

ANNUAL REPORT: MARCH 2006

PRESENTATION TO THE PARLIAMENTARY PORTFOLIO COMMITTEE: TRADE AND INDUSTRY

Presenters Panel:

Mr Ronnie Ntuli – Chairman

Ms Philisiwe Buthelezi – CEO

Mr Andrew Wright – COO

Mr Raymond Mokgalagadi – CFO

Ms Lizeka Zwane – Post Investment Manager

1 November 2006



NATIONAL
EMPOWERMENT
FUND

Growing Black Economic Participation

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ACCELERATED DELIVERY

"The National Empowerment Fund (NEF) is the catalyst of broad-based Black Economic Empowerment in South Africa.

We enable, develop, promote and implement innovative investment and transformation solutions to advance sustainable Black economic participation."

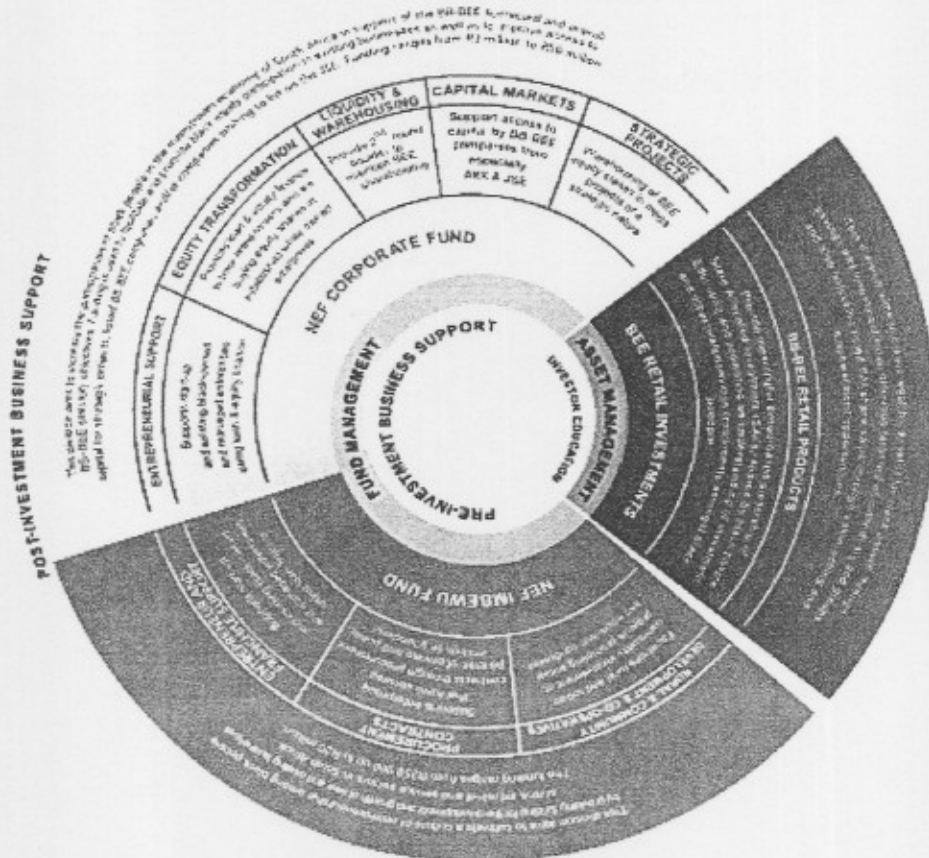
NEF Mission Statement



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THE OPERATING DIVISIONS

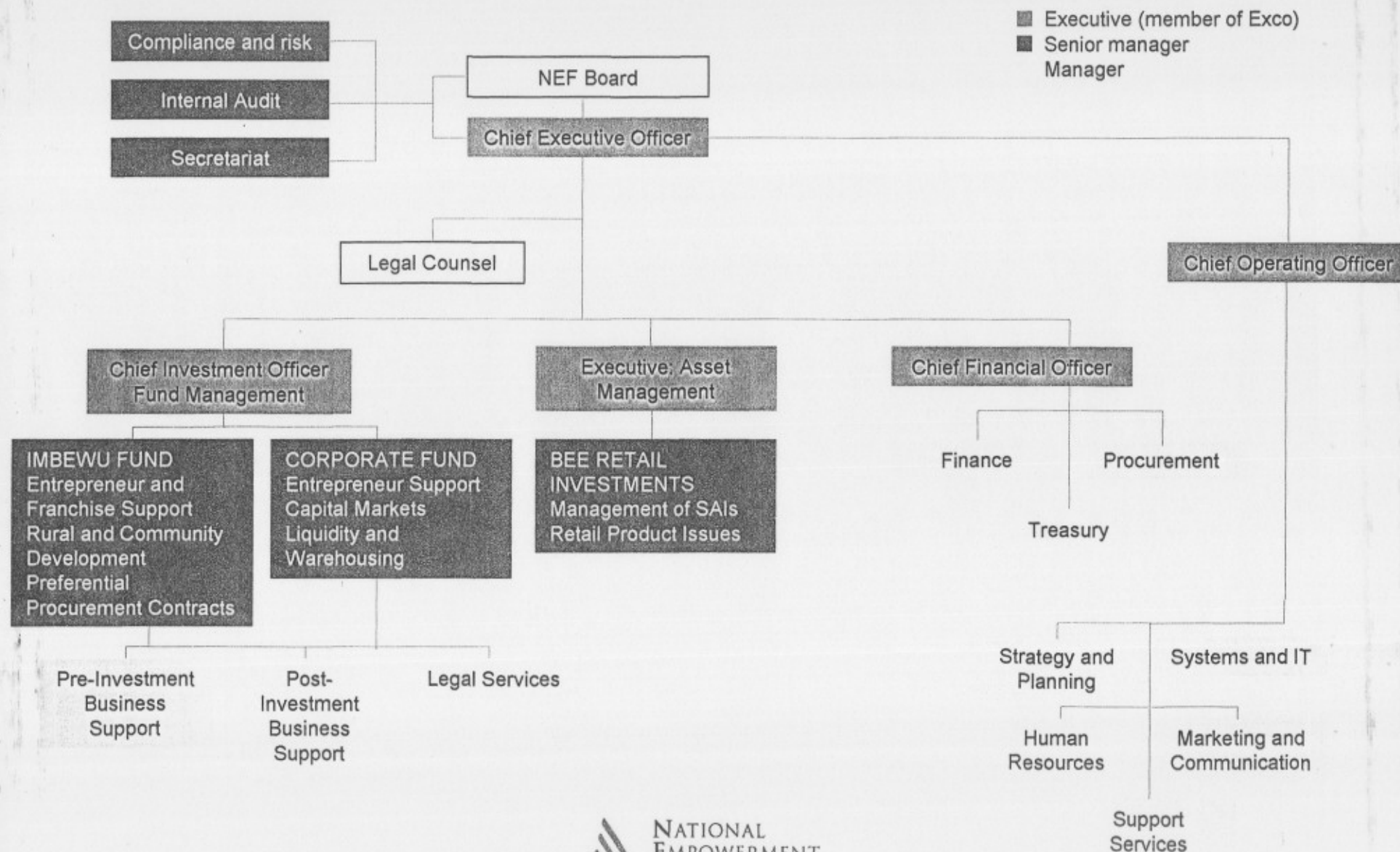


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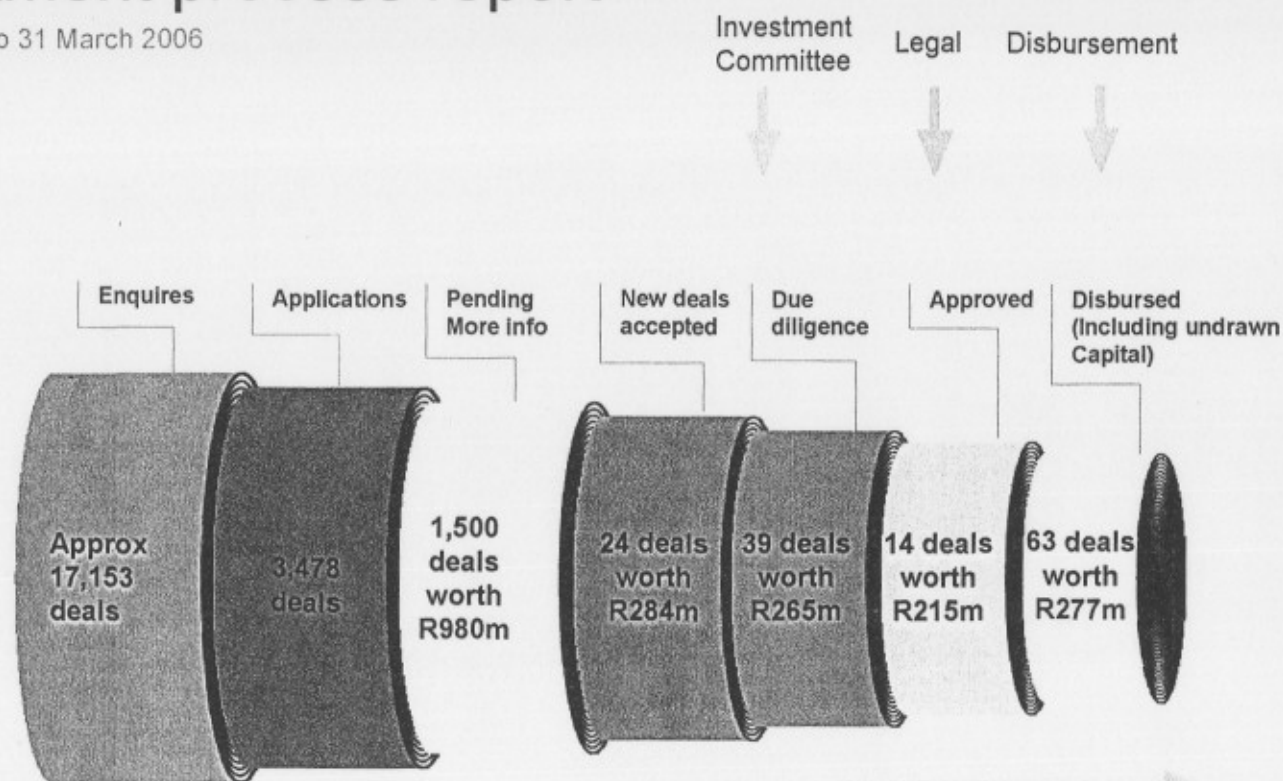
THE NEF ORGANISATIONAL STRUCTURE



DELIVERY ON FUND MANAGEMENT

NEF investment process report

Since 1 June 2004 to 31 March 2006



NEF work in progress: 140 of R1bn



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NEF'S PERFORMANCE CRITERIA – *The Empowerment Dividend*

- Broad Based Black Economic Empowerment
- Ownership, management control, employment equity, skills etc
- Black Women Empowerment
- Job Creation
- Growth Sectors
- Geographic Spread
- Investment Return

OUTCOMES ASSESSMENT

As at 30 September 2006

- The current black ownership levels of NEF's funded companies

	Rand Invested	% of Portfolio	BEE Male %	BEE Female %
Start-Up	56,939,840	13%	75%	25%
Expansion	32,684,791	8%	78%	22%
Transformers	180,369,726	43%	54%	46%
Contract	18,784,426	4%	61%	39%
Rural & Community	1,450,000	0%	69%	31%
Capital Market	73,767,480	17%	43%	57%
Liquidity & W/housing	60,000,000	14%	89%	11%
TOTAL PORTFOLIO:	423,996,263	100%	62%	38%

OUTCOMES ASSESSMENT

As at 30 September 2006

- Management
 - 51% of Black Males are in Senior management positions
 - 35% of Black Females are in Senior management positions
- Through our financing activities:
 - 884 new job opportunities have been created.
 - The SMEs financed created 3 jobs per R1million
 - Large entities financed created 5.26 jobs per R1million
 - 460 new jobs created in the Gauteng region
 - 170 new jobs created in the Western Cape region
 - 150 new jobs created in the Eastern Cape region

OUTCOMES ASSESSMENT

As at 30 September 2006

- NEF has approved 93 transactions worth R590million and 76 of these of R424million have been disbursed
- SMEs
 - 78% of the portfolio by number of deals has been disbursed to black entrepreneurs who have established 60 SMEs - (total investment R86 million)
- Transformation
 - 74% (R338million) of the portfolio by value was disbursed to facilitate purchasing of equity of previously white owned companies

OUTCOMES ASSESSMENT

As at 30 September 2006

NEF funds invested by Region

- 31 March 2006

- 52% Gauteng
- 20% Western Cape
- 17% Eastern Cape
- 8% KwaZulu Natal
- 1% Mpumalanga
- 1% Limpopo
- 1% Free State

- 31 March 2005

- 88% Gauteng
- 12% Western Cape
- 0% Eastern Cape
- 0% KwaZulu Natal
- 0% Mpumalanga
- 0% Limpopo
- 0% Free State



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OUTCOMES ASSESSMENT

As at 30 September 2006

- Current Regional Partnerships:
 - SEDA/ NEF Cooperation Agreement Signed;
 - MOUs pending with LIBSA, NWP;
 - MOUs pending with SME sections of commercial banks represented across the country;
 - Through dti SME Roadshows and IDC regional conferences.
 - Sourcing of technology solution at advanced stage.