



WIPHOLD

COMPANY PROFILE

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1. **VISION AND OBJECTIVES**

WIPHOLD is driven by a dedication to the empowerment of women and black women in particular. It was borne out of the knowledge that South African women, while the largest contributors to the economy, both as producers and consumers, have historically been the most disadvantaged. The knowledge that financial independence represents a powerful tool for helping women redirect their lives is what motivated the formation of WIPHOLD, still drives it today, and is manifested through:

- the company's ongoing drive to galvanise women into an investment vehicle that makes investments of benefit to women in the areas of:
 - ∂ financial services
 - ∂ infrastructure and
 - ∂ diversified (telecommunications; tourism; manufacturing; power and automation);
- the active participation of WIPHOLD's leadership in influencing the South African financial landscape, and;
- the opportunities provided for talented young black and women professionals to operate at senior levels in the South African world of business, and in the financial sector in particular.

WIPHOLD'S objectives are to:

- be an active and operational investor through representation on the board of directors of companies in which it is invested, and/or through performance-based operational contracts with those companies;
- create and distribute wealth for all its shareholders. The model is one of broad-based ownership;
- enable the participation of women from all levels of society in economic empowerment initiatives and foster entrepreneurship amongst women; and
- empower and support non-governmental organisations whose primary focus is development programmes pertaining to black women and/or children.

2. **A BRIEF HISTORY OF WIPHOLD**

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 on a countrywide basis to develop the idea and to secure the support of women from various socio-economic groups, regions and races. WIPHOLD was launched with a 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 R25 million. A rights offer to women in 1998 raised a further R76 million and, during that same year, a private placement with institutions raised R424 million.

In 1999, WIPHOLD became the first women's group to be listed on the Johannesburg Stock Exchange in South Africa.

Later that year WIPHOLD made a conscious decision to become an operational BEE group and strategically decided 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. The formation of Wipcapital as an operational financial services wholly owned subsidiary was a direct response to the market's signal at the time that new empowerment models were necessary if empowerment goals were to be achieved, that the model of BEE companies operating only as passive investment vehicles was problematic. Wipcapital was to be and remains a company that:

- actively participates in the companies it invests in, delivering both financial services and transformation expertise; and
- acts as a training ground and role model for black entrants into the financial services arena. Wipcapital's highly qualified staff participate actively in the investment arena on behalf of WIPHOLD, while engaging in a skills transfer drive that empowers a new generation of financial services experts.

Over the next five years WIPHOLD established itself as the leading BEE financial services group in the country and in some areas, such as infrastructure finance for state-owned enterprises, as the leader in financial services generally.

WIPHOLD further expanded its focus in 2003 to also include the ownership of infrastructure assets and resources assets, resulting in a new three-fold focus for the business as follows:

- Financial services;
- Infrastructure and investments; and
- Diversified investments

In 2003 WIPHOLD delisted and in partnership with Old Mutual bought out minorities. This resulted in a greater proportion of the economic ownership of the company resting in the hands of black people and women (see current ownership structure in 3 below).

3. **A ROLE MODEL FOR BROAD-BASED EMPOWERMENT**

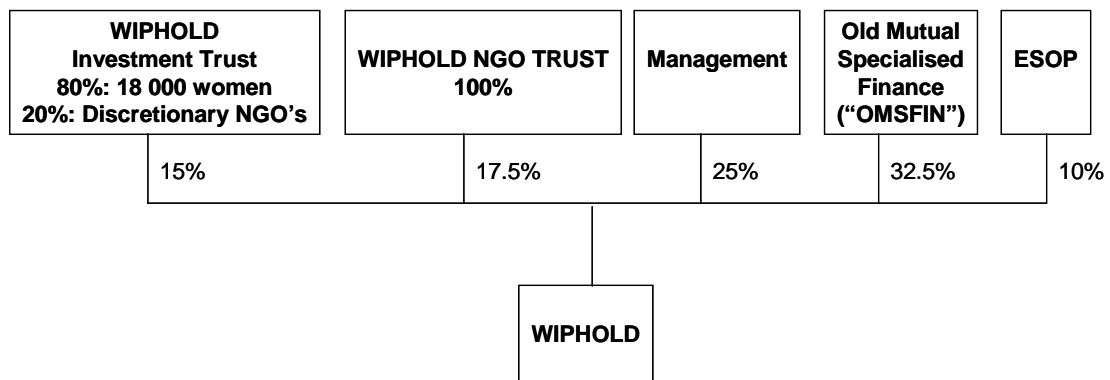
WIPHOLD's core founding principle of the empowerment and advancement of women and black people is embodied at three levels: ownership, employment equity and social investment.

3.1 Shareholding, Ownership and Control

60% of WIPHOLD'S shareholding and economic participation is in the hands of women. 50.3% of its shareholders are black.

The broad-based nature of WIPHOLD'S ownership is evidenced by the fact that there are over 1200 direct women beneficiaries, and over 300,000 indirect women beneficiaries through NGOs. 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 WIPHOLD Investment Trust is entitled to appoint the majority of the WIPHOLD Board. Both the WIPHOLD Investment Trust and the WIPHOLD NGO Trust have unencumbered shareholdings in WIPHOLD.



3.2 Employment Equity Practices

WIPHOLD'S employment equity track record is summarised in the table below:

	Total	HDSA	White	Male	Female
Senior Management	9	67%	33%	33%	67%
Middle Management	22	41%	59%	58%	42%
Admin	9	67%	33%	22%	78%
Support	4	100%	-	25%	75%
	41				

In addition, the companies Executive Directors and its Board members are women, management has acquired a 25% shareholding for cash consideration, and management & ESOP shareholdings are 70% black.

3.3 Social investment

Distributions to broad based empowerment shareholders and charitable organisations have been made via the WIPHOLD Investment Trust as follows:

- 2000 – R6.2 million
- 2003 – R25 million.
- 2003 – R3.8 million used to facilitate the shareholding of the newly created WIPHOLD NGO Trust.
- 2004 – R15 million.

4. BUSINESS ACTIVITIES

In its 10 years of existence, WIPHOLD has established a sustainable and sound operating and investment track record. Its current business activities are focused in three areas: financial services, ownership of infrastructure assets and diversified investments.

Financial Services	Diversified Investments	Infrastructure investments
Advisory Asset Management Stock Broking Treasury Services	Telecom Tourism Manufacturing Power & Automation	Mining Projects PPP Projects Traditional Projects African Projects

4.1 Financial Services & Infrastructure

4.1.1 **Advisory:** WIPHOLD owns 100% of Wipcapital (Pty) Ltd, whose key business focus is as follows:

- **Asset and Infrastructure finance:**
Wipcapital has a team with renowned structuring capability in the areas of domestic and cross-border asset finance and infrastructure finance. The team is the number 1 co-arranger for financing rail infrastructure, the number 1 co-arranger for financing port infrastructure in South Africa, the number 1 global arranger for US leases into South Africa and the number 1 global arranger for South African commercial aircraft.

- **Ownership of infrastructure and mining & resources assets:**

The focus is on the acquisition of stakes in:

- ∂ Traditional infrastructure projects (e.g. toll roads, port infrastructure, etc.);
- ∂ Public/private partnership projects (e.g. property projects);
- ∂ Existing infrastructure assets purchased in the secondary market (e.g. sponsor equity holdings);
- ∂ Infrastructure projects in Africa; and
- ∂ Mining infrastructure assets.

- **Corporate Finance:**

The Wipcapital team has extensive corporate finance experience and has specialist expertise as a provider of solutions for empowerment related transactions across all industries. The team offers the full suite of corporate finance advisory services, including structuring of empowerment transactions, fund raising, mergers and acquisitions, disposals, privatization, capital restructuring, valuations and listings.

The team has advised extensively in the public and private sector, and also advises WIPHOLD (either on its own or as part of a consortium in which it is either a minority or majority owner) on investments and BEE transactions, including on the raising of funding.

- **Retirement Funding solutions:**

Wipcapital provides an advisory service to the Retirement Funding Industry, drawing on extensive experience and relationships with a broad spectrum of role players in the industry.

4.1.2 **Asset Management:**

WIPHOLD has a 40% stake in Futuregrowth Asset Management (Pty) Ltd.

4.1.3 **International Investment Management Services:**

WIPHOLD has a strategic alliance with US-based Frank Russell.

4.1.4 **Stock Broking:**

WIPHOLD owns 49% of Legae Securities (Pty) Ltd. Legae focuses on niche stock broking activities, including:

- Equities and bond trading; and
- Private client services.

Founded in 1996, Legae is the first black owned and managed stock broking firm in South Africa. Legae has a 50% interest in Legae Capital, an institutional fund of hedge fund manager that provides a South African multi-manager hedge fund platform focusing on the preservation of capital and the provision of positive risk-adjusted returns that outperform cash and are non-market correlated.

In 2004, Legae Securities received a BusinessMap award for the “Top unlisted BEE company”.

4.1.5 **Treasury Services:**

WIPHOLD owns 74% of Wip Treasury Solutions (Pty) Ltd. To extend the service offered to its parastatal and corporate clients, Wipcapital acquired a Treasury and Risk Management services business that offers a spectrum of treasury risk management services in the form of integrated solutions to risk managers and treasurers. WIPTS combines benchmark treasury management technology, "TMS", with specialised expertise, to offer a comprehensive treasury outsourcing solution.

4.2 **Diversified Investments**

Since its inception WIPHOLD has built up a track record as a successful and professional investor across various industries. WIPHOLD's diversified investments are in the following companies:

- **Telecommunications:** Ericsson SA Limited
- **Leisure and Gaming:** Afrisun Leisure (Sun International)
- **Manufacturing:** MCG Industries; Avlock International
- **Power and Automation:** ABB SA; Landis+Gyr.

5. **MANAGERIAL CAPACITY**

WIPHOLD is an operational BEE company and has a dedicated management team who look after its investments. WIPHOLD's executives have extensive board experience through executive and non-executive roles in both the public and private sectors.

All four of WIPHOLD's directors are women. Below are the summary cvs of the directors and management of WIPHOLD:

Louisa Mojela (BCom) Executive Director

Louisa is one of the founders and Group CEO of WIPHOLD. Louisa has held positions at Standard Corporate and Merchant Bank ("SCMB"), The Development Bank of Southern Africa (during which time she was seconded to the World Bank in Washington DC), and the Lesotho National Development Corporation. Louisa has completed an Executive Leadership Program at Wharton School of Business at the University of Pennsylvania. In 2000 she was selected as one of 40 women from different continents and countries as "The Leading Women Entrepreneur of the World". Louisa serves on several boards including ABB SA, Ericsson SA, Sun International, SAA and the Financial Services Board.

Gloria Tomatoe Serobe (BCom (Unitra) MBA (Rutgers)) Executive Director

Gloria is a founding member of WIPHOLD and CEO of Wipcapital. She was Transnet Group FD from 1996 to 2001 and member of the board of Transnet and its major subsidiaries. Her professional experience includes positions at Exxon Corporation USA, Munich Reinsurance Company of SA, the Premier Group and SCMB. Gloria serves on several boards including the JSE and the Export Credit Insurance Corporation. She is chairman of the Life Offices Association, and a member of the Financial Sector Charter Council, the Actuarial Society of South Africa, and the BEE Advisory Council. In 2003, Gloria received the Impumelelo Top 300 Award for "Contribution to Transformation, Job Creation, the Economy and as a BEE Role Model", and in 2004 she received the ABSIP "Pioneer of Empowerment" award.

Debra Marsden (BBusSc (Econ Hons)) Executive Director

Debra recently joined WIPHOLD as Head of Transformation Services and Public Affairs. Prior to this she was General Manager: Corporate Affairs and Transformation for Old Mutual, where among other things she was responsible for developing and implementing a transformation plan for the company. During 2002/3 she formed part of the 10 person negotiating team and the drafting committee that developed the Financial Sector Charter. Other positions previously held include: Economic Affairs Director, Consultative Business Movement; Head of the National Economic Forum; and Deputy Director of the National Economic Development and Labour Council (Nedlac). She joined Old Mutual in 1997.

Kari Ann Lagler (CA(SA), BCom (Hons) (Tax)) Non-Executive Director

Kari is a senior tax consultant, specialising in taxation of life offices and financial instruments, at Old Mutual SA. Prior to joining Old Mutual, she was a tax partner at KPMG.

WIPHOLD's dedicated management team consists of the following individuals:

Jannie Stockenström (CA(SA), MCom, HDip Tax)

Prior to joining Wipcapital in September 1999, Jannie held the position of Director at SCMB in charge of global Structured Finance. Prior to this, he was Assistant General Manager at Standard Bank London, heading up the Standard Bank group's cross-border structured finance team. He heads up the Asset & Infrastructure Finance divisions.

Shaun Rosenthal (CA(SA), CFA)

Prior to joining Wipcapital in August 1999, Shaun was a founding member and joint managing partner of Brait Merchant Bank's Corporate Finance Division. Prior to this, he headed up SCMB's Classical Corporate Finance team. He heads up the Investment Banking and Corporate Finance divisions. He is board member of a number of WIPHOLD's investments.

Heather Sonn (BA (Smith College), MBA (Georgetown))

Heather joined Legae Securities as its CEO in January 2003. She is a leading executive who possesses extensive experience in financial markets. She spent a substantial part of her working life in the United States where she worked for Merrill Lynch as an investment banker between 1997 and 1999. On her return to South Africa she worked for Sanlam Investment Management where she was in charge of institutional marketing and empowerment.

Craig Chamberlain (CA(SA))

Craig joined Wipcapital in 1999 where he has been engaged in corporate finance and investment activities. He is a board member of a number of WIPHOLD's investments. His prior experience includes positions in corporate finance at Brait and Deloitte & Touche.

Gugu Mthethwa (CA(SA))

Gugu joined Wipcapital in 2001 where she has been engaged in Corporate Finance and Investment activities. She is a non-executive board member of ABB South Africa, MCG Industries, Avlock International and Landis+Gyr. Previously she was in the Financial Services Banking audit group at PricewaterhouseCoopers.

Gugu Pride Duda (CA(SA))

Gugu recently joined Wipcapital as part of the Infrastructure Finance team. Prior to joining Wipcapital, she was the Chief Financial Officer for the Internet and Telephone Banking division at FNB. Her prior experience includes positions in finance, credit and risk at RMB and Firstrand Bank.

WIPHOLD consortium member:

Wendy Luhabe (BCom), one of the other original founding members of WIPHOLD, also forms part of the WIPHOLD consortium and will be contributing her enviable track record in the areas of financial services and human resource development. Wendy established Alliance Capital in 1998, a company that currently manages assets of approximately R8bn. She is currently on the board of the JSE Securities Exchange South Africa, and is also non-executive Chairperson of the Industrial Development Corporation ("IDC"), Vodacom, Women Private Equity Fund and the International Marketing Council.



WIPHOLD

WIPHOLD NGO TRUST

COMPANY PROFILE

The WIPHOLD NGO Trust was established in 2004 further enhancing the black and women profile of WIPHOLD, as well as its broad-base. The ten non-governmental organisations (NGOs) that form part of the Trust collectively represent a membership of over 300 000. Together these organisations cover the nine provinces of South Africa. Louisa Mojela and Gloria Tomatoe Serobe serve as trustees.

The WIPHOLD NGO Trust has two primary objectives:

- To empower and support non-governmental organisations whose primary focus is development programmes pertaining to black women and/or children.
- The inclusion of non-governmental organizations with the ability to contribute strategically to the activities of WIPHOLD.

The activities of the NGOs forming part of the WIPHOLD NGO Trust are summarised below.

Organisation	Focus	Activities	Area
The Democratic Nursing Organisation of South Africa (DENOSA) (80 000 women)	To represent nurses and midwives / accoucheurs with influence and authority.	Empowerment of women nurses (sustainability of their programmes)	National
The South African Democratic Teachers Union (SADTU) (130 000 women)	Women in education sector	Empowerment of women teachers (sustainability of their programmes)	National
National Baptist Church	To empower women by changing their mindset in the usage of financial instruments; and encourage women to do fundraising on a local level. National level: encourage and teach women to buy shares and invest.	Hold workshops; seminars; informal meetings dealing with social issues.	National

Organisation	Focus	Activities	Area
Kwa Drabo Trust	To empower women in the rural Centani villages focusing on four areas: rural farming; research into thoracic cancer; children education; and AIDS awareness/education.	Workshops, seminars, farming on leased land from the headman & pre-school activities.	Eastern Cape
People Opposing Woman Abuse (POWA)	To create a safe society that does not tolerate violence against women & where women are powerful, self-reliant, equal & respected.	Provide therapeutic service to women who have suffered all forms of abuse (including counseling & crisis intervention); Provide shelter to abused women; Offer legal advice & court preparation; Offer meaningful skills training & relevant self-help programmes; Offer support services to client's children; Provide on-going training & capacity building to volunteers; Offer education awareness programmes to communities; Facilitate economic empowerment projects for survivors of abuse; Offer prevention programmes.	Gauteng
The Thusanang Development & Training Project	Women's skills & business training & development. Job Creation. HIV/AIDS fieldwork.	Oversees more than 70 small businesses in informal settlements outside rural towns impacting directly on the lives of over 800 women. One-on-one counseling.	Free State North West Gauteng
Tshwarangang Legal Advocacy Centre	Work towards eradicating the victimisation of women by the legal system & to make the legal system a vehicle of social change for women by influencing policy and legislation through advocacy, education, training & research.	Provide information desks & 3 Gauteng courts; Training of maintenance investigators, maintenance officers & clerks; conduct Legal Information for Empowerment (LIFE) seminars at 10 informal settlements; Conduct Gender Training workshops in all 9 provinces.	National

Organisation	Focus	Activities	Area
Tshepang Educare Trust	To provide educare programmes to rural communities by: providing women in underserved areas on farms and small towns with ongoing training. Preparing children for school & socialising them for democracy.	Training women to deliver Early Childhood Development (ECD) programmes to children: 126 ECD sites are up & running; 225 women are in various levels of training; 4212 children are in development programmes.	Free State
YWCA	To affirm woman in skills training, economic empowerment & leadership development. Seeks to address all social injustice & targets mostly marginalised women & children.	Encourage participation of women in leadership positions by providing training programmes which will prepare them to develop their potential in their community; participates in effective advocacy work in order to achieve harmony, peace & justice; links local YWCAs whose programmes meet community needs identified by women; mobilises women's collective power for action on issues of vital concern such as women's rights, human rights' peace & the integrity of the environment.	National
Thandanani Association	Committed to protecting & promoting the well-being of children	Shelters for AIDS orphans & other vulnerable children. Child Care workers provide care & comfort to all sick, orphaned & abandoned children at hospitals. Outings for children.	KwaZulu Natal



SPHERE

H O L D I N G S

COMPANY PROFILE

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2. PROFILE OF KEY EXECUTIVES
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COMPANY PROFILE

an introduction to Sphere Holdings (Proprietary) Limited

(“SPHERE” OR THE “COMPANY”)

Sphere is a new generation empowerment company comprised of experienced individuals with a proven track record in private equity, investment banking and asset management. Sphere's primary activity is private equity fund management through Sphere Private Equity in partnership with Ethos Private Equity while the company has also been organized to pursue strategic investment opportunities in the South African market. Sphere's ownership structure promotes broad-based empowerment whilst incentivising founder shareholders and management. Sphere's directors and management include Itumeleng Kgaboesele, CEO, Executive Directors Pulane Kingston and Aadil Carim and Associate Director, Marang Denalane. Directors and management hold the majority shareholding of Sphere (57%). 17.5% of Sphere's shareholding will be held by broad-based groupings that have a particular focus on education and the economic upliftment of black women.

1. **KEY FEATURES OF SPHERE**

- **Strong management team backed by highly qualified non-executive directors**
Sphere is a new generation empowerment company with a highly qualified executive and non-executive team. The Sphere team comprises experienced individuals with a proven track record in private equity, investment banking and corporate law and asset management. This team has the expertise required to identify attractive investment opportunities, design and implement appropriate transaction structures and to add value to the underlying investments.
- **Excellent relationships with Government and other key stakeholders in the South African economy**
The Sphere team has established an unrivalled and powerful network that covers Government, state-owned enterprises and key corporates in South Africa. This network, has enabled Sphere to develop a comprehensive insight into Government and senior corporate leaders' thinking regarding broad based empowerment and will enable the Company to position itself as a preferred partner to both Government and key corporates in implementing broad based empowerment initiatives.
- **Unique strategic equity partner model designed to create value for Sphere's shareholders and investee companies**
Sphere intends to leverage the experience and skills of its shareholders, management and its well established network to operate as a strategic equity partner that will add significant value to its investee companies by actively participating in the strategic management of these companies. In addition to providing strategic input at board level, the Company intends to partner its investee companies in their transformation process by appointing black professionals with the relevant, specialist skills to executive positions at its investee companies and also advising these companies on organisational transformation strategies including human resources and procurement strategies. These initiatives will result in improved revenue generating prospects and hence improved profitability for the investee companies.

- **Ownership structure**
Sphere's ownership structure promotes broad based empowerment whilst incentivising founder shareholders and management.
- **Strategic alliance with Nedbank and Rand Merchant Bank ("RMB")**
Sphere has formed a strategic partnership with Nedbank Limited ("Nedbank"), which allows Nedbank to participate as a minority equity investor whilst providing Sphere with working capital and access to capital for viable, commercial transactions. In addition, as part of the acquisition of a stake in Ethos Private Equity, Sphere introduced RMB as a strategic minority shareholder alongside Nedbank, which improves the capital raising capacity of Sphere.

2. PROFILE OF KEY EXECUTIVES

Sphere's directors and management consist of highly qualified and experienced individuals:

Itumeleng Kgaboesele - Chief Executive Officer ("CEO"). Itumeleng is the CEO and one of the Founder Shareholders of Sphere. He has overall responsibility for the company's strategic, operating and investment activities.

Itumeleng has 7 years of investment banking experience gained in London and Johannesburg. Prior to joining Sphere, he was a Vice President in the Investment Banking Division at Citigroup. Prior to joining Citigroup, he worked at Merrill Lynch and Deutsche Bank. As an investment banker, he has advised the South African Government and numerous South African and international companies on Mergers & Acquisitions and on capital raising projects.

Itumeleng is also a member of the Investment Committee of the National Empowerment Fund Ventures Fund (a venture capital fund established by the NEF and the Industrial Development Corporation).

He graduated from the University of Cape Town with a Bachelor of Commerce and a Post Graduate Diploma in Accounting. Itumeleng completed his articles of clerkship with PriceWaterhouseCoopers and is a Chartered Accountant. Itumeleng is a non-executive director of Ethos (Pty) Ltd.

Pulane Tshabalala Kingston - Executive Director. Pulane is an Executive Director and one of the Founder Shareholders of Sphere. She has primary responsibility for deal origination and marketing within Sphere. She is also the Company Secretary.

She was previously an associate at White & Case (Johannesburg) and prior to that an associate partner at Edward Nathan & Friedland Inc (Johannesburg), specialising in corporate and commercial law.

Pulane has 7 years experience as a commercial lawyer. She has extensive experience in privatisations, listings and restructurings and has advised both private and public sector clients in determining the framework for long-term partnerships. Pulane was involved in the structuring and design of the first phase of empowerment-related transactions and employee share ownership schemes, such as Women Investment Portfolio Holdings, Nozala, Kensani and Real Africa Durolink. Pulane serves on the Boards of Ethos, Babcock Ntuthuko (Pty) Ltd, Business Arts South Africa and Nurturing Orphans of AIDS for Humanity (“NOAH”).

Pulane graduated from the University of Wales with an LLB (Hons) and from the University of Nottingham with an LLM in International Law.

Aadil Carim – Executive Director. Aadil is an Executive Director and shareholder in Sphere. Aadil has primary responsibility for the firm’s private equity strategy and investment activities. Aadil is also the Chief Financial Officer.

Aadil has 7 years experience in project finance and private equity. He was at AMB Private Equity Partners prior to joining Sphere. Prior to AMB, he spent almost 4 years at Ethos Private Equity where he gained exposure to the full spectrum of private equity activities, including fundraising, investing, managing portfolio companies and exiting investments. He gained exposure to project finance whilst at the Industrial Development Corporation, from where he moved to Ethos.

Aadil has significant experience in managing private equity and empowerment investments and has served on the board of directors of Nozala Investments (Pty) Ltd, Siphumelele Investment Limited, Tsebo Outsourcing Group (Pty) Ltd and Credcor Limited, amongst others. Aadil currently serves on the board of Babcock Ntuthuko (Pty) Ltd.

Aadil graduated from the University of the Witwatersrand with a B.Comm and B.Acc. He served his articles of clerkship with KPMG and is a Chartered Accountant.

Marang Denalane – Associate Director. Marang is an Associate Director at Sphere. Marang’s key focus will be on deal generation, execution and the post-investment management of Sphere’s portfolio companies.

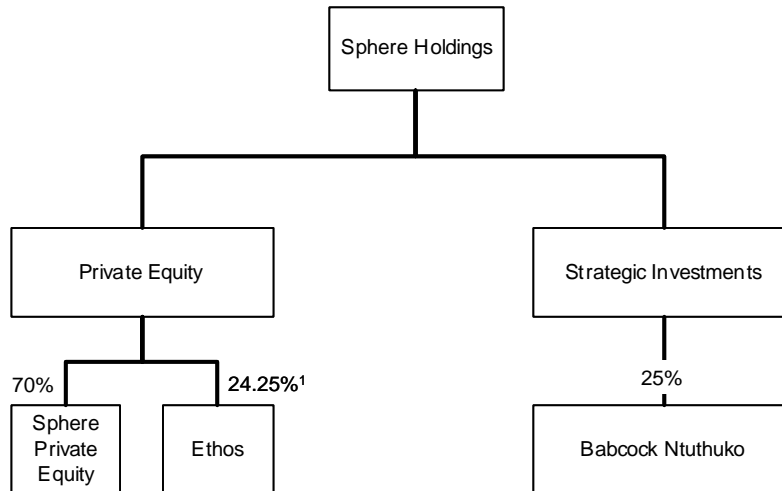
Marang spent two years as a portfolio manager and research analyst at Futuregrowth Asset Management, where her primary responsibilities included in-depth fundamental research, identification and selection of listed equity investments for inclusion in portfolios, portfolio optimisation and business and strategy development.

Prior to joining Futuregrowth, Marang gained four years experience in the investment management industry at SCMB Asset Management. She has gained invaluable exposure to the listed equity environment and has covered a wide range of industry sectors and developed extensive networks in the retirement fund industry.

Marang graduated from the University of the Witwatersrand with a BCom and was awarded a CFA charter from the Association for Investment Management and Research.

3. **OPERATING STRUCTURE AND BUSINESS MODEL**

Sphere's operating structure is set out and discussed below:



¹ held through a company owned 51% by Sphere Holdings and 49% by RMB

Private Equity

Sphere has concluded an agreement with Ethos Private Equity Limited, the number one rated private equity manager in South Africa. The transaction with Ethos consists of Ethos introducing a BEE shareholding of 50.1% in Ethos and the formation of Sphere Private Equity in which Sphere and Ethos hold 70% and 30% respectively. Sphere Private Equity, which will be managed and controlled by Sphere, will benefit from the relationship with Ethos in the following key areas:

- skills transfer resulting from Ethos executives working alongside Sphere executives on transactions;
- transfer of Ethos's private equity technology to Sphere Private Equity, which will ensure that Sphere Private Equity implements leading edge investment processes and disciplines in its investment approach;
- access to Ethos's deal flow, to the extent that the deal flow is appropriate to Sphere Private Equity;

- representation of experienced Ethos executives on Sphere Private Equity's investment committee; and
- co-investment opportunities between Ethos Fund V and Sphere Private Equity.

Sphere and Ethos are currently raising Sphere Fund I and Ethos Fund V, which are independent but linked Funds that will be managed by Sphere and Ethos respectively.

Sphere intends to implement a unique strategic equity partner model that will position it to actively participate in the strategic management of its investee companies. This will be achieved through partnering the investee companies in their transformation process and:

- identifying black professionals from Sphere's well established network and appointing them to senior executive positions at Sphere's investee companies;
- advising investee companies on organisational transformation strategies including culture re-orientation, employment equity strategies, procurement transformation strategies, and structuring of meaningful, sustainable empowerment relationships. Sphere and its network of leading empowerment service providers will offer these strategic services; and
- ultimately driving revenue generation and profitability for the investee companies.

The alignment of Sphere's interest as a shareholder with those of other shareholders in the investee companies will ensure that services rendered by Sphere or its nominated executives will be driven by the objective of creating and maximizing value for all shareholders.

The shareholders and executives of Sphere have considerable expertise in working with key decision makers and policy formers in the government and leading private sector groups. This skills set and experience enables Sphere to provide insight and support to the strategic partners in the implementation of credible and sustainable empowerment oriented strategies in the public and private sectors.

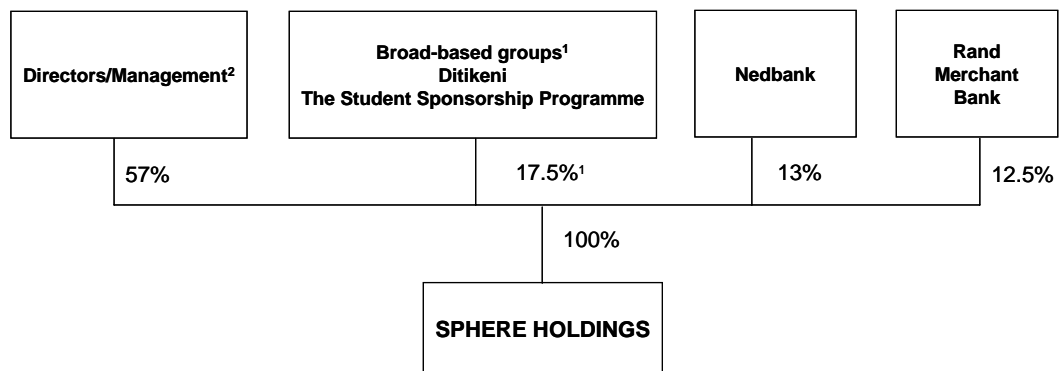
Strategic Investments

Sphere intends to focus on a limited number of strategic investment opportunities where it can draw on the experience of its shareholders and management team to add significant value whilst ensuring that meaningful and sustainable empowerment is achieved. These opportunities would be considered as strategic investments for Sphere only in instances where the opportunity does not fit the requirements of Sphere Private Equity's investment strategy (e.g. opportunities in natural resources or opportunities where there is no exit strategy over the Funds investment horizon).

Sphere has recently acquired a 25% interest in Babcock Nthuthuko Engineering (Pty) Limited, a subsidiary of Babcock Africa Services (Pty) Limited, which is predominantly involved in the maintenance of boilers at Eskom power stations. Babcock Nthuthuko also has a close relationship with the broader Babcock Africa Group, whereby Babcock Nthuthuko will tender for projects with the assistance of Babcock Africa. The intention over time is for Sphere to be the Black Empowerment Partner of the Babcock Africa Group.

4. OWNERSHIP STRUCTURE

Sphere's ownership structure is designed to promote broad based empowerment whilst ensuring that directors and management are appropriately incentivised:



1 – 10.9% still to be allocated

2 – Control of the board rests with the executives

- 17.5% shareholding in the Company has been reserved for investment groups / community trusts with broad based beneficiaries:
 - ∂ Ditikeni Investment Company Limited (“Ditikeni”): Ditikeni is an investment vehicle for 24 non-government organisations involved in education and training, health (HIV/AIDS), housing and rural development.
 - ∂ The Student Sponsorship Program (“SSP”): SSP is a non-profit organization offering scholarships to previously disadvantaged students to attend Johannesburg’s best secondary schools. The goal of the programme is to ensure that each student excels, receives university-acceptable marks, and has access to tertiary education. There are currently in excess of 200 students funded by SSP.

- o Sphere is in the process of identifying suitable organisations for the allocation of the remaining shares reserved for broad based groupings. Some of the criteria which have been applied in identifying these groups are their geographic reach, the meaningful impact on Black women and Black youth and the focus on education as a pillar of the sustainable development of Black people.

Sphere Broad-based Shareholder Base

Organisation	Focus	Activities	Area
Student Sponsorship Programme	Education	SSP is a non-profit organization offering scholarships to previously disadvantaged students to attend Johannesburg's best secondary schools. There are currently in excess of 200 students funded by SSP.	Gauteng
Ditikeni Investment Company comprising: Association for Physically Disabled	Physically disabled people	Various services to over 1 000 physically disabled people through 18 branches	Western Cape
Association for Rural Advancement	Rural poor	Redress past injustices, to secure tenure for all, and to improve the quality of life and livelihoods of the rural poor. AFRA works with black rural people in Kwa-Zulu-Natal whose land and development rights have been undermined, whose tenure is insecure and who do not have sufficient access to land and resources to fulfil their developmental aspirations or basic needs.	Pietermaritzburg, Kwa-Zulu Natal
The Black Sash Trust	Poor women and elderly people.	Aims to put human rights into practice and works towards efficient and honest administration of social benefits, lobbies for effective and equitable legislation and promotes better budgetary allocations for social security.	Cape Town

Organisation	Focus	Activities	Area
Cala University Students Association	Students.	A developmental organization.	Transkei
CDT Foundation Inc.	Churches and church organizations.	Administers funds and investments on behalf of a number of churches and church organizations. It owns numerous church properties, for example an outreach programme in Hillbrow. CDT manages funds for projects such as an AIDS Educational project, support for rural communities. It also provides loans to member churches and their projects.	Johannesburg
Church land Programme	Churches	Helps churches deal with the challenges arising from their own large land tracts. CLP helps churches maintain a dialogue with residents on the land, encourages mutually agreed solutions, works with communities to improve their capacity to negotiate for land rights, conducts audits of church land holdings, and contributes to the theological debate relevant to its field.	Pietermaritzburg
Centre for Early Childhood Development Trust	Children in African countries	The Centre is a national resource providing training, support and advice in the field of early childhood development, by offering courses and programmes aimed at enhancing individual and organizational capacity; by developing and disseminating resources; and by carrying out research especially related to the Southern African context. Programmes include practitioner training, governance training and capacity building, leadership development, combating HIV Aids and organization development.	Based in Cape Town and Pretoria

Organisation	Focus	Activities	Area
Centre for Study of Violence and Reconciliation	Youth and victims of violence, abuse and criminal injustice.	Works for reconciliation through violence prevention initiatives, empowerment of victims, institutional transformation, and the redressing of injustices. Programmes deal with the political transition, youth matters, gender issues, criminal justice, and victim empowerment. Education programmes are carried out to support the programmes.	Johannesburg
Development Action Group	The low-income community.	Supports and implements community housing by securing well-located land for low income housing, and finding appropriate housing finance.	Cape Town
Diakonia Council of Churches		Help its 15 member denominations respond effectively to priority social issues: economic justice, economic empowerment for unemployed people, HIV/Aids, stress and trauma healing for the victims of violence, democracy especially in relation to local government in the eThekweni Municipality. The organization also funds eight community resource centres in the townships and runs the Diakonia Centre as an enabling environment for NGOs, providing office accommodation and conference facilities.	Durban

Organisation	Focus	Activities	Area
Gender Education and Training Networks	Local community.	Works with local authorities to integrate gender perspectives in policy, planning and implementation, carries out educational programmes on masculinity to raise gender awareness, trains local people in the field of gender equality and provides consulting services to numerous public organizations. Publications and training material on gender issues are prepared. Attention is given to the implications of poverty, HIV/Aids and gender-based violence,	Cape Town
Labour Research Service	Large Unions in South Africa	Provides research, training and media services to most of South Africa's largest unions. Programmes include research support for the Community Growth Fund, the unit trust jointly owned by Old Mutual and the unions, a library, a database of wage agreements in collaboration with the Department of Labour, research projects commissioned by unions and education and training courses for shop stewards. LRS initiated South Africa's only radio programme for workers, "Workers World".	Cape Town
Namaqualand Association for Pre-School Education	Pre-school children, staff, committees and parents	Provide services to 1 500 children. The organization won the Northern Cape Premier's Award in 2001. NAPE is an advocacy organization for pre-school education in the province. It was chosen to distribute educational toys by the De Beers Educational Equipment Scheme. NAPE assists with fundraising, and organizes training courses for pre-school staff, committees and parents. NAPE is now planning an after-care service for children with learning problems in three pilot communities.	Northern Cape

Organisation	Focus	Activities	Area
National Institute for Crime Prevention & Reintegration of Offenders (NICRO)	Victims of crime and ex-offenders.	Employs staff and volunteers on programmes such as Prison Art, Victim Support, economic opportunities, and Offender Reintegration. NICRO has moved beyond traditional welfare approaches to developing community-based initiatives and strategic partnerships. NICRO “supports victims of crime and challenges ex-offenders to become constructive members of society”. A major innovation is the “diversion” of young offenders from the criminal justice system towards youth development programmes.	National
New World Foundation	Local communities.	Works in Lavender Hill, one of the poorest communities in the Cape Flats. Its programmes include a pre-school, courses and classes for local residents, and efforts to deal with social problems such as gangsterism. The Foundation was instrumental in having the Vrygrond squatters properly housed and the creation of a Community Aged Centre. Training courses embrace both vocational and “life skills”. Staff are assisted by volunteers.	Cape Town
Nonceba Centre Trust	Child victims of abuse.	Nonceba family Counselling Centre is the only place where the child victims of sexual abuse are assisted in Khayelitsha, which is home to 500,000 people. The centre provides Victim Support through counselling, bringing in appropriate skills for each individual and Prevention of Abuse through education. Four schools with 2,500 children and 70- teachers are participating.	Cape Town

Organisation	Focus	Activities	Area
Non Profit Partnership	Non Profit Organizations	Aims to strengthen the financial sustainability of the non-profit sector. Training courses and well-researched publications assist NGOs to raise and manage finance more effectively. The legal framework gets special attention. NPP also lobbies for improved tax regime for non-profit organizations. Workshops are held in towns and cities countrywide on issues such as governance and fundraising.	Cape Town
Non Profit Partnership contd.		NPP promotes volunteering and through its associated organization, Charities Aid Foundation of Southern Africa, the "Give as you Earn" programme at companies such as BP and ABSA.	
Pietermaritzburg Agency for Christian Social Awareness	Churches and communities.	Works with the Churches and communities to raise awareness of human rights issues. Research on the survival methods of women in extreme poverty; citizenship programmes in rural areas; ecumenical initiatives on economic justice, democracy and Aids; and awareness programmes on conflict resolution and violence affecting women, are among PACSA's programmes.	Pietermaritzburg
Social Change Assistance Trust	Rural development	Offers training to committees and staff, and innovative fundraising incentive scheme to encourage local fundraising. SCAT's clients provide para-legal services to the local community, lobby for infrastructural development from local and regional government, and carry out a variety of local programmes to develop their communities.	Cape Town

Organisation	Focus	Activities	Area
South African Council of Churches	Community assistance.	Operate five Key Programme Areas: Emergency Relief, Ensuring Justice, Health, Poverty, Eradication, and Reconciliation and Healing, in close association with nine provincial councils. Examples of their work include the re-housing of people affected by the 2000 flood disaster in Mpumalanga, Limpopo and North West interaction with the government on restitution for the victims of apartheid and an ethical investment project.	National
Trust for Community Outreach and Education	Rural development	Programmes include adult based education, lobbying to reform (AIDS/HIV matters, local government, access to social grants, access to land), local economic development (income generation programmes) and natural resource utilization. Communities served by TCOE typically identify needs such as clean water, access roads, clinics and grazing fields.	National
Umeme Innovations		Aim to contribute to the empowerment of the oppressed people and the expansion of a self-reliant ethos. Current programmes include peace and anti-racism education, literacy for self-reliance, a joint programme for youth and anti racism with the City of Rotterdam and a partnership with a Northern Ireland youth organization.	Durban
Workers' Education Project	Major Union Federations and Community based organizations	Provides training courses to organized labour. The courses cover topics such as labour and training legislation, financial management, case handling, paralegal and fundraising skills, business skills and writing and presentation skills.	Johannesburg

5. **CONTACT DETAILS**

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