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DID THE GOAT TELL YOU, OR DID YOU HEAR IT ON THE GRAPEVINE?

It's my pleasure to welcome you to this very first edition of RBH's quarterly newsletter, Podi-ya-tsele/Grapevine. For those of you not conversant in Setswana, allow me to explain the publication's Tswana name: it translates directly as 'goat of the road' and derives from a delightful Tswana fable which tells of a goat who travels the countryside, picking up stories and re-telling them as he goes. Grapevine

struck us as a suitable English co-title. Our newsletter is intended as a quick-and-easy means by which anyone interested can keep abreast of what's happening in and around RBH. Our contact details are on the last page, and we look forward to receiving your comments and feedback.

Mpueleng Pooe Executive: Public Affairs, RBH

WHAT A YEAR!

What a year 2007 was for RBH! That's the message that comes through in the company's recently published Annual Review. From closing a deal with Implats which saw RBH become the biggest shareholder in the world's second largest platinum producer, to several bold moves in the sports arena, it was a year of non-stop activity for the company during which a sound platform was established for the future.

The net asset value of RBH's portfolio grew by 37% to R33.5 billion. Given that the JSE's All Share Index delivered a return of just 19%



Niall Carroll, CEO, RBH

during the same period, this was a significant achievement.

In January of 2007 the launch of Royal Bafokeng Sports (RBS) as an operating subsidiary got the year off to a cracking start and there was more to follow. RBH made several important acquisitions in the 12-month period:

- in February, a 12% stake in Metair Investments and an increase in the holding in MB Technologies from 26% to 55%;
- in March, the completion of the transaction with Implats to give RBH a 13.4% shareholding;
- in May, a 51% stake in Silver Stars Football Club (renamed Platinum Stars);
- in August, a 65% interest in South African Coal Mining Holdings;
- in October, a 30% holding in Praxima Payroll Systems and a 49.9% stake in Leopards Rugby (renamed Platinum Leopards); and
- in November, a 30% shareholding in Zaptronix.

The RBH portfolio has become more diversified with assets spread across the mining, industrial, financial, manufacturing, services and sports sectors.



Great strides were made on the sporting front. Apart from the acquisition of Platinum Stars and Platinum Leopards, a multi-million rand venture to upgrade the Royal Bafokeng Stadium got under way; an ambitious soccer development programme was started with Samba Soccer in which 4 000 children are already enrolled; and RBS began a three-year sponsorship of the Nelson Mandela Challenge, an annual event that pits Bafana Bafana against top international sides (see **Good sports** inside).

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GOOD SPORTS

Royal Bafokeng Sports (RBS), founded towards the end of 2006 as a wholly owned subsidiary of RBH with a specific brief to deliver into the sport and recreation imperatives spelled out in the Royal Bafokeng Nation's Masterplan, has had a momentous first year of operation.

Key amongst the new company's activities in respect of soccer specifically were:

- taking control of the multi-million rand programme to upgrade the Royal Bafokeng Sports Palace in Phokeng as one of the 10 host stadiums for Soccer 2010;
- acquisition of a 51% controlling interest in Premier Soccer League club HP Silver Stars, subsequently re-named Platinum Stars;
- initiation of an ambitious soccer development programme with Brazilian specialists Samba Soccer, to which thousands of aspirant young soccer players in the Rustenburg valley have already been exposed;
- a lead sponsorship of Soccerex 2007, the first South African edition of the world's biggest business-to-business soccer exhibition; and
- sponsorship, for the next three years, of the Nelson Mandela Challenge, an annual event in support of charity that pits the national soccer side, Bafana Bafana, against top international sides.

RBS Managing Director George Khunou says the company envisages a three-tier development



Players from soccer's Platinum Stars and rugby's Platinum Leopards met recently to celebrate their new, shared association with the Royal Bafokeng Nation.

pyramid for soccer in the North West Province .

"At the base of the pyramid is the development of soccer among children in the region from the age of six; in the middle is the further development of the sport among older players, including schools' 'elite' players; and at the top there is Platinum Stars and the Royal Bafokeng Sports Palace to provide a national, and indeed international, focus for the sport.

"At each level of the pyramid we will work with major stakeholders in the region, including government, Safa, mining companies and local communities."

Soccer is just one of five sporting codes targeted for fast-track development in the region by RBS. Others are rugby, athletics, netball and martial arts.

A substantial first step in respect of rugby

development was the company's recent acquisition of 49.9% and financial control of North West Province's Leopards side, a Currie Cup and Vodacom Cup contender. RBS will be lead sponsor of the provincial side, re-named the Platinum Leopards, for the next five years.

The Leopards Rugby Union is currently developing five coaching centres in the North West Province – at Potchefstroom, Klerksdorp, Vryburg, Mafikeng and Rustenburg – each focusing on management, marketing and recruitment, clinics, facilities and human resources, rugby education for spectators and league development. The vision is to split the Rustenburg centre into two, with one part focusing on the development of rugby amongst the Royal Bafokeng and its neighboring communities.

ELECTRONIC SECURITY – BREAKING NEW GROUND

Diversity and sound, long-term earnings growth prospects are driving forces in RBH's investment strategy. These are precisely two of the factors motivating its recent investment, the R18.2 million purchase of a 30% stake in Zaptronix, South Africa's leading electronic security company.

To be precise, RBH has bought 113.8 million existing Zaptronix shares at 16c per share from Strider, an existing shareholder. And has the right to buy a further 113.8 million new shares at the same price.

Why did RBH choose Zaptronix? And why did Zaptronix choose RBH?

Put simply, Zaptronix has specialised industrial skills in its fields of operation – fields that are fast-growing. Complementing this, RBH has financial structuring and capital market skills that are equally as necessary for sustained business growth.

The choices of each other co-incided. RBH's participation has given Zaptronix the broad based black economic empowerment status that will enhance its future ability to win government and corporate contracts for which BEE status is a prerequisite. And RBH has the resources to fund any further equity investment needed to finance future expansion, organically or through acquisitions. It is a long-term investment.



Zaptronix's diverse and specialised business bases – electronic motor vehicle tracking and fleet monitoring on the one side, and metering and managing power and water usage on the other, underpin the 'annuity' basis of its revenues. The past financial year saw the company move into positive earnings territory from the earlier losses that are almost inevitable in the early developmental years of a business.

The mutually-beneficial opportunities were too good to miss. RBH will build on them.



UMLABU COLLIERY OFFICIALLY OPENED

South African Coal Mining Holdings (SACMH) officially opened its Umlabu Colliery during February. Umlabu, near Breyten in Mpumalanga, is primarily an opencast mining operation. Currently producing 100 000 run of mine (ROM) tonnes a month, the colliery is scheduled to reach full ROM production of 1.7 million tonnes a year in 2011. JSE-listed SACMH's controlling shareholder is Royal Bafokeng Capital, in which black economic empowerment partner RBH holds 50.1%. Pictured at the opening ceremony were SACMH Chief Executive Officer Karl Gribnitz (left) and Chairman Thabo Mokgatla.

SACMH & FRASER ALEXANDER: PURSUING SYNERGIES

It's early days yet but if any confirmation were needed of the synergies and growth potential that can be derived from RBH's investment strategy, it has been underscored by November's signing of heads of agreement between South African Coal Mining Holdings (SACMH), which RBH controls, and RBH's wholly-owned subsidiary, Fraser Alexander.

Fraser Alexander will be SACMH's strategic services partner, providing materials handling and beneficiation services to SACMH's existing and future operations through its Bulk Mech division. It will enter into a new contract to supply various services to SACMH for the expansion of the existing mines and for new mining and logistics projects. The terms of the material handling and beneficiating contract will be the same as or more favourable than the

existing contract that SACMH has with Mkhulu Resources (Pty) Limited.

With almost 90 years' experience in the industry, Fraser Alexander is one of South Africa's leading mining services companies. It delivers management services and turnkey projects that range from waste and tailings disposal through bulk handling to mine construction.

ARIAS IN ALL AREAS

Helping to give lie to notions that RBH is managed exclusively for the benefit of the 300 000 members of the Royal Bafokeng Nation, is the company's three-year, R2.4 million principal sponsorship of the well-known opera group, the Black Tie Ensemble (BTE).

Part of the funds is directed towards the development by BTE of an outreach programme to schools in the Rustenburg valley, where Bafokeng pupils tend to be significantly out-numbered by others.

The outreach programme includes introductory concerts; the identification of between 10 and 20 children to receive individualised tuition and training in music, singing and life skills; workshops for choir masters under the auspices of a professional conductor and choir master; and community concerts to showcase the talents of BTE and the



Reaching out. Members of the Black Tie Ensemble were in Phokeng recently to introduce more youngsters to the joy of opera

community. In addition, BTE conducts annual auditions in the RBN capital, Phokeng, to select, on merit, one or two RBN singers for its Incubator Scheme.

A portion of RBH's sponsorship helps to cover BTE's administrative costs. As BTE, MD Arnold Cloete puts it: "BTE, like any organisation, needs a strong administrative core to conduct its business satisfactorily. None of our productions or developmental and outreach initiatives would be possible without it, and it is visionary of RBH to recognise and support us in this."

APPOINTMENT

Non-executive director

Ms Tshidi Nyama has been appointed as a non-executive director of RBH.

Ms Nyama, who holds a B. Com degree from the University of the North and a Master of Business Administration degree from the University of Bridgeport in the United States, is currently a partner at Change Partners, where her focus is executive coaching.

Previously, Ms Nyama was employed by Spornet as General Manager Corporate Affairs, General Manager Marketing, Sales and Customer Services, Acting CEO, General Manager Specialist Businesses, Assistant General Manager Service Excellence and Business Manager and by Wesbank as Product Manager and Marketing Manager.

She has also held positions in the computer industry, variously with NCR, Teltron and M&PD.

Ms Nyama was Chairperson of Gabcon, a member of the board of the Mineral and Energy Policy Centre, a member of the VITA Project Implementation Committee, a member of the Corporate SMME Development Forum, and a board member of the Gateway Airport Company. She is currently a director of Peugeot Pretoria North.

She has received a number of accolades including the Transnet Exceptional Woman Leader Award in 2003 and the Transnet Executive Women Award – Business Acumen and Results in 2002.



APPOINTMENT

Director: Group Finance

Solomon (Solly) Mokua was recently appointed Director: Group Finance at RBH. Previously with PricewaterhouseCoopers for a period of five years, he was principal audit partner responsible for a range of clients, including the Royal Bafokeng Administration, RBH and its precursors, Royal Bafokeng Resources (RBR) and Royal Bafokeng Finance (RBF). Prior to joining PwC, he worked in academia and ran his own auditing and accounting practice.

Solly is scheduled to join RBH in April. He will become a member of the RBH Executive Committee with responsibility for the RBH group finance function.

RBH CEO Niall Carroll said: "Over the years, Solly has been a respected mentor and role model for many Bafokeng finance professionals and business people and we are delighted that he is joining the Royal Bafokeng



Solomon Mokua

Tshepo Kgage

Nation (RBN) group in an executive capacity."

Solly will take over from Tshepo Kgage, who will assume new responsibilities within the group.

"Tshepo, who was with RBF and RBH from their inception, has a well developed understanding of the investment portfolio and will be using that to provide additional support and direction to some of our associates and subsidiaries," said Niall.

"Tshepo's appointment to this new position is part of the ongoing development of capacity and skills within RBH, to ensure that we are able to continue to manage the future growth of the business and generate superior financial and social returns for the RBN."

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The company spent a significant amount on corporate social investment in 2007, mostly in the areas of health, education and capacity development, and encouraged its corporate partners to direct some of their funds towards social development projects in the RBN, with good results.

RBH was also successful in seconding employees to companies in which it has investments in order for them to gain valuable working experience. And local development was not neglected. During 2007, RBH played a part in generating business worth R4.4 million for local companies operating in the Bafokeng area.

Looking ahead, Chief Executive Officer Niall Carroll says that RBH's investment approach will remain the same. "We seek to acquire interests in well-run businesses that will generate superior returns over time. As long-term investors, we will continue to seek opportunities in South Africa and elsewhere on the continent."

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