments (Pty) Ltd and Mvelaphanda Private Equity (Pty) Ltd;
- Arcus Gibb (Pty) Ltd;
- African Maritime Logistics (Pty) Ltd;
- Broll Property Group (Pty) Ltd;
- Business Against Crime (Pty) Ltd;
- Curamed Hospital Group (Pty) Ltd;
- DCD-Dorbyl Engineering (Pty) Ltd;
- Desta Power Matla (Pty) Ltd;
- Radisson Africa (Pty) Ltd;
- Safety Security and Justice (Pty) Ltd;
- Secureco Holdings Ltd;
- Siemens Business Services (Pty) Ltd;
- Unitrans Express Delivery Services (Pty) Ltd;
- Unitrans Fuel and Chemicals (Pty) Ltd;
- Zonke Monitoring Systems (Pty) Ltd;
- Mvelaphanda Property Investments (Pty) Ltd;
- Fernwood development;
- Tygerfalls development;
- Silvermine development;
- Mvelaphanda Financial Services (Pty) Ltd;
- Abvest Associates (Pty) Ltd;
- Mvelaphanda Alternative Asset Managers (Pty) Ltd; and
- Novare Actuaries and Consultants (Pty) Ltd.

### MVELAPHANDA HOLDINGS

Mvela Resources

Mvela  
Private Equity

Mvela Energy

Mvela Financial  
ResourcesMvela Strategic  
InvestmentsMvela Strategic  
Investments

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## Nozala Investments

NOZALA INVESTMENTS was established in 1996 as a broad-based women's investment company. Nozala Trust was also formed as a separate legal entity, supporting business start-ups among the empowerment shareholders and other women's groups located within poverty nodes.

Nozala Investment's philosophy is to support equity investments through operational involvement and value-adding activities. The investment company is controlled by its founding members – Nozala Holdings (42,2%), empowerment shareholders (24,5%) and the Nozala Trust (33,3%). Nozala Holdings and Nozala Investment's empowerment shareholders donate 20% of their dividends to the Nozala Trust.

The board of directors of Izandla, which was formed in August 2001 as a joint venture between the Nozala Trust and the Cape Women's Forum to create jobs and nurture a culture of entrepreneurship among South Africa's rural women, comprises members of the Nozala Trust and the Cape Women's Forum.

The Nozala Trust was set up for the advancement of women in business and provides lending facilities to women entrepreneurs. Its aim is to offer financial support and administrative structure to projects and programmes that benefit women, which also benefit significantly from the strategic alliances that Nozala management has fostered.

Nozala Investments has broken new ground through the breadth of its beneficiaries, which comprise some 500 000 women represented by community-based structures. In the words of Salukazi Dakile-Hlongwane, Chief Executive and Deputy Chairman of Nozala Investments: "Nozala's mission is to improve the quality of life of ordinary South African women. What better gives expression to the concept of broad-based empowerment than helping rural women to build their own futures?"

Far from being a passive investor, Nozala seeks to add value. "Because of our broad base of women stakeholders, we can help

investee companies open new markets around the country, and women make very persuasive lobbyists," says Dakile-Hlongwane, adding that Nozala's 500 000 stakeholders offer a ready-made platform for companies seeking to penetrate the women's consumer market.

### Nozala's investment portfolio

The group's first foray into mining and energy was as part of the Tiso Consortium which acquired 5% of iron ore and coal group Kumba Resources. Nozala had a 20% share in the consortium, giving it a 1% direct interest in Kumba.

Nozala then acquired 9,5% of Excel Petroleum, which in turn holds 9,4% of Naledi Petroleum. The merger of Excel and Sasol created the largest integrated liquid fuels business in Southern Africa. Dakile-Hlongwane says Nozala would eventually like to have the majority of its portfolio in resources and resources services because of the expertise it has built up in this sector and its strong cash generation.

Nozala also has a stake in Nexus, which has a 19% interest in Neotel. The group's portfolio includes several listed and unlisted services companies. In 2005 it acquired 40% of Precrete and GFC Construction, jointly renamed Precrete-Nozala, for R22-million. The company packages and distributes pre-mixed concrete products to the mining industry and provides a 24-hour shot-crete contracting operation.

Nozala also bought 35% of Commercial Trading Agency SA (Pty) Ltd in 2005; another recent acquisition is 50% of Afripack from PPC. Afripack produces flexible packaging for local and export distribution.

### Other interests include:

- 20% of leading private education and training company Educor;
- 22,6% of Tsebo (formerly Fedics), the country's leading contract caterer;
- 16,3% of Curamed, a Pretoria-based holding company that owns and manages six private hospitals with 692 beds. This deal was made through a consortium comprising Nozala, Mvelaphanda Strategic Investments and Medi-Clinic Holdings (which provides operational expertise to the hospitals).

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## NOZALA INVESTMENTS

### Core

#### Resources

- Kumba
- Sasol Excel

#### Resources Services

- Precrete Nozala
- Afripack (PPC)

### Noncore

#### ICT

- SNO  
(Nexus connector)

#### Private Equity

- Radio Jazzenza
- Tsebo
- Educor
- Curamed (Medicines)



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## Pamodzi Investment Holdings

**FOUNDED IN 1996** by a group of leading black professionals, Pamodzi Investment Holdings (Pty) Ltd is a multibillion-rand investment company seeking to become a strategic black equity partner of leading businesses in key South African industries. It has built a solid reputation in the equity business by bringing strategic value to organisations and generating high returns for all stakeholders through commercial astuteness and entrepreneurial acumen.

### Investment Philosophy

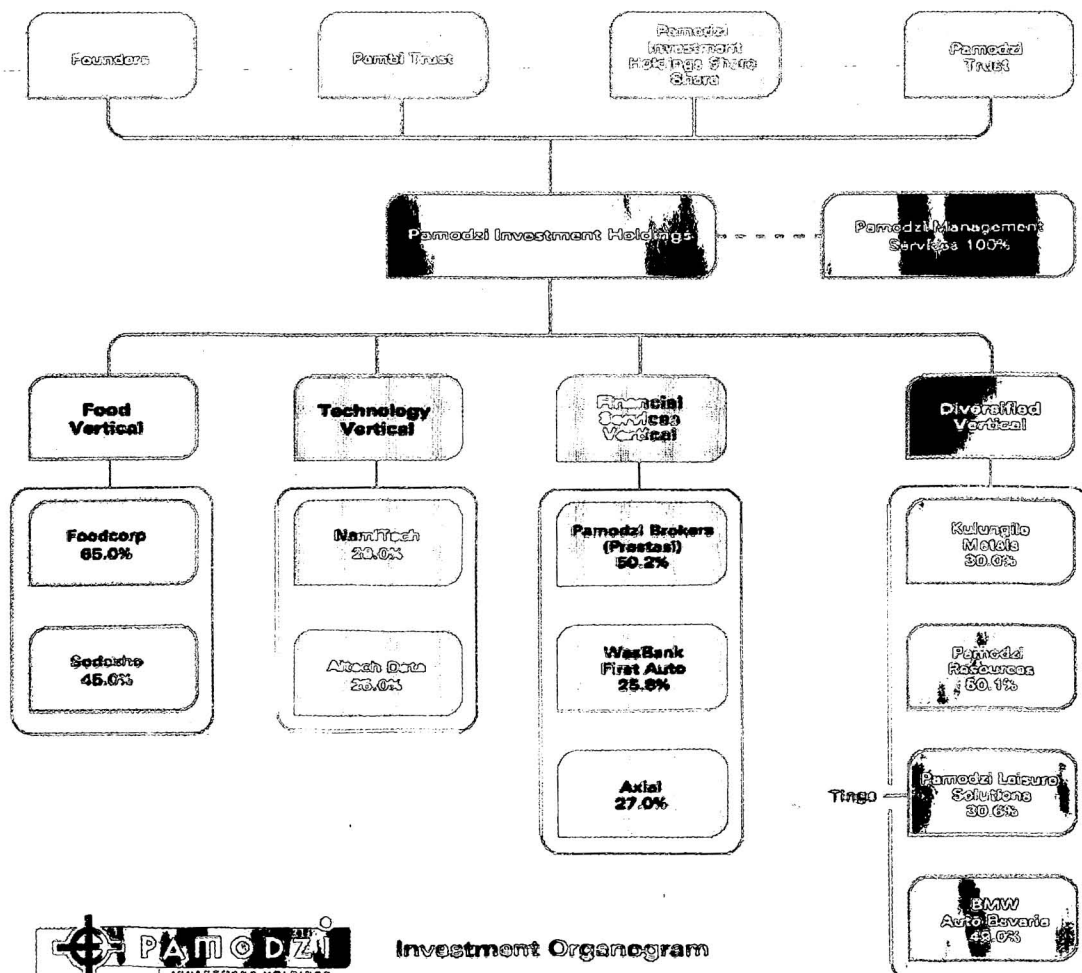
The company's interest lies in companies that have the potential to generate strong cash flows and facilitate wealth creation for all stakeholders. Such companies usually have substantial scale or the ability to gain scale rapidly.

Pamodzi's main focus is geared towards unlisted companies with a strong market position or niche leadership. It targets companies with successful track records and management teams, and where the opportunity exists to create shareholder wealth through adding strategic value. In order for Pamodzi to make a meaningful contribution, its policy is to take a significant interest in its investments.

From a corporate governance perspective, it insists on the highest level of integrity, transparency and compliance.

Pamodzi endorses a broad-based empowerment approach through equity partnership with the employees of investee companies. In this way the employees, management and Pamodzi are all directly responsible for their own wealth creation. ■

### PAMODZI STRUCTURE



Investment Organogram

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## Safika Holdings

**SAFIKA STARTED OFF** as a small consulting firm focused on the IT sector. Today, the group's asset base, net valued at around R2 billion, mixes classic BEE interest in large corporations with a string of smaller income-generating businesses. The income derived from the small businesses is critical in ensuring the long-term sustainability of the company's empowerment formations. Without it, many BEE firms fall as they sink deep into debt acquired to run their day-to-day office affairs.

Safika's operating portfolio is spread over five sectors: ICT, financial services, clothing, retailing, property and resources. The portfolio also includes start-ups such as:

- Safika Technology Holdings that has two operating entities, namely Safika Executive Decisions – a supplier of software packages, and Safika Technologies, a consulting firm focusing in the Java area.
- Safika Asset Finance which offers asset finance solutions to the public and private sectors.
- SafikaTel specialises in interactive marketing and other telephony and Internet-based, value-added services.
- Benefit Recovery Services traces the beneficiaries of surplus and unclaimed insurance benefits.

Safika holds a majority stake in these operations which are jointly owned with their management. The group came together with IT group ICL (now called Fujitsu Services), financial services specialist MGF Capital and businessman Brain Burt to establish BRS in which Safika holds 51%. The group has struck a number of high-profile BEE deals over the past few years as a leader and a partner in a number of broad-based consortia. These include deals which have delivered

stakes in Standard Bank, Liberty Life, Stanlib, Andisa Capital, Logistical Options, Mustek and Dimension Data.

Safika has been involved in a number of deals including being part of the R5,4bn Standard Bank and Liberty group BEE deal in which, together with Cyril Ramaphosa's Shanduka, Safika led a consortium called Tutuwa in acquiring a 10% stake in the local operations of Standard Bank and Liberty; forming part of the R380-million BEE transaction in which a broad-based consortium led by former director general in the Department of Communications, Andile Ngcaba, acquired 25,01% of Dimension Data SA; and leading a broad-based consortium in its 25,2% entry into asset management group Stanlib. The consortium in this R1,4bn deal includes community investment trust Ditikeni.

The group has jointly set up Safika Investments with RMB Corvest and capitalised with R310-million; Tandem Capital; and Safika Private Equity Empowerment Fund.

Safika's private equity deals include the Fidelity Cash Management Services transaction. Safika in partnership with Zungu Investments company acquired a 25,1% share in Fidelity for an undisclosed sum. The group was also involved in a R31m Highbury Monarch Communications private equity deal.

Safika Resources has bagged several deals, including forming part of a BEE consortium that owns 20% of Two Rivers Platinum. It also holds 30% of Mandirk and 50% of Sebeso, another BEE consortium with a 20% stake in Mogale Alloys. ■

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## Sekunjalo Investments Limited (SIL)

SEKUNJALO INVESTMENTS LIMITED (SIL) is a black-controlled investment holding company domiciled in the Republic of South Africa with global operations in London and Mauritius. SIL is listed on the JSE Securities Exchange and is part of the unlisted Sekunjalo Group of companies.

Sekunjalo's investments can be considered as technology and innovation-driven, and include the following sectors: health care and pharmaceuticals, aquaculture and biotechnology, information technology, and telecommunications and financial services. The manufacturing and employment-driven investments include the following sectors: industrials (food and fishing), brands, enterprise development and SMME support.

Sekunjalo appoints the boards and management of its subsidiaries. It currently has more than 1 000 employees itself, and benefits more than 10 000 people through its investments and associates. The company is a significant employer in the manufacturing and processing sectors of the Western Cape and Gauteng. Sekunjalo is a significant exporter and generates a large portion of its income in foreign currency.

The economic value added (EVA) by Sekunjalo to the economy of South Africa for 2005 alone stands at R1,6 billion.

Sekunjalo has strong roots among historically disadvantaged individuals (HDIs) and community organisations in the Cape region of South Africa, who form the cornerstone of the group's shareholder base. It is recognised by its peers as a pioneer in promoting the interests of HDIs and communities, in enterprise development, and in the promotion of SMMEs. The group's commitment to employment equity, skills development, transformation, and procurement from black business makes it a role model for BEE. Sekunjalo is the recipient of numerous awards for its business performance and its achievement of real economic transformation for marginalised South Africans.

### Mission statement

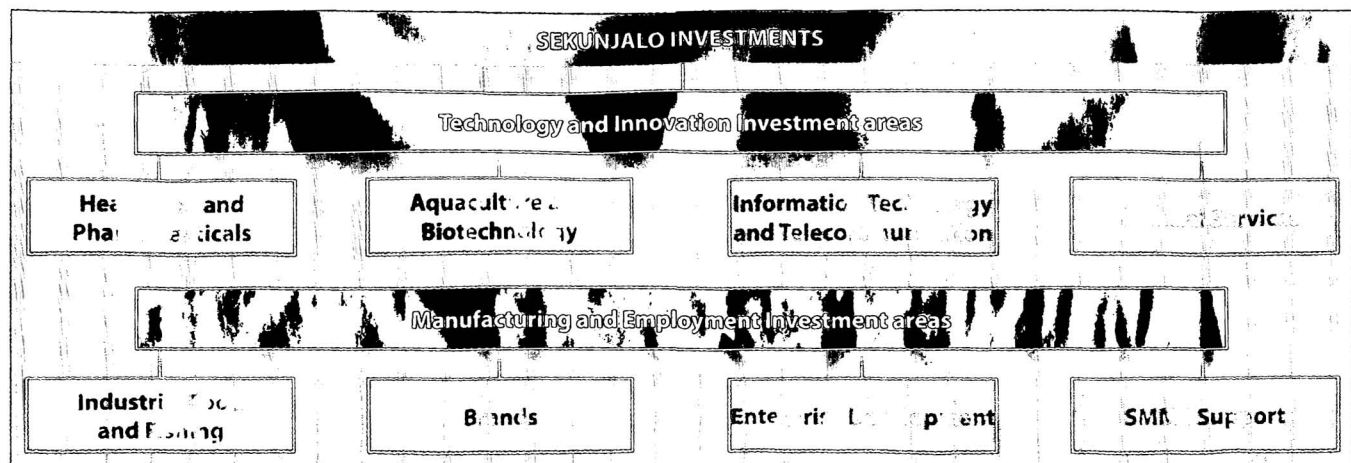
Sekunjalo Investments seeks to empower individuals and communities through profitable investments and provide affordable products and services. A cornerstone of its mission statement is "people before profits", recognising that the best way to achieve business sustainability is to partner communities and government in a social contract to achieve economic growth and enhance the prosperity of all South Africans.

Sekunjalo's business model has seen it acquire control of the majority of its investments so that it is able to add value through its extensive networks and by promoting an entrepreneurial culture with its management and employees. In selected investments, Sekunjalo will acquire strategic non-controlling stakes provided that the company is able to influence the business process with respect to wealth creation and transformation.

### Investment model

Sekunjalo is an investment holding company controlling most of its investments through the appointment of the directors and senior management. Although it is not an operating entity, it has a number of operational investments wherein it encourages an entrepreneurial culture. Sekunjalo will only invest if it is able to add value to its investments through control or significant influence. As an investment holding company, it is able to unlock value by listing, merging or selling its investments.

A key component of the business model is the development of management capacity and skills through learnerships, skills development and employment equity, especially among black or HDI groups. Sekunjalo's business model of integrating experienced senior executives with emerging black entrepreneurs and managers has created an exciting complement of senior management that positions the group well for growth. ■



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## Shanduka Group

**SHANDUKA, WHICH MEANS** "change" in Venda, is a leading black-owned and managed investment company established in November 2000. Its investment activities fall into five categories: strategic investments, resources, financial services, property and energy.

Corporate social responsibility activities are conducted through the Shanduka Foundation, a vehicle for transformation and empowerment dedicated to improving education and developing business skills among the previously disadvantaged.

Shanduka takes pride in contributing to the transformation of the economy and our society during a period of great and positive change on the African continent. "Our shareholder base and highly qualified, committed management team positions us well to be a catalyst for change in the way we conduct our business," says Executive Chairman Cyril Ramaphosa.

### Strategic investments and partnerships

"Our continued growth depends not on the number of investments, but on the depth and the quality of the relationships with our partners," says Kojo Mills, Executive Director of the Shanduka Group and MD of Shanduka Fund Managers.

### Strategic investments and partnerships comprise:

- 15% in the Dinatla Consortium, which has a 15% stake in Bidvest, SA's largest services, trading and distribution company;
- 20% in TBWA Hunt Lascaris, one of the world leading communications companies; and
- 51% of RentWorks Africa, a technology and office automation rental business.

"We continue to seek out exciting business opportunities with potential partners who share our vision and mission," says Mills.

### Shanduka Resources

Shanduka Resources' long-term strategy is to build a geographically diverse, multi-commodity, black-owned and managed resource house. Under MD Rowan Smith, the short-term strategy is initially focused on investments in selected value-chain assets, which will be supported by operational and managerial capabilities in the medium term.

Target sectors include mining and exploration, forest and paper products, chemicals, and agribusiness.

The current resources portfolio comprises investments in Kangra Coal (40%), Mondi Shanduka Newsprint (42%), Mondi Packaging South Africa (40%), Barberton Mines Limited (26%), the FSC Gold Exploration Project (with Afriore), and joint ventures with African Minerals on diamond exploration in SA, and with the Richtersveld community on specified diamond opportunities.

### Shanduka Properties

Shanduka Properties' strategic objective is to be the premier black-controlled fund management and property solutions company, encompassing asset management and development facilitation.

It owns 50,4% of Property Financial Services, the management company of the Capital Property Fund, a listed property unit trust. Shanduka executives seconded to the company are actively involved in the asset activities of the fund.

"Our partnership approach on property developments has seen us forging strategic alliances with established developers such as McCormick Property Development and Rabie Property Projects. We have also identified public-private partnerships as an area of interest and potential going forward," says Thando Sishuba, MD of Shanduka Properties.

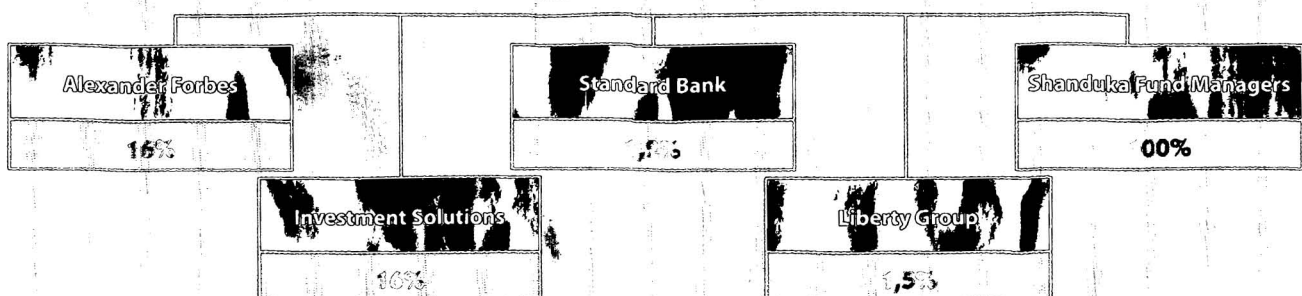
### Financial services

"When we invest in an organisation, we first look at the quality of its people, because that's where its true wealth lies," says Mills.

Shanduka has entered into relationships with leading companies locally and across the continent. They include Alexander Forbes, Investment Solutions, Standard Bank and the Liberty Group.

Through Shanduka Financial Services, the company manages Shanduka Value Partners Fund I, a R303m private equity fund which invests alongside management teams and shareholders in search of a black financial sponsor and partner. In addition to the Shanduka Group, investors in the fund include leading players such as Sanlam Private Equity, SASRIA and the Development Bank of Southern Africa. □

### SHANDUKA FINANCIAL SERVICES



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## Tiso Group

**TISO GROUP** was established in June 2001 by Fani Titi, David Adomakoh and Nkululeko Sowazi. The Tiso team has since expanded to more than 20 individuals with a diverse but complementary set of business and entrepreneurial skills. A common desire to create a leading corporate entity based on a culture of professionalism is a powerful binding agent for Tiso's expanding team.

The group's ownership structure reflects its strong entrepreneurial culture and institutional partnerships. Management and staff own 43% and, together with the Tiso Foundation, have a 59% controlling interest. Founding partner Investec Bank Limited has now been joined by Rand Merchant Bank and The Standard Bank of South Africa Limited, which has served to strengthen Tiso's relationship with important financial sector players and is a reflection of the market's growing confidence in the Tiso business model and its team. Tiso is an emerging empowerment company predominantly controlled by its management. Its executive management team enjoys autonomy in charting the group's long-term strategic path. The Tiso Foundation is a registered public benefit organisation and holds a 16% interest in the group. This shareholding is intended to provide it with a long-term endowment to sustain its education, leadership preparation and entrepreneurship development projects, all targeted at previously disadvantaged communities, and is a clear demonstration of the group's commitment to broad-based transformational social investment.

### African Explosives Ltd (AEL)

In May 2004 Tiso Group, together with the Tiso AEL Development

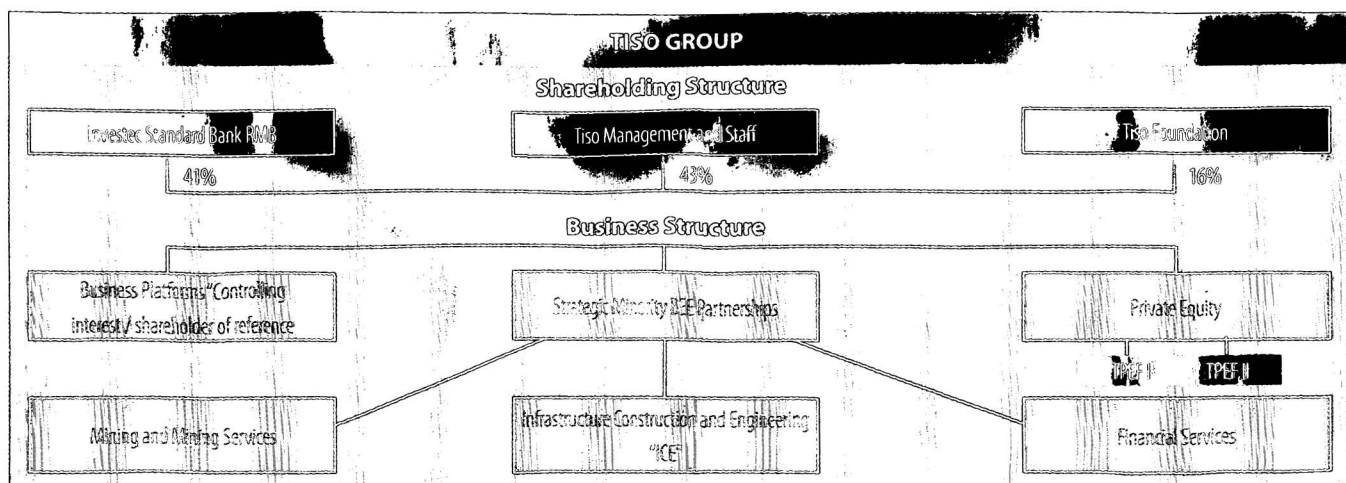
Trust, acquired a 25,1% stake, valued at R401m, in the newly formed AEL Holdco Ltd. The company has a 108-year history, a turnover of R2,1 billion per annum and more than 2 900 employees. AEL is the explosives and mining solutions subsidiary of AECI. TisoGroup owns 75% of the 25,1% stake, the remainder held by the development trust. Standard Bank acted as advisers on the deal, highlighting the strength of their ongoing relationship with the group.

### Improchem

Tiso and AECI have an ongoing relationship, which has been further deepened with Chemical Services Limited (Chemserve), AECI's speciality chemicals business. Tiso has acquired a 25,1% stake in the business of Improchem, a wholly owned subsidiary of Chemserve, for approximately R94 million. Improchem is the largest water and energy solutions company in Southern Africa. The transaction became effective in September 2005.

### Aveng

In July 2004 a consortium led by Tiso Group acquired a 25% stake, valued at R496m, in the South African construction and steel businesses of Aveng Limited, namely Grinaker LTA and Trident Steel. The acquisition was made via the newly established Qakazana Investment Holdings (Pty) Ltd, which includes the Tiso Aveng Women's Empowerment Trust, Four Arrows Investments 39 (Pty) Ltd, and the Aveng Community Investment Trust. Qakazana is 36% effectively owned by Tiso Group which will exercise 100% of the voting rights on behalf of the consortium. ■





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To be the truly South African company, which invests in, and actively manages businesses that deliver excellent and relevant products and services, optimising shareholder value while providing sustainable benefits to the community. ■

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## Women's Development Bank (WDB)

THE WOMEN'S DEVELOPMENT BANK (WDB) was born in 1991, when WDB Micro-Finance was founded. WDB Micro-Finance (WDB-MF) is a not-for-profit organisation that has been providing rural women with loans for their economic activities. Its operations are based on the Grameen Bank group-lending model, where group members stand surety for each other. WDB-MF can proudly say that it has a 99% repayment rate. The average loan size is R1 000 which is invested in varying enterprises such as small manufacturing, retails, hawking, crafts and catering.

To date, WDB has disbursed more than R22 million in loans to more than 15 000 clients and supported more than 16 000 jobs. WDB-MF has significant operations in Mpumalanga, with an intention to be present in at least four provinces by 2010.

The WDB Trust, which owns WDB-MF and WDB Investment Holdings, has created additional development programmes including a Computer-Based Literacy programme that links women to technology through a literacy programme; and a Business Development programme that provides women entrepreneurs with skills to help them run their businesses more efficiently.

### The Investment Company

WDB Investment Holdings (Pty) Ltd (WDBIH) started operating as the investment arm of the WDB Trust in 1997. Its mandate is to create value by building a portfolio of investments and repatriating the profits to the Trust for disbursement to the group's social development programmes. To date, WDBIH has repatriated close to R35 million to the Trust. WDBIH is a wholly owned subsidiary of the WDB Trust.

WDBIH's investment portfolio includes a 7,5% stake in BP South Africa where in partnership with the Mineworkers' Investment Corporation they collectively hold 25% of BP. When BP created Masana Petroleum Solutions (which is 55% BEE held) from its former commercial and industrial division, WDB acquired a 10,5% shareholding in the entity.

The investment company also holds a 25% stake in Paracon, a listed IT company; and the group is part of the Dinatla Consortium which has a 9% shareholding in Bidvest. In 2006, WDBIH also became investment partners with the FirstRand Group, Discovery Holdings, Makalani Holdings and Advantage Asset Management.

### WDBIH Enterprise Development Services

WDB is committed to ensuring the economic empowerment of women and small businesses in general. Through its Enterprise Development services WDB is positioned to assess the impact of current Enterprise Development initiatives thereby providing a key review and recommendations on the efficiency of such programmes, ensuring that SMLs' needs are in fact being met by the programmes. In addition WDB is also able to assist companies with their strategies aimed at channeling their procurement spend to SME suppliers.

WDB has incubated and partnered with women-owned businesses such as Mintbrooke Investments (installs and services various technical equipment, including lottery terminals and installs technical programs), Winning Business Systems (trains rural women on entrepreneurial activities), and Gerri Engelman Associates (manages bursary schemes and corporate social investment initiatives). ■

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## Women Investment Portfolio Holdings

**WOMEN INVESTMENT PORTFOLIO HOLDINGS** (Wiphold) was founded in 1994 by four successful black women executives as an organisation dedicated to women's empowerment. They realised that true economic empowerment would require a process of wealth mobilisation and accumulation, and that this would be especially important in the case of women. This led the founders to examine the use of women's investment clubs as empowerment vehicles.

Educational workshops were held countrywide to develop the idea and to secure the support of women from various socio-economic groups, regions and races. Wiphold was launched with seed capital of R500 000, and initially grew from strength to strength as a passive investment trust.

In 1997, the founders embarked on an Initial Public Offer, to women only throughout South Africa, that raised R25m. A rights offer to women in 1998 raised a further R76m and, during that same year, a private placement with institutions raised R424m. In 1999, Wiphold became the first women's group to be listed on the JSE.

Later that year, Wiphold decided to become an operational BEE group and to target the financial services industry as its core focus. This strategy was implemented by establishing Wipcapital as an advisory and debt and equity-arranging business, and by embarking on an acquisition strategy of complementary financial services businesses such as Legae Securities.

Wiphold delisted in 2003 and bought out minority shareholders in partnership with Old Mutual. This resulted in a greater proportion of the economic ownership of the company resting in the hands of black people and women.

In 2005 Wiphold concluded a BEE transaction with the Old Mutual

group, as a result of which it has stakes in Old Mutual (SA), Mutual & Federal and Nedcor.

### Shareholding, ownership and control

Sixty percent of Wiphold's shareholding and economic participation is in the hands of women; 50,3% of its shareholders are black.

Wiphold continues to support empowerment at shareholder level, at employee level, and, through its social responsibility practices, at procurement level. It remains committed to its core principle of empowering women economically while actively striving towards maximising shareholder value.

Empowerment at all levels constitutes the critical factor for companies to demonstrate their commitment towards providing previously disadvantaged people with the opportunity to participate in the economy. Short-term strategies that fail to recognise the need for companies to advance the wider interests of their societies and stakeholders will have only a limited lifespan.

Wiphold's core founding principle of the empowerment and advancement of women and black people is embodied at three levels: ownership, employment equity and social investment.

The broad-based nature of Wiphold's ownership is evidenced by the fact that there are more than 1 200 direct women beneficiaries, and more than 300 000 women who benefit indirectly through non-governmental organisations. These women are represented in all nine provinces.

Wiphold is controlled by the Wiphold Investment Trust through "A" ordinary shares, which have 100 votes per share. The trust is entitled to appoint the majority of the Wiphold board. Both it and the Wiphold NGO Trust have unencumbered shareholdings in Wiphold. ■

