

PRESS RELEASE

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SAFIKA INVESTMENTS EMPOWERS MOLAPO TECHNOLOGY

Safika Investments today announced its involvement in another major empowerment deal with the acquisition of a 36 percent shareholding in Molapo Technology, a repair and service company in the telecommunications industry.

Safika Holdings partners with RMB Corvest Ltd in Safika Investments, a high profile empowerment investor, which has participated in a number of BEE private equity deals over the past two years.

Under the transaction an additional 25,1% of the shares in the company have been allocated to Molapo's black employees through a holding company and direct ownership. Together with Safika Investments' 36% stake, Molapo Technology is now 61,1% black owned. RMB Corvest and the balance of management hold the remaining 38,9%.

Molapo operates in the repair and service industry, focusing on the repair of electronic telecommunications equipment in the fixed line and mobile services arena. Repairs are done on behalf of users of electronic products or Original Equipment Manufacturers (OEM).

The company's services are targeted at all major telecommunications license holders. The business has 30 customers, the largest of which is Telkom. Molapo is one of a few suppliers worldwide who can repair Telkom's current backbone equipment due to the age of such technology. Telkom uses a number of OEM products such as Ericsson, Alcatel and Siemens.

The company has targeted new clients in the international arena, as well as South African service providers such as MTN and Vodacom. Molapo has been successful in securing a number of international contracts such as T-Mobile (UK), a Deutsche Telekom subsidiary, and AT&T.

“As Molapo Technology gained market share in this sector, a powerful empowerment partner like Safika Investments was key,” said Moss Ngoasheng, Chairman of Safika Holdings. Ngoasheng said that Safika Investments was initially attracted to Molapo Technologies because of its existing relationship with investment partner RMB Corvest, and its strong annuity revenue base. RMB Corvest was previously a 30% shareholder prior to the introduction of Safika Investments.

Other positive considerations include its dominant market share, high barriers to entry given its exclusivity with Telkom and the vast potential for international business.

Gavin Hart, chairman of Molapo Technology, says, “Safika’s involvement and the resulting black-owned entity will allow us to secure additional Telkom work by complying with the stringent empowerment requirements in terms of our service level agreement with this client. It also puts us in a position to secure contracts with the likes of other major telecom players.”

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Distributed on behalf of RMB Corvest :
and Safika Investments

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Notes to editors

Safika Holdings is one of the leading empowerment investment companies in South Africa. It has interests in media, telecommunications, information technology, real estate, human capital development, financial services and natural resources. RMB Corvest and Safika co-invest in companies requiring an empowerment shareholder where the equity exposure in a single company is between R15 million and R50 million. Safika Investments has R300 million of committed capital.

RMB Corvest is a private equity company in the FirstRand Group. It was established in 1989 by Neil Page, Dick Merks and Dave Rissik with the aim of investing in established, well-managed businesses with a demonstrable record of performance. It has completed more than 100 deals to date and has a professional staff complement of 9 people with collective experience in investment banking of about 90 years.

The company specialises in orchestrating and funding private equity deals in the medium enterprise sector, especially those with a BEE component. RMB Corvest provides specialist services including funding for BEE consortiums to secure equity stakes and providing BEE solutions to companies. RMB Corvest initiatives include Tandem Capital, a broad-based black managed and controlled investment company that is 30% owned by RMB Corvest; and Safika Investments, one of SA's leading empowerment investment companies, with whom RMB Corvest co-invests in selected empowerment deals.