

PRESS RELEASE

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RMB CORVEST AND TANDEM BRING EMPOWERMENT TO THE FILTERS BUSINESS

RMB Corvest, a private equity business within the Firstrand Group, and Tandem Capital have concluded another major empowerment transaction with the introduction of an empowerment shareholder into Filter Flow, First Filtration and Francol.

Filter Flow and First Filtration are South Africa's two largest agents for the filtration solutions provided by US giant Donaldson. The filters Filter Flow and First Filtration provide are used in a wide range of plant equipment and vehicles in industries such as construction, mining and transport. Francol is a supplier of industrial hoses and accessories to a wide range of industries.

The deal that Corvest has structured sees Filter Flow, First Filtration and Francol merge to facilitate the introduction of an empowerment deal. The businesses will continue to trade under their current brands for the time being. The deal sees Tandem Capital take a 40% interest in the merged business, RMB Corvest take a 10% share, and the new group's management retain 50%.

Tandem Capital is an empowerment investment group owned by RMB Corvest, Safika Holdings and the Olwethu Trust, the beneficiaries of which are the employees of companies in which RMB Corvest and Tandem has invested. 38% of these beneficiaries are black women. Safika manages Tandem, which has already concluded numerous empowerment transactions.

RMB Corvest executive Stephen Brown said the two groups had been looking at ways to join forces, and empowerment had provided the catalyst for their merger. "There are synergies as shown by the relationship that has been formed between the companies over the years," Brown said.

Brown said the estimated value of the South African filter market for heavy duty vehicles is around R500 million, and Filter Flow and First Filtration have double digit market share in this sector.

Brown said RMB Corvest saw value in the businesses of Filter Flow and First Filtration because filters are not a discretionary purchase, and are not affected by normal economic cycles. "Filter Flow and First Filtration also have strong management and an excellent reputation in their sector," Brown said.

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Notes to editors

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 nine 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 40% owned by RMB Corvest; and 8.5% by Safika Holdings, one of SA's leading empowerment investment companies, with whom RMB Corvest co-invests in selected empowerment deals.