

OUTCOMES ASSESSMENT: LEVERAGED FUNDING FROM BANKS

As at 30 September 2006

	NEF	Bank	Leverage
	Funding	Funding	%
Start-Up	R 56.9 m	R 1.5 m	3%
Expansion	R 32.7 m	R 4.0 m	12%
Transformer	R 180.4 m	R 22.5 m	12%
Contracts	R 18.8 m	R 2.8 m	15%
Rural & Community	R 1.5 m	R 0.0 m	0%
Capital Market	R 73.8 m	R 360.0 m	488%
Liq & W/housing	R 60.0 m	R 220.8 m	368%
TOTAL PORTFOLIO:	R 424.0 m	R 611.6 m	144%

The BEE landscape experiences current funding market failures. The NEF targets these failures with the NEF Fund Management Products



NATIONAL
EMPOWERMENT
FUND
Growing Black Economic Participation

OUTCOMES ASSESSMENT – Sectors

As at 30 September 2006

- ICT & Media
 - NEF facilitated approvals amounting to R79million. For the first time ever, this included a 100% black owned ICT company namely Choice Technologies
 - The transaction involved preservation of 200 jobs of Black IT professionals
- Creative Industries
 - NEF funded a start-up company which will manufacture highly specialised glass beads in SA
 - This is a R45 million project and will be the first of its kind in SA where previously SA was totally dependent on imports
 - Bohang Africa Glass will create 66 new jobs and the plant will be based in Gauteng

Sector Focus (Cont'd)

- Clothing & Textiles
 - NEF funded 3 deals worth R11.3m, 2 of which were SMEs
- Agri-Processing
 - NEF funded a total of R51.2million, of which R24million facilitated SMEs start-up businesses
 - SA Eels Pirie is a start-up company that grows and processes Kabayaki Eels and 100% of its products is exported exclusively to Japan
 - SA eels Pirie will generate 76 new jobs in the EC region

Sector Focus (Cont'd)

- Wood & Paper
 - NEF funded R12,6million of which R11,2million facilitated the purchase of Romox Timbers out of liquidation by Dezzo Timbers to the value of R11,2m
 - Dezzo Timbers is located in Richmond, KwaZulu Natal and our funding saved 274 jobs
- Tourism
 - NEF provided finance for a BEE consortium, to the value of R42m, to acquire equity stake (12%) in Hospitality Fund (HPF), boasting 17 hotels under its wing
 - NEF concluded one township tourist guide transaction in Alexandra

RETAIL PRODUCT UPDATE:

- Product Type - Public Retail Offer
- Underlying Asset - Listed Shares
- Targeted Beneficiaries- Black Savings Groups & Individuals
 - *(i.e. Stokvels, Burial societies, savings clubs, designated groups, Black women & men, people with disabilities)*
- Discount - Based on value on subscription date
- Protection -100% protection of capital invested
- Bonus shares- Over 2 years (every 12 months)

ASSET MANAGEMENT DIVISION

- ✓ Meaningful broad-based ownership of SOE shares
- ✓ Introduction of new & broader participants in empowerment
- ✓ Contribute to Government's objective of increasing domestic savings & investments
- ✓ Equity investment education and promotion
- ✓ Unlocking listed SOE share value through value-adding and empowerment opportunities

ASSET MANAGEMENT DIVISION

- ☐ Business plan document researched, compiled and approved by NEF management and Board of Trustees
- ☐ Proposed product presented to Minister of Trade & Industry
- ☐ Corporate advisors appointed (public tender) and finalizing implementation timelines and processes
- ☐ Product to be launched in current financial year (early March 2006)
- ☐ Awaiting National Treasury approval on the use of a Special Purpose Vehicle for the retail issue

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2006

		Consolidated		Entity	
		2006	2005	2006	2005
	Notes	R	R	R	R
Revenue	20	105 369 587	49 057 557	105 274 062	48 986 508
Grants		40 000 000	24 622 143	40 000 000	24 622 143
Investment income from fund management	→	26 697 405	6 182 653	26 601 880	6 134 281
Dividends from state allocated investments	→	38 404 791	18 214 243	38 404 791	18 214 243
Other revenue		267 391	38 518	267 391	15 841
Other income		6 326	–	6 326	–
Fair value gain – fund management	→	16 882 372	164 437	16 882 372	164 437
Total income		122 258 285	49 221 994	122 162 761	49 150 945
Administration expenses		(40 632 683)	(26 077 990)	(48 082 468)	(24 680 942)
Impairment of investments – fund management	→	(38 151 498)	(250 000)	(38 151 438)	(250 000)
Surplus for the year	→	43 474 105	22 894 004	35 928 853	24 220 003

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2006

		Consolidated		Entity	
		2006	2005	2006	2005
	Note	R	R	R	R
ASSETS					
Non-current assets		1 615 442 233	1 048 433 942	1 615 463 431	1 055 408 453
Property and equipment	4	2 776 447	1 688 038	2 776 447	1 687 739
Intangible assets	5	194 329	92 816	194 329	92 816
Investment in joint venture	6	–	–	–	10 131 344
Investment in associates	7	5 407 670	3 156 534	5 407 730	–
Available-for-sale investments	8	1 444 021 791	1 041 464 843	1 444 021 791	1 041 464 843
Loans	9	153 041 996	2 031 711	153 063 134	2 031 711
Investments held to maturity	10	10 000 000	–	10 000 000	–
Current assets		486 044 629	223 987 786	487 800 082	224 725 780
Investments held for trading	11	66 784 154	5 097 537	66 784 153	5 097 536
Trade and other receivables	12	19 138 744	1 474 095	19 138 744	1 111 799
Cash and cash equivalents	13	400 121 731	217 416 154	401 877 185	218 516 445
TOTAL ASSETS		2 101 486 862	1 272 421 728	2 103 263 513	1 280 134 233

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2006

		Consolidated		Entity	
		2006	2005	2006	2005
Notes		R	R	R	R
EQUITY AND LIABILITIES					
Capital and reserves		2 087 338 589	1 268 704 666	2 085 619 335	1 274 530 659
Trust capital	14	740 600 000	370 000 000	740 600 000	370 000 000
Fair value reserves	15	1 270 006 330	865 446 506	1 270 006 329	865 446 505
Accumulated surplus		76 732 250	33 258 160	75 013 006	39 084 154
Current liabilities		14 148 274	3 717 062	17 644 178	5 603 574
Trade and other payables	16	11 184 446	1 542 197	8 311 005	1 486 503
Inter-group loan	17	2 963 827	—	9 333 173	2 200 581
Provisions	18	—	2 174 865	—	1 916 490
TOTAL EQUITY AND LIABILITIES		2 101 486 862	1 272 421 728	2 103 263 513	1 280 134 233

ADDITIONAL DISCUSSION:

- Specific post investment experiences and initiatives
- BEE funding structures
- BEE landscape economic indicators
- Procurement initiatives

NEF - ACCELERATED DELIVERY

Thank You

