



annual report 2009 / 2010



phatshoane henney inc.
barry botha breytenbach inc.
blake bester inc.
bowes mcdougall inc.
breytenbach mavuso inc.
cilliers & reynders inc.



associated firms

davel de klerk & kgatla inc.
erasmus de klerk inc.
greyvensteins inc.
kloppers durban inc.
kloppers empangeni inc.
kloppers richards bay inc.
kotzé low swanepoel
lange carr wessels inc.
millers inc.
meyer van sittert & kropman
naudes inc.

neumann van rooyen sesele inc.
nostix (pty) ltd
tatham wilkes inc.
van de wall & partners
van der merwe du toit inc.
van der spuy & partners.
wright rose-innes inc.

Member firms receiving Professional Management Review (PMR).africa awards during 2010:

Naudes inc.

PMR.africa Golden Arrow Award (Free State)

Greyvensteins inc.

PMR.africa Golden Arrow Award (Eastern Cape)

Davel de Klerk & Kgatla inc.

PMR.africa Diamond Arrow Award (Limpopo province)

Millers inc.

PMR.africa Golden Arrow Award (Southern Cape)

Lange Carr Wessels inc.

PMR.africa Diamond Arrow Award (Northern Cape)

Overview



Violet Phatshoane
Chair, Phatshoane Henney Group

I am excited at the end of another enthralling year for the Phatshoane Henney Group of Associated Firms to present my annual report for 2009 / 2010, highlighting the successes and developments in the group during 2010.

2010 has been an eventful year, and will be remembered by many in particular for the successfully hosted 2010 FIFA Soccer World Cup, a true testimonial to the great potential of our country. However, 2010 may also be remembered for its slow economic regeneration, growing civil unrest, political controversy and increasing concerns over corruption levels and restraints on media freedom.

Group firms, although not untouched by the above concerns, were assisted by group initiatives and partnerships, and generally saw an improvement in revenues from the slump of 2009, although not yet rivalling earlier levels.

Initiatives commenced during 2009 reached fruition contributing to new business opportunities as well as much needed cost reductions for group firms. 2010 has also seen an impetus of interest in the group from potential partners seeking to align themselves with the group and reinforcing the growing visibility of the group as a national brand.

Partnerships with Glenrand MIB in respect of the group's professional indemnity scheme (and now also in respect of the group's short-term insurance) have contributed to client confidence and compliance by group firms with financial institution pre-requisites for indemnity insurance by their key service providers.

A new potential partnership with First National Bank and existing partnerships with Investec, Nedbank and Standard Bank regarding their respective investment systems, continue to provide the group with added client benefits afforded by the preferential interest rates group firms qualify for through these partnerships.

Maturing partnerships with Vodacom in respect of the group's GSM and other telecommunication solutions also allow group firms to benefit from quality telecommunications and reduced cost structures.

A developing partnership with LegalWise in respect of their newly launched Platinum Policy has resulted in group firms being appointed as preferred service provider to LegalWise to service clients of this premier legal insurance policy, underwriting the value of the national group footprint to partners.

Our continuing partnership with Korbitec ensures that group firms remain up to date with legal software solutions necessary for quality client solutions.

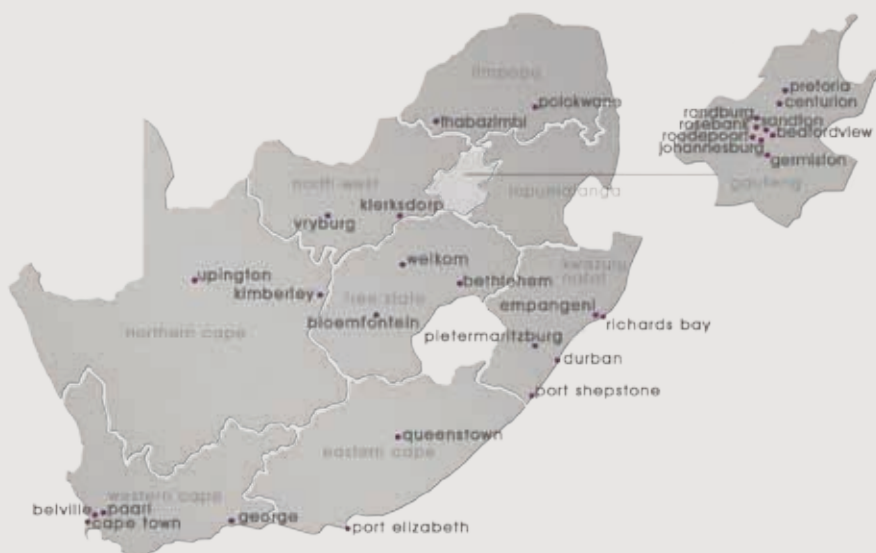
Group black economic empowerment performance during 2010 was again exceptional, with group firms achieving an average Level Two in formal BEE verification, emphasizing the value of the group and firm commitment to black economic empowerment. Black staff appointments in the group also increased year-on-year by more than 70% from 2009 with 50 new black staff members being appointed in the group.

Group training reached new heights during 2010 with multiple courses in work ethics, conveyancing, company law, consumer protection, black economic empowerment, Microsoft Office and more being availed to group staff through the group's online training platform (www.trainingportal.co.za).

The newly launched Candidate Attorney Support Centre provides group candidate attorneys with unrivalled access to a wide variety of literature, admissions exam questions and answers, law society and SASSETA information and more. Group candidate attorneys are empowered through support, training and literature to excel within their group firms and develop into competent young professionals.

These highlights confirm my belief that the group, now in its sixth year, has quietly become a substantial force in the South African legal profession and will continue to increase its momentum and excel in 2011.

Associated Firm Locations



Strategic Direction

Currently the group comprises 23 law firms, 31 offices, 215 professionals and 851 staff members in 8 Provinces across South Africa, with a professional membership presence in all four South African law societies and a presence in most Provincial and Local divisions of the High Court as well as at the Supreme Court of Appeal, Constitutional Court and Labour Appeal Court.

The strategic intent of the group to enlarge its national footprint continues despite tempering through greater focus on developing and expanding group partnerships and initiatives to the benefit of existing members.

As a six-year old brand, the group, no longer a newcomer, still requires ample brand development and marketing to entrench the brand with institutional and corporate clients and increase the service expectation associated with the brand and group firms.

To enhance this service expectation, group initiatives relating to data security and data privacy, group professional indemnity coverage and training in the latest legal developments coupled with strong knowledge dissemination and research support by the group Knowledge Centre, contribute to the ever-increasing service standard delivered by group firms to clients.

A strong focus in particular on developing a robust data security and privacy environment at group firms, will further contribute to a healthy client expectation of confidentiality and privacy, a cardinal tenet in ensuring client confidence.

Strategies to enhance group brand awareness

aim at the consolidation of firm perspectives of the brand and improved integration of group marketing at a firm level with current individual firm branding. This necessitates greater unification of the brand amongst group firms and the ability to allow the brand to promote itself in all regions of South Africa where the group has a presence.

Growing the brand, also requires the continuous development of new group service areas. Initiatives relating to black economic empowerment advisory and structuring services and contract management solutions together with custom developed contract management software contribute to the ever-increasing range of unique and workable solutions offered to clients.

Targeted new services to clients will further include advice and assistance with the implementation of new company, consumer and personal information protection legislation.

Knowledge management at a group level remains significant to harnessing the wealth of experience and resources present in the group and continuing projects for enhancing the group Knowledge Centre database and developing the group website and intranet is underway and scheduled for finalization during 2011.

Increasing the visibility of group firms through recruitment campaigns at universities, the Phatshoane Henney Honour Medal Programme, and a redesigned website with information on group employment prospects and benefits

and an improved online application process, will strengthen the recruiting power of firms with young professionals.

The identification of new strategic partnerships that leverage economies of scale within the group continues as a primary group objective and motivator of group membership for firms. The forging of new and the strengthening of existing partnerships that offer cost savings, improved services and new business opportunities for group firms will continue to feature strongly during 2011.

23 member firms, 31 offices and over 215 professionals across South Africa

Despite a strong focus on strategic partnership development and leveraging group economies of scale to the benefit of group firms, the group remains committed to its target of 35 member firms with a group firm in every major South African centre.



A key focal point in 2011, necessitated not only by new consumer and privacy legislation, but also by the value placed on promoting client confidentiality and security in relation to group firms, will be the development of a holistic group policy on data security and privacy which addresses institutional client requirements and creates an enabling framework for group firms to implement comprehensive controls in respect of data security at their firm.

Protecting our client information







Strategic Partnerships

Preferential interest rates afforded group firms through Standard Bank and their Third Party Fund Administration System, Nedbank and their Corporate Saver System, and Investec and their Corporate Cash Manager System, continue as valuable preferences afforded the group through the group's savings portfolios channeled via the respective investment systems.

A potential new partnership with First National Bank in respect of their Direct Fund Manager investment system will ensure that the group has a strategic relationship with all the major banking groups currently deploying investments systems, contributing to the variety that group clients are afforded when amounts are deposited with group firms.



A new partnership with LegalWise, legal expenses insurer, in respect of their Platinum Policy, whereby group firms are appointed as preferred legal service providers to LegalWise, promises to provide firms with new revenue opportunities as well as enable LegalWise to engage a prominent network of firms to add value to their brand and clients.



The partnership with Glenrand MIB in respect of professional indemnity top-up cover for firm legal professionals, providing each group firm with R75 million cover on a per claims basis, has proven highly successful in meeting and

exceeding the needs of financial institutions for required levels of indemnity insurance from their panel attorneys. The group insurance scheme also provides unparalleled comfort and confidence to clients engaging group firms. Additional group insurance benefits flowing from Glenrand's tailored short-term business insurance scheme for the group, also enables firms to reduce their business insurance costs, obtain broader policy wording and receive preferential treatment in the management of claims and insurance renewals.



Vodacom continues to expand its strategic relationship with the group beyond the GSM solution and discounted call rate structure provided to group firms, engaging group firms with convergence solutions for optimizing their telecommunications infrastructure, reducing outdated technologies and accessing concomitant call cost savings.

The strategic relationship with group verification agency, BEE Rating Solutions (Pty) Ltd, remains a valuable asset to the group, allowing group firms to remain up to date with developments regarding BEE and evidentiary requirements, ensuring that group firms can maximize their compliance and plan correctly to ensure sustainable BEE practices. Additionally, the relationship assists in the further development of the group BEE consultancies through training of BEE consultants and support in the assistance of clients undergoing BEE verification



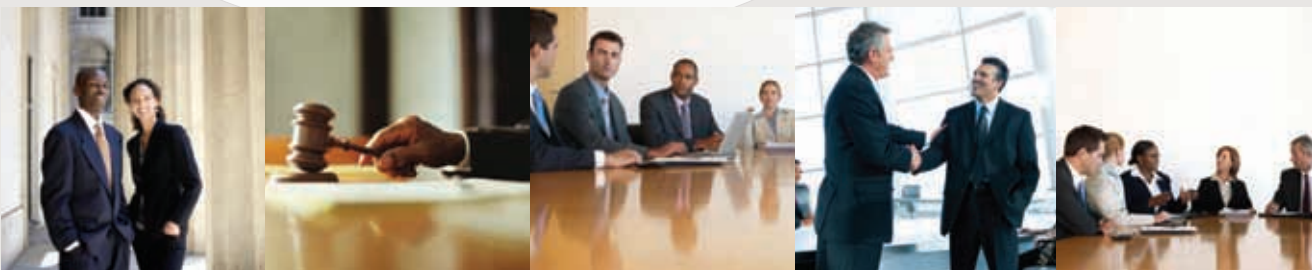
2010 has seen the implementation of a group partnership with leading legal software provider Korbitec regarding its Ghostconvey and Windeed software solutions for conveyancing departments offering group firms a preferential transaction rebate in return for partnering and marketing opportunities of other Korbitec products within the group.



Citadel Trust continues its involvement in the trust management of the Phatshoane Henney Foundation (NPO Registration number 067-759-NPO) as its independent corporate trustee, a necessary function in expanding the Foundation as a leading non-profit organisation for socio-economic development and corporate social responsibility initiatives.

Group firms are nominated as preferred legal service providers to LegalWise in respect of their premier Platinum legal insurance policy

Strategic relationships with partners such as LegalWise allows the creation of new business opportunities for group firms and the expansion of the group client base.



The group Professional Indemnity Insurance Scheme through Glenrand MIB provides each member firm with R75 million insurance cover on a per claim basis. With the high cost of professional indemnity top-up cover and the need to satisfy financial institutions in particular as to the sufficiency of professional indemnity cover of group firms, the group insurance scheme, benefitting all member firms, irrespective of size, provides a differentiating factor to other law firms.

Providing comfort to our clients



Initiatives

Group initiatives and services stand central to the value firms receive from their group membership and emphasize the benefit inherent in the group economies of scale.

The group continues to support the implementation of learnership and internship programmes with a number of group candidate attorneys being enrolled for learnerships and internships during 2010. Prevailing problems regarding administration and law school accreditation between SASSETA, L.E.A.D. and Law Schools, negates larger support of these programmes by the group despite the value that they provide to learners and firms. Notwithstanding these issues, the group continues its support of these initiatives and the provision of assistance to candidate attorneys to access the programmes.



Group training initiatives dramatically increased during 2010, with many new courses being on offer to group employees via the Training Portal, the group's online distance education facility. In particular courses relating to work ethics, black economic empowerment, company law, consumer law, sectional titles, servitudes, subdivision and consolidation were added to the burgeoning list of group training courses available to group members.

Additionally, the group developed Computer Literacy Indicators to test the skill level of group employees in relation to Microsoft Office 2003 and 2007 products, with employee results (Beginner, Intermediate or Advanced) determining

the enrolment level for employee enrolments in relation to Microsoft Office Word, Excel, PowerPoint, Outlook, Publisher and Access.

The group Knowledge Centre continues to provide vital research support to member firms. Staffed by dedicated legal professionals, the Knowledge Centre has managed more than 1850 research queries to date in 2010, with additional support being provided to group firms through group bulletins, newsletters, newflash updates, templates, examples and more, assisting firm professionals to save time and improve the overall efficiency of their services to clients.

The annual candidate attorney recruitment campaign at South African universities was well received with university and law faculty open days at the University of the Free State, Rhodes University, the University of KwaZulu-Natal and the University of Stellenbosch being attended by representatives of group firms. Open days were accompanied by recruitment posters, information brochures, application forms for articles at group firms and lecture presentations.

The Phatshoane Henney Group Honour Medal Programme, continues to gain momentum and stand as a valuable showcase for the group. 2010 has also seen the University of the Western Cape accept the honour medal programme at its Faculty of Law with the first potential medalists finishing their studies at the end of 2010.

The group award, the premier award of each Faculty of Law, was awarded to 51 LL.B students in 2010 for completing their LL.B studies *Cum*

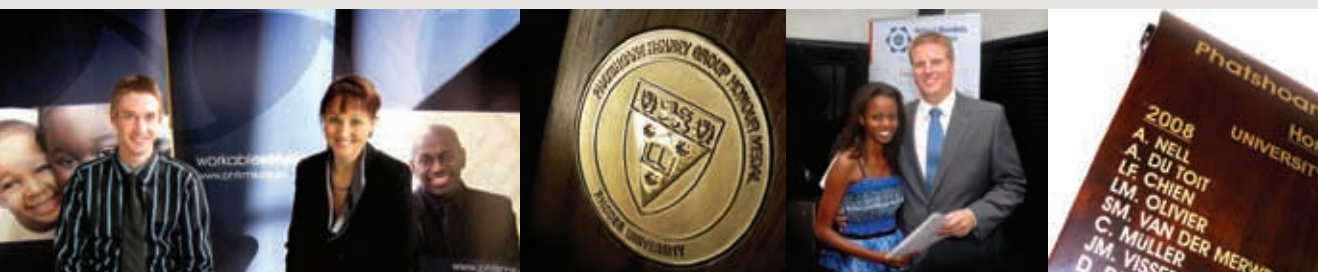
Laude, with medals being awarded at the following universities:

North West University	5
Nelson Mandela Metropolitan University	8
Rhodes University	3
University of the Free State	9
University of Johannesburg	11
Stellenbosch University	7
University of KwaZulu-Natal	8

The group Candidate Attorney Support Centre was launched during 2010 and provides all group candidates with access to an online support centre area hosting a wide variety of useful literature, admissions examination and answer papers, law society and SASSETA information, 'how to' manuals and more for candidate attorneys to access and use in addition to networking with other group candidates through online discussion forums and news updates.

The Group Skills Fund balance stands at more than R800,000 in available skills grants reclaimed on behalf of member firms from SASSETA

The Group Skills Fund, funded through pooled reclaimed skills development levy grants, is utilised to support group training and development initiatives, with emphasis on priority skills identified in annual Workplace Skills Plans.



Recruiting and retaining the best is a deliberate strategy of the group, executed through national recruitment drives at universities, honour medal programmes, learnerships, group training courses, support centres, research support and more. Ultimately, the future of group firms rest in the hands of its young professionals and as such is deserving of the group emphasis and attention it receives.

Developing our young professionals

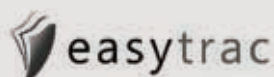






Mr Mike Schussler presenting his key-note address on the state of the global and South African economy

Effective contract management solutions is a new initiative being developed as a group service area. All clients have contracts that contain important tasks, milestones, key dates, risks, liabilities and more. Yet, few clients have the ability to effectively manage these contracts, applying a manage-by-exception approach rather than effective contract management. The result is a lack of transparency, monitoring and value-for-money in addition to poor risk management.



With its group partner, Nostix (Pty) Ltd, custom contract management software has been developed that clients can use to administer their own contracts, or retain the services of a group firm to assist them with such management. The Easytrac Contract Management System, is a powerful web-based contract management solution that allows the easy capturing of an organisation's contract data, with built in reminders, search functions, document upload and extensive security features, enabling managers to access their contract data from anywhere in the world.

BEE consultancy services continues to be provided with great success by group firms to an ever-increasing client market requiring assistance with preparing for and undertaking formal BEE verification. Firms assist clients to understand the requirements for BEE compliance, establish the necessary documentary evidence for compliance and develop strategies and planning for improving BEE levels in the future.

The group gala event for 2009 held on 9 October 2009 again lived up to the expectation and provided a wonderful opportunity for networking between group firms, event sponsors, strategic partners and university representatives attending. The evening was attended by 180 guests including guest speaker, previous economist of the year, Mr Mike Schussler, Deans of Law Faculties, representatives of L.E.A.D, Standard Bank, ABSA Bank, Nedbank, Investec, First National Bank, Citadel, Citadel Trust, Glenrand MIB, Vodacom, BlackBerry, BEE Rating Solutions, Korbitec, Law Active, media representatives, and representatives of group member firms.

The evening involved a key note address by Mr Mike Schussler; the presentation of the Group Annual Report for 2008/9 by Group Chair, Me Violet Phatshoane; the presentation of group awards by ABSA, BEE Rating Solutions, First National Bank, Investec, Nedbank and Standard Bank to group firms; and a donation by the Phatshoane Henney Foundation to the IXun Children's Group from the Northern Cape.

Group firms earning Certificates of Achievement for their achievement in 2010, are:

Wright Rose-Innes inc.

The ABSA sponsored certificate in recognition of the exceptional contribution made towards BEE appointments at the firm during 2010.

Van der Spuy & Partners

BEE Rating Solutions certificate for the law firm achieving the highest BEE verification score by a group firm in 2010.

Naudes inc.

First National Bank certificate for the firm with

the fastest turnaround time on average for both first and further loans for the year August 2009 to August 2010.

Van der Merwe du Toit inc.

Investec certificate for the exceptional contribution made to the Investec Cash Manager System during 2010.

Barry Botha Breytenbach inc.

Nedbank certificate for the firm with the best average balance on the Nedbank Corporate Saver during 2010.

Greyvensteins inc.

Standard Bank certificate for the exceptional contribution made to the Standard Bank Third Party Fund Administration System during 2010.

Nearly 50 group courses available on the Training Portal with over 1000 enrolments during 2010

Utilising the Group Skills Fund to fund course development for the group has enabled the development of a burgeoning group course directory available to all group firms. Through this investment in training and development the group aims to ensure the elevation of employee skill levels and client service.



The group continually seeks the expansion of its service areas to address client needs and ensure that client solutions are compliant, effective and workable in relation to the client's specific situation and environment.

Developing new service areas



Black Economic Empowerment

Black economic empowerment remains a fundamental component in the strategic planning of every firm. As a group, every firm recognizes not only the business imperative in transforming its workforce, but also acknowledges the social necessity in doing so.

The continuing investment by group firms in black economic empowerment and the focus on sustainable practices across the spectrum of the BEE scorecard elements, continues to bear fruit as group firms again obtain exemplary results with their formal BEE verification in 2010.

Formal verification of the BEE scorecards of group firms was conducted by accredited verification agency BEE Rating Solutions (Pty) Ltd (BVA049), with the following verification results being achieved by group firms:

Phatshoane Henney inc.	Level 1
Barry Botha Breytenbach inc.	Level 3
Blake Bester inc.	Level 3
Bowes McDougall inc.	Level 3
Breytenbach Mavuso inc.	Level 2
Cilliers & Reynders inc.	Level 3
Davel de Klerk Kgatla inc.	Level 2
Erasmus de Klerk inc.	Level 3
Greyvensteins inc.	Level 2
Kloppers Durban inc.	Level 2
Kloppers Empangeni inc.	Level 4
Kloppers Richards Bay inc.	Level 4
Kotzé Low & Swanepoel	Level 3

Lange Carr & Wessels inc.	Level 3
Meyer van Sittert & Kropman	Level 3
Millers inc.	Level 2
Naudes inc.	Level 2
Neumann van Rooyen Sesele inc.	Level 1
Nostix (Pty) Ltd	Level 3
Tatham Wilkes inc.	Level 2
Van de Wall & Partners	Level 2
Van der Merwe du Toit inc.	Level 2
Van der Spuy & Partners	Level 2
Wright Rose-Innes inc.	Level 1



Key initiatives that assisted firms in achieving their exemplary results include group skills development programmes, learnership registrations, the identification of BEE suppliers with valid verification certificates, qualifying socio-economic development initiatives through the Phatshoane Henney Foundation (NPO Registration number 067-759-NPO) and enterprise development solutions for group firms.

With the improving economy, the appointment of black staff appointments within the group also increased from the numbers of 2009. During 2010, groups firms appointed 1 black director/partner, 3 black professionals, 7 black candidate attorneys and 32 black employees,

emphasizing the importance of black staff appointments within the group.

Yet, despite these appointments, firms are encouraged and assisted through the targeted recruitment of in particular young black professionals, to increase the number of black professionals at their firm. National recruitment campaigns at universities are also paying dividends with black student applications for contracts of articles at group firms escalating in outlying centres beyond that of the main business centres.

No member firm achieved less than Level 4 BEE compliance recognition

Verification results for 2010 confirmed the sustainability of group BEE practices, with the average BEE level of group firms being Level Two compliance and all firms achieving a similar or higher BEE level than in 2009.

Additionally, many member firms were also recognised as Value Adding Suppliers allowing additional procurement recognition of these firms for preferential procurement purposes.



Black staff appointments in 2010 increased by more than 70% demonstrating the commitment of group firms to employment equity and transformation. Early dividends from group recruitment initiatives are resulting in the increasing appointment of young black professionals at firms, ensuring that the future will see increasing black appointments also at director/partner level at group firms.

Sustainable BEE practices





Looking Forward

The vision of 35 member firms in all 9 Provinces remains a strategic priority for the group, and an improving economic climate will contribute to the growth in the number of group firms, supported by the continuously expanding range of group support services and initiatives.

Nurturing ties with strategic partners to ensure value to both group firms and partners is important to retaining current partners and attracting new opportunities to the group. Attention will remain on the identification of cost saving solutions and partnerships for group firms which contribute to the overall value obtained by member firms from their group involvement. Business opportunities which build on the group's size and location remain of the essence in unlocking the potential available within the group, and as such will also continue to receive the necessary attention during 2011.

Expanding business areas such as BEE consultancy services and contract management solutions within the group increases the differentiating factor of group firms. Additionally, promoting the understanding of new company and consumer legislation and assisting clients to achieve compliance with such will receive particular attention, with specialists in these disciplines already contracted by the group to assist in the training of group professionals in this regard.

Forging closer ties with the various Faculties of Law and in particular with faculties not yet hosting the Phatshoane Henney Honour Medal Programme, will assist in expanding the group brand amongst law students

and increasing the drawing power of top young professionals at major universities to group firms.

2011 will see extensive expansion of the group course directory and investment in course development focusing on soft skill courses as well as professional development topics. Maximizing the benefit and utilization of group courses by firms will also receive attention to ensure that skills development is prioritized and skills priorities achieved.

Improved knowledge management and broadening the Knowledge Centre resource base remains an indispensable group service and vital to the legal support provided to group firms. The Knowledge Centre will focus on increasing the dissemination of legal updates to group firms and clients as well as increasing the reporting on research time and cost to member firms.

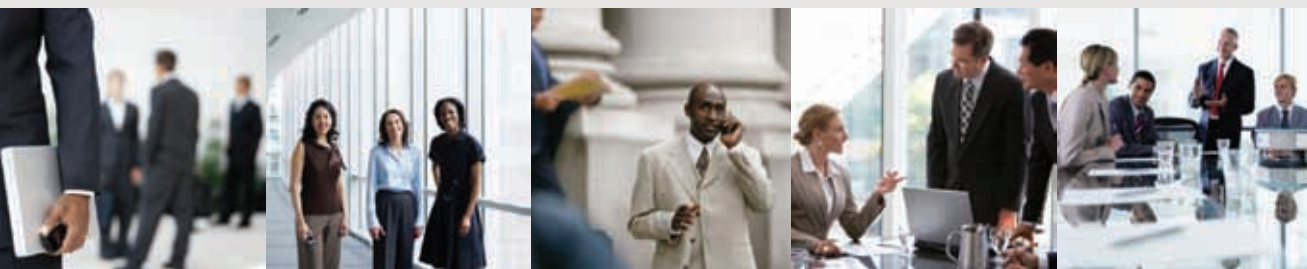
Reviewing group BEE practices and initiatives receives annual attention, with the latest in compliance requirements being incorporated by group firms to ensure sustainable BEE scorecards and exceptional annual BEE verification results by group firms.

With the geographic separation of member firms, fragmentation remains a constant risk, particularly with the ever-increasing range of services and initiatives available. The coming year will find the reinforcing of group awareness regarding group services, values, benefits and initiatives in the group and a focus on improving structures that allow individual practices to realize these benefits.

In conclusion, I am justly proud, with the coming together of years of development and investment by member firms in the group, to express my excitement and anticipation for 2011, which I believe will see the group again exceeding expectations and continuing its development as a senior partner in the South African legal fraternity.

Violet Phatshoane
Chair, Phatshoane Henney Group

Each member firm
subscribes to a philosophy
of service excellence and
workable solutions



To achieve the central philosophy of service excellence, group training, knowledge management and the development of new service areas, underwrite the ability of group firms to provide quality and differentiating services to clients in addition to setting the standard for and meeting client requirements in respect of BEE compliance.

Differentiating factors





services

"Group services provide member firms with the ability to service a diverse range of client needs. Innovative solutions which add value to clients is a core component of the group service philosophy underwritten by the efforts of member firms to create a standard service expectation."

Group Service Directory

africa law

black economic empowerment

commercial services

constitutional & public law

contract management

corporate services

family law

fiduciary services

forensic services

health services

higher education

infrastructure services

insolvency services

knowledge management

labour services

litigation services

outsourcing

public private partnerships

property services

training solutions

web developments



regions and centres

FREE STATE

bethlehem
bloemfontein
welkom

NORTHERN CAPE

kimberley
upington

NORTH-WEST

klerksdorp
stella
vryburg

KWA-ZULU NATAL

durban
empangeni
pietermaritzburg
port shepstone
richards bay

EASTERN CAPE

port elizabeth
queenstown

WESTERN CAPE

belville
cape town
george
paarl

GAUTENG

bedfordview
centurion
germiston
johannesburg
pretoria
randburg
roodepoort
rosebank
sandton

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