
GROUP ANNUAL REPORT PRESENTATION

Violet Phatshoane

Chair, Phatshoane Henney Group

Gala Evening, 9 October 2009, Woodlands Venue Function Hall, Bloemfontein

WELCOME

Our guest speaker Mr Mike Schussler, Deans of Law Faculties, Sponsors, my co-directors at Phatshoane Henney inc, associated firm representatives, representatives of our various partners and financial institutions, Phatshoane Henney Honour Programme medalists, media representatives, ladies and gentleman.

Before we proceed, it is appropriate that we thank our heavenly father for granting us strength and guidance and bringing us safely together at the end of another year to enjoy the evening as partners and friends.

Tonight's gala event, the highlight of our group annual calendar, is a celebration of another successful year for our group. Despite the pressures of our economy, group firms have endured and can tonight gather with associates and business colleagues to reflect on the past year and look forward to the coming year with excitement and anticipation.

As such it provides me great satisfaction tonight to present my annual report for the year 2008/9 and highlight the activities and achievements of the past year as well as lay out the roadmap for our group in 2010.

FOR THE YEAR IN OVERVIEW

With the challenges presented by our economy and the impact thereof in particular on the legal profession, the group had to rapidly acclimatize this past year to ensure that we could face these challenges head-on.

Accordingly, 2009 saw a reduced focus on group expansion and a more direct focus on developing and enhancing strategic relationships with important service providers and financial institutions to not only create potential new avenues of revenue generation for firms, but also provide opportunities for the reduction of firm cost structures. This focus has been successful, with strategic partnerships with Glenrand MIB, Vodacom and Korbitec in particular coming to fruition and benefitting member firms.

Interest in the group remains high and bodes well for new firm prospects during 2010 as well as confirming the success of the national awareness and brand strength of the group as the largest association of law firms in our legal fraternity. It further accentuates the association as a viable solution for the medium to large law firm to obtain the benefits of size, negotiating power, brand visibility and shared resources and infrastructure without the necessity of merging or sacrificing its independence and firm culture.

2009 saw group firms replicate and in many cases exceed the exemplary BEE verification results of 2008 as member firms again undertook formal BEE verification and reaped the benefits of the group BEE initiatives implemented at member firms.

Our continuing support services such as the Knowledge Centre, Group Skills Fund, national recruitment initiatives, training initiatives and group marketing campaigns continue to provide valuable support to member firms and remain vital to allowing firms to provide a high quality service to clients.

REGARDING THE GROUP STRATEGIC DIRECTION

Currently the group comprises 24 law firms, with approximately 215 professionals and over 800 staff members in 8 Provinces across South Africa. Despite reduced growth this past year, the intent of the group to enlarge its national footprint has not changed and the target of 35 firms across South Africa remains a key objective to be achieved, including enhancing the group's presence in major centers such as Durban, Cape Town, Nelspruit and Rustenburg.

Enhancing our current strategic partnerships and forging closer ties with our partners, building on interest generated through our marketing initiatives, and identifying new potential partners also stand as central motives for the coming year.

Likewise, the exploration of new business opportunities and group services in respect of regulatory changes such as the companies act, consumer protection and data protection will receive attention in addition to growing the recently established BEE consultancy service network across our group.

Greater integration between member firms, enhanced visibility of the group service directory and improved group knowledge management is vital to managing the wealth of experience and resources available within the group. Continuing projects to enhance training, research and information as well as discussions regarding group solutions with legal resource providers will also reach fruition during 2010.

The Phatshoane Henney Foundation, emerging in its role as non-profit organisation, evidences the group's commitment to socio-economic development initiatives and is a priority for further investment by the group. The coming year will see more focused attention on expanding the public profile of the Phatshoane Henney Foundation and developing a database of charities and beneficiaries that can benefit from the foundation.

ON BUILDING OUR STRATEGIC PARTNERSHIPS

Our burgeoning range of strategic partnerships personifies the potential of the group to harness its size and footprint and develop opportunities for the benefit of both partners and member firms.

Preferential interest rates afforded the group by Standard Bank, Nedbank and Investec in respect of their respective investment systems continue to remain valuable preference afforded the group through the group's savings portfolios channeled via the respective investment systems.

Strategic partnerships with Citadel Trust as trust manager of the Phatshoane Henney Foundation, Vodacom in respect of group discounts and benefits on the group Vodacom call, data and premie-cell lines and Glenrand MIB in respect of a group Professional Indemnity scheme for member firms, contribute to the value that group partners add and member firms receive, and provide a platform for further initiatives, including potential partnerships with future partners in the legal software and legal resources sectors.

New group initiatives are the epitome of the value member firms extract from their membership and as such are continuously being identified and availed to member firms.

Group initiatives this past year, to highlight a few include:

- The support and maintenance of Workplace Skills Plans on behalf of member firms and the creation of a central Skills Fund of over R430,000 in available resources for group training initiatives delivered through our group online training portal.
- The awarding of the first 30 Phatshoane Henney Honour Medals at 5 universities to LL.B students achieving their LL.B degrees *Cum Laude* – some of whom are in attendance here tonight as well, and whom we warmly welcome!
- The conducting of group recruitment drives at University Law Faculties through attendances at university and faculty open days, posters, candidate attorney brochures, and advertising in student employment guides.

- The group BEE consultancy initiative, allowing member firms to provide BEE advice and support to clients undergoing BEE verification, continues to gain momentum with the promulgation of sector BEE codes and the soon-to-be alignment of government procurement procedures with the BEE Codes. To create understanding of the process of becoming BEE compliant and dispel many of the myths surrounding BEE verification, the group conducted BEE information sessions for clients nationally with more than 600 attendees attending group sessions and receiving BEE information packages.
- The group Knowledge Centre has proven invaluable to group firms with the Knowledge Centre, staffed by dedicated legal professionals, providing focused and time-saving research support, templates, bulletins, newsletters and other support services to members.

ON BLACK ECONOMIC EMPOWERMENT

Underpinning our initiatives in respect of Black Economic Empowerment is a firm belief that BEE is a key strategic and business imperative that must be taken seriously and must receive far greater recognition within the group than mere legislative compliance.

Group initiatives relating to skills development, preferential procurement, enterprise development and socio-economic development have contributed to member firms, in addition to points achieved under ownership, also achieving high scores for these indirect empowerment elements, ensuring that group firms set the standard for a truly broad-based approach to BEE.

This common investment in sustainable BEE practices and managing BEE across all components of each firm's balanced BEE scorecard once again rewarded member firms in 2009 with exceptional BEE results, with no member firm receiving less than a level four BEE recognition level, and on average group firms achieving level three BEE compliance.

IN CONCLUSION

Our group, entering its 5th year since establishment continues to move forward strongly, addressing an important need with member firms and the South African legal profession.

I can also with certainty declare, that as challenging as aspects of this year have been, the positives and highlights of 2009 and the achievements of the group to date, create a sense

of expectation and excitement for 2010 and a belief that it will be a truly special year for each member, the group and our country.

I thank each member firm for their continued belief in the group and our partners for their enthusiastic support and willingness to explore new forms of partnerships with us.

May I wish you all a wonderful festive season and a safe return in the new year.

Thank you...

Violet Phatshoane

Chair, Phatshoane Henney Group