

PROUDLY
SOUTH AFRICAN



ANNUAL REPORT: 1 APRIL 2007 – 31 MARCH 2008

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Proudly committed to bringing Pride and Prosperity to our Nation

Campaign background

Proudly South African's existence is informed by socio-economic necessity – the need to help build a proud and prosperous nation. The **Buy Local** Campaign resulted from the 1998 Presidential Jobs Summit where the establishment of a Buy South African campaign was mooted. Preceded by international research, South Africa's **Buy Local** Campaign was developed through the deliberations of the Nedlac Trade and Industry Chamber, representing government, organised business, organised labour and community organisations. It was launched under the name of Proudly South African in 2001. The need for the **Buy Local** campaign was again reinforced during the 2003 Growth and Development Summit and in the context of ASGI-SA/JIPSA.

Buy Local is much more than a marketing or branding instrument. It is a competitiveness driver, with competitiveness being linked to the Campaign's uplifting criteria which are critical in developing sustainable businesses and an environment conducive to domestic investment.

Vision

The Proudly South African Campaign will encourage the Nation to make personal and organisational contributions to economic growth and prosperity in South Africa, thereby increasing employment opportunities and reinforcing national pride.

Mission

To be an economic prosperity and competitiveness driver and business partner for all South African producers and service providers who are serious about quality and are committed to creating and sustaining employment and meaningful gain for local industries, by joining the Campaign.

Criteria

- A Proudly SA company's products or services must incur at least 50% of its production costs, including labour, in South Africa, and be "substantially transformed";
- Proof of meeting high quality standards;
- Adhere to fair labour and employment practices;
- Adhere to sound environmental principles and standards.

Mandate

To safeguard jobs and increase job creation through the promotion of locally-manufactured products and services:

- Proudly SA is a corporatised socio-economic movement – an activist for economic growth and socio-economic freedom;
- It stimulates local demand through marketing Proudly South African companies/town/cities, their products and services – **Buy Local!**
- The Campaign is based on voluntary association;
- It follows a sector-based approach in accordance with the Standard Industrial Classification Codes of the United Nations;
- Compliance with the four criteria is critical in order to safeguard and build the Proudly South African brand.

Objective

To provide a country-of-origin brand that effectively identifies, differentiates and promotes local companies, their products and services which meet the Campaign's criteria in respect of local content, quality, fair labour practices and environmental responsibility.



Dali Mpofo

It has truly been a privilege to again serve a Campaign with such a deserving mandate – the safeguarding of employment and the creation of new opportunities through the promotion of innovative homegrown companies and their products and services. This very ethos has been abundantly demonstrated by member companies which, through their own commitment to excellence, economic empowerment and growth, give credence to the very cause Proudly South African champions – economic growth and employment creation.

Following a strategic session held last year and the progressive transformation of the organisation into a more efficient, customer-driven, continuous learning entity, the emphasis shifted to implementation to ensure that awareness translates into the desired purchasing behaviour – **Buy Local!**

Informed choice was the rationale behind the flagship programmes and educational campaigns implemented to entrench a thorough understanding of the **Buy Local** rationale, accompanied by the desired action. This applies not only to ordinary consumers, but also to members, large corporates, all spheres of government and the other constituencies.

The Campaign's briefing to the Parliamentary Portfolio Committee on Trade and Industry and the positive reception and re-affirmation of the Campaign's value received from this important stakeholder group was particularly heartening. This was initiated in the interest of addressing issues that affect our commitment to best serve the needs of our members and to ensure that the Campaign receives the necessary support to sustain its progressive mandate as a key

competitiveness driver in the medium and long term. I would like to express my sincere appreciation for the support the Campaign continues to enjoy from all constituencies. The Ministry of Trade and Industry has again been supportive and willing to engage in discussions on how to optimise the role of the Campaign – both as encapsulated in the Growth and Development Summit outcomes and other government programmes and strategies aimed at favourably positioning local enterprises for sustainable growth.

We look forward to working alongside government and the other constituencies to ensure that Proudly South African's renewed momentum can be sustained and that the Campaign can fully deliver on its potential to help realise the vision of a better life for all. The issue of regular government funding to sustain the Campaign's initiatives in the medium to long term remains high on our agenda and will be pursued.

The Campaign has achieved so much within a short space of time, as its Superbrands Status confirms. The **Buy Local** rationale is sound, as is the commitment of the Campaign to deliver. But I believe that a significant collaborative effort is required to ensure that the **Buy Local** intent materialises throughout all spheres of government; amongst the members of the labour constituency; amongst the business sector; in civil society and in the private sector at large to magnify the positive impact to be derived.

I would like to thank my fellow Board members, members of the Proudly South African Campaign and other stakeholders, and in particular the CEO, Ms. Manana Moroka and her dedicated team for their support in the past year. Their commitment to guide and implement the strategies and actions required to ensure an impactful delivery in "building the pride and prosperity of our Ncaltion" is as inspiring as the Campaign's uplifting ethos.

With your continued support I look forward to building on this firm foundation in the new financial year.

NEDLAC Overall Convenor, Government, for Proudly SA



Les Kettledas

One of the declarations emerging from the Presidential Jobs Summit in October 1998 was the “Buy South Africa” campaign. This declaration committed all parties to a campaign that would seek to stimulate economic growth and job creation in South Africa through increased demand for South African goods and services which met criteria related to local content, quality, fair labour and environmental standards.

Established in 2001 with the public face of Proudly South African, the **Buy Local** campaign is now as relevant as ever as a tool to promote national pride and unity, whilst helping to favourably position the South African economy through greater competitiveness and the safeguarding and creation of employment opportunities. The necessity of a campaign of this nature was again publicly confirmed by all political parties present at the Campaign’s briefing to the Parliamentary Portfolio Committee for Trade and Industry in mid 2007.

The 2007/08 financial year has brought its fair share of successes and challenges to the Campaign, with the need to revisit the Campaign’s funding model with a view to find a balance between the expectations of members and a consistent, regular income stream to sustain the Proudly South African brand and profile. As the government constituency, we are very much aware that in order to reduce the Campaign’s dependency on membership fees and to enable it to optimise its role in promoting sustainable business growth, it would require regular government funding. After all, Proudly SA’s Australian counterpart, Australian Made, was reliant on government funding for more than a decade.

We are convinced that the desired behavioural change – **Buy Local** – is not only highly desirable to strengthen our country’s social and economic fibre, but also within reach. What is increasingly required is for the various spheres of government to set an example and to put

their **Buy Local** commitment to the test in a practical and quantifiable manner. I believe the decision to include a category for government in the annual Proudly South African HomeGrown Awards is an excellent initiative that will also ensure that this important constituency demonstrates its own performance in terms of the Proudly SA criteria.

As we move closer to 2010, no effort should be spared to promote the competitiveness of our local enterprises and service providers. This will ensure that, indeed, 2010 can contribute to building the intended social and economic legacy we all desire.

We look forward as the government constituency to tackle the developmental challenge, through the rewarding **Buy Local** concept, with renewed vigour in the year to come. We will continue to play our part, together with our social partners – including Proudly South African - to realise the vision of a better life for all!

*“What is increasingly required is for the various spheres of government to set an example and to put their **Buy Local** commitment to the test in a practical and quantifiable manner”.*

NEDLAC Overall Convenor, Labour, for Proudly SA



Ebrahim Patel

Job creation is not a once-off event. It is an ongoing process, and the Proudly South African Campaign is one of an important array of economic tools to help safeguard jobs and create more employment opportunities, within the context of fair labour standards, and a commitment to continuous improvement and quality enhancement.

The outcomes of the 2003 Growth and Development Summit implore all constituencies to work constructively with Proudly SA in promoting sustainable economic growth through **Buy Local**.

The labour constituency, together with Proudly SA, in the past year faced the challenge of promoting consumer choice for locally-manufactured items in the clothing and textile industry especially, as a means of assisting this labour-intensive sector to regain a sound footing in the local manufacturing industry. This has been a tough challenge, given the proliferation of imported clothing and textiles from across the globe. However, the growing emphasis on ethical trading with a focus on responsible environmental and labour practices in manufacturing was seen as a great opportunity to entrench the **Buy Local** rationale.

Creating a better understanding of how local procurement/purchasing helps to grow our economy and promotes business competitiveness demands a long-term investment in consumer education. This has prompted the labour constituency, through Cosatu Western Cape, to launch a promising pilot project, in collaboration with Proudly SA, to extend the reach of the **Buy Local** message in the Western Cape. It involved the training and commissioning of volunteers to promote the buy local rationale.

It is anticipated that this pilot project, which in essence is an extension of the existing Christmas Buy Local Campaign, may point the way for expanding this initiative to other areas in the future, while making a practical contribution to the shared aim of safeguarding existing jobs and stimulating job creation through the promotion of **Buy Local**.

As organised labour we look forward to continue working closely with Proudly South African to engage society at large to help promote economic growth which is sustainable and equitable.

“Creating a better understanding of how local procurement/purchasing helps to grow our economy and promotes business competitiveness demands a long-term investment in consumer education”.

NEDLAC Overall Convenor, Business, for Proudly SA



Raymond Parsons

No-one will argue that the business environment is constantly changing, accompanied by both challenges and opportunities. In an era where consumers are increasingly demanding that businesses should demonstrate their commitment to responsible citizenship, and are more willing to support companies that are able to prove their bona-fides, the underlying values of the Proudly South African Campaign represent a solid foundation to enhance business sustainability and competitiveness.

As a constituency we continue to value the role of the Campaign as a competitiveness driver and take pride in the steady progress made over the past year to strengthen its visibility and positioning in various spheres.

We believe that in an increasingly globalised economy, the Proudly South African rationale and brand needs to be optimised further in support of local brands in domestic, regional and global markets.

The fact that the Proudly South African Campaign was given an opportunity to update the Parliamentary Portfolio Committee on Trade and Industry, and received a positive response from this important stakeholder group, gave further credence to the Campaign's important role in the national context. It boosted business confidence in the Campaign's ability to engage a broad range of stakeholders, especially government, in support of "local".

From a business perspective this Constituency welcomes the Campaign's efforts at engaging member businesses and potential new members across the country through CEO Forums. The success of this initiative is proof of the desire for greater interpersonal communication between businesses and Proudly South African, and therefore we would like to encourage the extension of this valuable platform across the

country for greater impact. Growing confidence in the Campaign is also illustrated by the decision by two of the Campaign's former sponsors to again invest in the Campaign at this level.

Realising that sustainable growth and development demands the active involvement of all sectors of society, organised business remains committed to the Proudly South African Campaign as a proven mechanism to help achieve social and economic benefits for our 'Nca!tion' through active consumer support of quality locally-produced products and services.

"We believe that in an increasingly globalised economy, the Proudly South African rationale and brand needs to be optimised further in support of local brands in domestic, regional and global markets".

NEDLAC Overall Convenor, Community, for Proudly SA



Lulama Nare

History time and again serves as a reminder of the invaluable contribution that a consumer movement can make in achieving political, economic and social justice. Translating consumer awareness into the appropriate **Buy Local** behaviour is indeed a tall order, which requires the active support of a wide range of stakeholders. As a community constituency we take pride in the progress made by the Campaign in the past financial year to enhance collaboration amongst all constituencies in pursuit of our overall aim – the safeguarding and creation of jobs, economic growth and greater prosperity for all!

Community organisations remain important grass-roots instruments to promote an understanding and support of the impact of local purchase behaviour. The Campaign has made great strides in this regard by formalizing relations with organisations such as Indalo Yethu, the National Youth Commission and LoveLife. They believe in the Proudly South African ethos and rationale and are able to magnify the message and exert influence to change consumers' purchasing behaviour and help cultivate an appreciation for local.

I would also like to commend the Campaign for further extending its outreaches beyond the provinces covered last year, to focus on building consumer awareness in the Cape Province especially. The awarding of Proudly SA status to the second rural town, Albertinia in the South Cape, the Campaign's collaboration with the Department of Education to promote the Proudly SA concepts amongst our country's learners, as well as the CEO's Network Forums extended beyond Gauteng to the Western Cape and North West is evidence of the progress made in enlarging the Campaign's footprint across our country.

The regional strategy, which was mooted in the Campaign's update to the Parliamentary Portfolio Committee for Trade and Industry mid-way through this financial year, certainly deserves closer scrutiny as a mechanism to further mobilise support for Proudly South African in the future.

By appealing to all South Africans' sense of pride in what is truly homegrown and unique, Proudly South African remains a valued tool in "Building the Pride and Prosperity of our **Nca!tion**". As a constituency we remain committed to working with communities and community organisations to pursue this uplifting and rewarding programme.

*"By appealing to all South Africans' sense of pride in what is truly homegrown and unique, Proudly South African remains a valued tool in Building the Pride and Prosperity of our **Nca!tion**".*

Chief Executive Officer's Overview



Manana Moroka

INTRODUCTION

During the previous financial year the Proudly SA Campaign's efforts had been focused on member retention, while addressing business fundamentals and corporate governance, in order to solidify the Campaign's basis for the future. In the past year, the main focus was on implementation across the board, building market share, retaining members, re-confirming strategic alliances and building stakeholder relations to ensure the Campaign's long-term sustainability.

I am pleased to confirm that our efforts have made a positive difference, as the stabilisation of our membership base, consistent high rate of consumer awareness and reconfirmation of the independently judged Superbrands status, amongst others, confirms. The latter certainly is a compliment to the efforts of both the Campaign and its members in building a prime country of origin brand, based on quality, consistency and trust. It is equally an acknowledgement of all proud and committed South Africans who are consistent in their support for quality homegrown products and services.

BRIEFING PARLIAMENT

One of the highlights of the past year was undoubtedly the opportunity granted at the Campaign's request to brief the Parliamentary Portfolio Committee on Trade and Industry on the positive results of the Campaign's turnaround strategy implemented in the previous financial year.

Discussions also focused on the Campaign's strategies, future financial model and needs for the future – all in the interest of ensuring the Campaign's long-term sustainability and efficiency. This included impressing upon the Committee the need expressed by members of the Campaign for tangible benefits, particularly in the area of preferential procurement.

Other issues discussed focused around intellectual property – the use of the Proudly SA logo, the words Made in SA and the South African flag by companies to indicate their country of origin status; the opening up of 2010 Buy Local opportunities for local companies, and the issue of Black Economic Empowerment and its impact on Campaign membership. The briefing was met with enthusiasm and resulted in the reconfirmation of the relevance of Proudly South African in the national context, as well as the expression of Parliamentary support for the Campaign in fulfilling its uplifting mandate. This rekindling of relations was followed by a public reassurance of support by the Department of Trade and Industry.

OUTREACH EFFORTS, STAKEHOLDER ENGAGEMENT

The Campaign's proven commitment to address challenges, together with sound stakeholder management and enhanced communication with members and, notably, public support of the Campaign as expressed by the members of the Parliamentary Portfolio Committee, contributed to greater public confidence in the Campaign. CEO Forums introduced to enhance the Campaign's face-to-face interaction with members and potential members at an executive level were met with great enthusiasm, with 27 opportunities having been optimised in this manner in three provinces – Gauteng, Western Cape and North West. This was further complemented with provincial outreaches during which relations were strengthened with leaders at metropolitan municipalities, such as City of Cape Town, Tshwane Metro and City of Johannesburg, as well as at provincial government level (including North West, Limpopo, Northern Cape and Free State provinces). All of these entities have expressed their keen support for the Campaign.

Creating a better understanding of how local purchasing helps to grow the economy and promotes business competitiveness demands a long-term investment in consumer education. Hence, stakeholder management further included working actively with constituencies in promoting the **Buy Local** cause. This included partnering with Cosatu Western Cape in the launch of a pilot project aimed at extending the reach of the Campaign and to promote the purchasing of locally-produced goods and services by corporates. This initiative was a welcome expansion of the sound working relationship which had been developed with this constituency over a number of years to promote **Buy Local** during the festive season.

It is envisaged that this pilot project may be expanded to other areas in the future.

Valuable links were forged with South Africa's quality fraternity, including the South African Quality Institute (SAQI) and the South African Society for Quality (SASQ). The **Buy Local** message and quality rationale were also strengthened through optimising invitations to address influential stakeholders gathered at events such as the annual convention of the Southern African Auditor Training and Certification Association (SAATCA).

The Campaign's positive reputation resulted in active engagement with its counterparts in the African region. Amongst others, Proudly South African was approached by the High Commission of the Republic of Zambia to provide support and advice during the process leading up to the establishment of Zambia's own buy local campaign, Proudly Zambia.

The Campaign has continued unreservedly to work with its strategic partners and constituencies in addressing relevant issues in the Clothing, Textiles, Footwear and Leather Industry which has been under severe pressure and at risk of losing more job opportunities due to the importing of cheap and, or illegal clothing. We will also continue every effort to help advance the interests of the local television industry, especially in view of the opportunities that could materialise through South Africa's digital migration process.

SPONSORSHIP

We were pleased to welcome back on board two of the Campaign's valued founder sponsors, PetroSA and Eskom, both of whom had the confidence to re-commit to the Campaign at this level. Realising the brand-building value of the association with the annual HomeGrown Awards, PetroSA has also taken up the opportunity as the main sponsor of this event. My sincere appreciation to FNB which had sponsored the event during the first three years, but which had decided to followed the cue of some other large corporates to invest their resources in lucrative marketing opportunities offered by the 2010 FIFA World Cup instead.

Given the dynamic, highly competitive business environment, a 'non-exclusive' sponsorship management agency was also appointed in the course of the financial year to strengthen the Campaign's ability to extend and execute its sponsorship strategy.

FINANCES

I am pleased to report that the Campaign has again received an unqualified auditors report and has retained its status as a going concern.

Through maintaining strict financial discipline, including a moratorium on the filling of vacancies and the curtailment of expenses throughout the financial year, the Campaign was able to meet all its financial obligations.

Where possible, internal staff were capacitated to perform at a higher level and promoted, obviating the need for external recruitment. Marketing efforts were extended through strategic partnerships, with trade exchanges being utilised fully to optimise media reach and maintain visibility for the Campaign.

We are confident that the Campaign's positive relationship with government and **the dti** as our executive authority in particular will translate tangibly into both financial and non-financial incentives and measures to optimise the work of the Campaign in the interest of economic growth, development and greater social cohesion.

MARKETING

Thanks to a can-do-will-do attitude and an ability to optimise partnerships and cultivate mutually-beneficial relations with a range of stakeholders, the Campaign was successful in maintaining a high level of consumer awareness. This was further achieved through the Board-approved flagship projects and by enhancing the Campaign's communication tools, such as the website, and the launch of the Campaign's official magazine, Proud! during 2007.

THE FUTURE

We look forward, in anticipation, to the Board's upcoming strategic session to thoroughly review a number of options to enhance the Campaign's future growth prospects. This will include considering the Campaign's mooted regional strategy aimed at real-time, interpersonal transacting as requested by our members. We will also continue to pursue every avenue to secure regular government funding, through our lead department, **the dti**, to enhance the Campaign's impact and long-term prospects, while allowing for greater flexibility in terms of membership fees.

Chief Executive Officer's Overview

THANK YOU

In conclusion, I would like to express my sincere appreciation to the Campaign's strong core of members who, true to the Proudly South African ethos, have given the Campaign their unconditional support, though the proverbial "thick and thin". You *are* the Campaign. Thank you for continuing to inspire others through your pristine example and demonstrated commitment to our country's social and economic development.

We are especially indebted to the Minister of Trade and Industry, Mr. Mpahlwa, the Deputy Minister, Ms. Thabethe, and the Ministry, for again demonstrating their commitment to the Campaign in a number of strategic and practical ways, also through sharing the Campaign's annual highlight – the HomeGrown Awards with members, finalists and winners.

Thank you to all Board members who, through Nedlac, have continued to support the Campaign's agenda for social and economic change, business growth and entrepreneurial development. A special word of appreciation to our Chairperson, Adv. Dali Mpofu, for always being approachable and willing to carry the Proudly South African torch.

Last, but not least, a Proudly South African thank you to the Campaign's core of committed staff who have not only translated our strategies and plans into action, but have made a significant contribution to the Campaign's positive evolution.

After all, as Steve Biko, the well-known proponent of collaborative action had so eloquently confirmed – "The power of a movement lies in the fact that it can indeed change the habits of people. This change is not the result of force but of dedication, of moral persuasion".

Through **Buy Local**, we will continue to make a positive contribution to our country's growth and prosperity – socially and economically!

**"The power of a movement lies in the fact that it can indeed change the habits of people. This change is not the result of force but of dedication, of moral persuasion".
Steve Biko**

Board of Directors and Sub-committees of the Board as at 31 March 2008

BOARD OF DIRECTORS

The Board of Directors is nominated by the constituencies represented in the National Economic Development and Labour Council (NEDLAC) and comprises of three delegates from each of the constituencies:

Adv. Dali Mpofo	Chairperson, Proudly South African Group Chief Executive Officer, South African Broadcasting Corporation
Ms. Manana Moroka	Chief Executive Officer, Proudly South African
Mr. Herbert Mkhize	Executive Director, Nedlac

Government

Dr. Vanguard Mkosana	Nedlac Overall Convenor, Government Director General, Department of Labour
Mr. Riaan le Roux	the dti (up to May 2007)
Mr. Iqbal Meer-Sharma	Deputy Director General, Trade and Industry South Africa (from June 2007)
Mr. Les Kettleidas	Deputy Director General, Department of Labour

Organised Labour

Mr. Ebrahim Patel	Nedlac Overall Convenor, Labour General Secretary, South African Clothing and Textile Workers Union
Mr. Joseph Maqhekeni	President, National Council of Trade Unions
Mr. Bheki Ntshalintshali	Deputy General Secretary, Congress of South African Trade Unions

Organised Business

Dr. Raymond Parsons	Nedlac Overall Convenor, Business
Mr. Michael McDonald	Chief Economist, Seifsa
Mr. Jerry Vilakazi	Chief Executive Officer, Business Unity South Africa (from May 2007)

Community representatives

Mr. Sizwe Shezi	Nedlac Overall Convenor, Community President, South African Youth Council
Ms. Laura Kganyago	General Secretary, National Women's Coalition
Mr. Dumisane Mthalande	South African National Civic Organisation

Board of Directors and Sub-committees of the Board as at 31 March 2008

BOARD SUB-COMMITTEES

The three Sub-committees of the Board which focus on critical areas of the Proudly South African business were constituted as follows:

Membership and Marketing Committee

Mr. Herbert Mkhize (Chairperson)

Dr. Vanguard Mkosana

Mr. Dumisani Mthlane

Mr. Michael McDonald

Mr. Ebrahim Patel

Human Resources and Remuneration Committee

Ms. Laura Kganyago (Chairperson)

Dr. Raymond Parsons

Mr. Les KettleDas

Mr. Bheki Ntshalintshali

Mr. Herbert Mkhize

Audit and Risk Committee

Mr. Joseph Maqhekeni (chairperson)

Mr. Jerry Vilakazi

Mr. Sizwe Shezi

Mr. Iqbal Meer-Sharma

Through fulfilling its core functions, the Marketing Department contributes to stakeholders' and consumers' understanding of the Campaign and its objectives. The various marketing campaigns aim to influence the purchasing behaviour of consumers by encouraging the uptake of products and services of Proudly South African members. Brand Positioning, Marketing Services and Public Relations are the three main areas pursued by the Marketing Unit.

WESBANK PROUDLY SA HOMEGROWN AWARDS 2006

The annual HomeGrown Awards is gaining ground as the leading showcase for innovative Proudly South African companies and organisations.

The 2006 Awards with the theme - "Bringing Pride and Prosperity to our Nation" - served to recognise excellence amongst leading Proudly SA companies, their products and services, and the people behind them. Another objective was to strengthen the reputation and raise the profile of Proudly SA members through various media. The public relations value derived from media coverage on the Awards was measured at R1,04 million. Media optimised included both broadcast media – radio and television, and print media such as community newspapers, daily newspapers and other print media.

The SA Quality Institute (SAQI) sponsored Quality Training for the winners of each category. Living Gold sponsored all the flowers, while Gear

House sponsored services to the value of R120 000.00 as part of their Trade Exchange Agreement for the Awards Event.

Other sponsors included members and non-members alike which recognised the value of the event - All Joy Foods, Altech UEC, Amadumbe Foods, ATTV, Banditos Chile Co, Beverley Price, Cerdak, Classic Feel Magazine – Desklint, De Wetshof wines, Due South, Environ, Eveready, Extreme Nissan Fourways, Galaxy Jewellers, Glass Escapes, Hands on Treatment, Jump Start, National Brands Limited, Ntigwe Tea, Planet Fitness, SAHARA Computers, The Meating Place Biltong, Touchline, Town and Country, Trade Edge, Vergelegen and Graham Beck Wines and Walk and Talk Tours.



**HOMEGROWN
AWARDS '06**
CELEBRATING THE BEST PROUDLY SOUTH AFRICAN
COMPANIES, PRODUCTS & THE PEOPLE BEHIND THEM



The results of the 2006 Awards, which were sponsored by WesBank for the third consecutive year, are reflected in the following table:

CATEGORY	CORPORATE WINNERS	SMME WINNERS
Company of the Year	G.U.D. Filters (Pty) Ltd	Storms river Adventures
Product of the Year	Spescom Ltd	Living Gold (Pty) Ltd
Service of the Year	Spur Group	Longspan Gutters
Innovator of the Year	Altech UEC	BSG (Africa)
Exporter of the Year	G.U.D. Filters (Pty) Ltd	Cerdak (Pty) Ltd
Corporate Social Investment Champion of the Year	Mama Afrika – Clover	Storms river Adventures
Nation-builder of the Year		The Chaeli Campaign
Manufacturer of the Year (New Category)	Eveready (Pty) Ltd	Chemlog
Municipality of the Year	eThekweni Municipality	

Marketing

PROUDLY SA WEEK

Proudly SA Week was another flagship project that contributed to raising the profile of the Campaign and that of member companies, while sensitising consumers to the value and merit of purchasing quality locally-produced products and services. Budget limitations dictated that activities should be concentrated over a period of one week only, as opposed to extending it to one month as envisaged.

Most planned activities were executed at little cost through partnerships with members and through trade exchanges. Some above-the-line marketing activities were included to ensure maximum visibility for the Campaign and members through the selected mass media. In spite of a limited budget, high prominence was maintained both on national television and SABC radio stations, especially during Proudly SA Week 2007.

Proudly SA member and trade exchange partner, Media24, had also contributed to the success of this annual highlight by profiling Proudly SA Week 2007 in the September issue of its weekly magazines You, Drum, Huisgenoot and True Love. True Love in particular had excelled at putting across the Proudly South African ethos to its readers.

At the request of the Community Constituency an exhibition was held at Kliptown during Proudly SA Week 2007 to celebrate Heritage Day. This initiative was well received.

Proudly SA Week commenced with a media launch at the Johannesburg Zoo, which was well attended by the media who appreciated the interesting setting. Interviews were conducted with radio and television stations such as eTV, Radio 702, Kaya fm, Yfm, SAfm, CCfm, Jacaranda fm, Kfm, Highway Radio, Lotus fm, Ofm and Munghana Lonene fm. Based on the timeslots and duration of the exposure, airtime value attained in this manner was calculated to be no less than R1,08 million, while a negligible amount (R15 200) was spent on the actual media launch.

Print coverage emanating from the media launch included articles in newspapers such as The Citizen, Daily Sun, Chatsworth Tabloid, Drum Zulu, Iweek, Rosebank Review and Rosebank Killarney Gazette. The value of this coverage was calculated at R123 637.

The importance of and rationale behind Proudly SA Week was further communicated through the BuaNews and 1 200 New Boss Stories which are online platforms. Other online platforms optimised included the Proudly South African website and Bizcommunity.

Advertisements valued at R203 597 were placed in Trader's Friend, Speckled Bean, African Connexion, and Media 24 publications such as Huisgenoot, You and Drum. However, since this was achieved mainly through barter deals, direct advertising costs payable by the Campaign were insignificant.

Other activities to celebrate Proudly SA Week included distributing marketing or promotional material, such as banners in township stores, distributing material at traffic intersections as well advertising on Kaya fm, community radio stations, Campus Radio targeting students and Primedia radio stations.

The Campaign's CSI project, Marang House, benefited from a fundraising event organised to coincide with Proudly South African Week, while CEO Forums were also optimised to communicate the **Buy Local** message during this period.

**Shop
until
unemployment
drops**

Proudly South African Tel: (011) 327 7778 - Fax: (011) 327 3844
E-mail: info@psanet.co.za - Website: www.proudlysa.co.za

PROUDLY SOUTH AFRICAN

**Buy local and be a proud supporter of the
Nca!tion**

CONSUMER EDUCATION / OUTREACH CAMPAIGN

The main aim with this flagship campaign was to add value by promoting an increase in the uptake of Proudly South African products and services. The campaign sought to educate consumers on the rationale behind **Buy Local** and the active role that South Africans can play in growing the South African economy by buying Proudly South African products and services.

Stimulating consumer loyalty and the desired behavioural change – **Buy Local** – was at the core of this campaign. It was further intended to remove any perceived barriers to domestic purchasing by positively changing perceptions on the quality of local products.

Pre-campaign research had indicated that the word **Nca!**, best “translated” as “lekker” appeals to a large cross-section of the South African consumer market. It also lends itself to innovative applications in the marketing of members’ products, for example **ever-nca** (Eveready)

Nca! was, therefore, again used as part of the pay-off line for this campaign.

Outreach interventions implemented included presenting sixteen CEO Network Forums in Gauteng; ten in the Western Cape and one in North West Province.

Throughout 2007 advertising in magazines in the Media 24 stable, such as You, Huisgenoot, Drum, TV Plus (English and Afrikaans), Move (English and Afrikaans) and True Love Babe served to continuously remind ordinary South Africans what Proudly South African does and why they should **buy local**.

Additional free advertising was offered to members through a partnership with Trade Edge sector specific publications which had positioned itself as a trusted source of supplier references for Business-to-Business as well as Business-to-Government initiatives. Titles included Logistics and Materials Handling; Mines and Quarries; Food, Beverage and Hospitality Business Guide; Investment Farming and Agribusiness; Marketing Advertising and Branding; Construction Design and Development; and SA Special Events. SMME members especially were given the opportunity to market themselves through these publications in addition to receiving free copies to use as marketing tools.

Recognising that sport is one of the platforms that bring South Africans together as a nation, the Campaign elected to advertise in various cricket, rugby and soccer platforms. In this manner not only the spectators, but the managers and players, too, were encouraged to think about their purchasing choices.

The nation’s Proudly South African spirit was boosted by the excellent performance of the national Cricket team and the Rugby team which had won the World Cup. The Campaign supported these teams all along and offered encouragement by advertising in the official magazine of the Rugby Union.

When the Springboks arrived back home after winning the World Cup, staff of the Proudly South African Campaign were amongst those who had gathered to eagerly welcome and congratulate them.

The sport euphoria culminated in a special edition of the SuperSport Yearbook which the Campaign proudly supported, while punting an appreciation of **‘local’**.


Ever Nca!

Bound by a motivating and unifying principle, local battery manufacturer – Eveready – combines a globally competitive mindset with a homegrown commitment to build our **Nca!**tion.

Bearer of the symbol of a “unique and uplifting national identity” – making a statement of: “origin”, “purpose” and of “optimism” (*), Eveready takes pride in investing **locally**, for a better life for all.

(* President Thabo Mbeki, Proudly SA Homegrown Awards, 2005)

Support our **Nca!**tion. Buy Local!

Proudly South African Tel: (011) 327 7778 • Fax: (011) 327 3844

E-mail: info@pesnet.co.za • Website: www.proudlysa.co.za



PSA150XMAS_EVEREADY_S10v/Proudly South African Communications Team

Marketing

CHRISTMAS AND BACK-TO-SCHOOL CAMPAIGNS

These campaigns were developed with the requirements of the retail sector, as well as the Campaign's constituencies in mind. The objective was to boost the **buy local** appeal to stimulate economic growth, safeguard and create jobs. Both campaigns also offered an excellent opportunity to promote pride in buying locally-produced products and services, in addition to emphasising homegrown values and the spirit of goodwill that are associated with the education of the youth and the holiday season.

Through these campaigns consumers were led to identify and buy products that bear the Proudly SA logo, especially South African-made clothing (including lay-bye) and products and services which tie in with the Clothing and Textiles strategy aimed at strengthening this valuable sector. Consumers were also educated on the nature of the association between the logo and the product or service, namely that it represents quality, local content, fair labour practice and environmental standards. In essence these campaigns represent an appeal to the value system of our nation.

Proudly South African's above-the-line strategy included radio advertisements on all sixteen SABC stations, while twenty of the Campaign's gold-category members participated in a special full-colour section in the Business Report dedicated to their business. Other members were grouped according to sectors such as Travel and Tourism, Services, Fast Moving Consumer Goods (FMCG), Manufacturing and Others and were accommodated in the Daily Sun newspaper. A total of 162 members participated in this campaign. In addition to engaging the mass media, a pilot **Buy Local** project was launched in collaboration with the Confederation of South African Trade Unions in the Western Cape. It included shopping mall promotions and valuable face-to-face interaction with shoppers in the Western Cape during the festive season.

PROUDLY SA CLOTHING, TEXTILES AND FOOTWEAR STRATEGY; CAPE TOWN FASHION FESTIVAL AND SPRING QUEEN

Building on the work done in the previous financial year, the Proudly South African Marketing Unit continued its efforts to educate consumers and retailers to support the local clothing and textile industry. Proudly SA had earlier been identified as a key element in assisting the South African Clothing and Textile Workers Union

(SACTWU) in operationalising the government-introduced importation quota system in respect of Chinese clothing and textile products, to help retain jobs and prevent job losses in this industry. This was pursued, amongst others, by partnering with SACTWU in support of **buy local** through the Cape Town Fashion festival and the Spring Queen event.

This was the third year that Proudly SA had participated in these events which contribute to positioning South Africa's homegrown talent in the clothing, textile, footwear and leather industry and in raising the profile of the fashion manufacturing industry.

In her address at the Cavendish Square Event, Proudly SA's CEO emphasised the value of these initiatives, saying that they "... contribute immensely to fuelling the dynamism of our economy – local talent and entrepreneurship – especially in an industry which we all know has suffered greatly over the past few years! With this splendid fashion highlight, SACTWU, Cavendish Square and stakeholders have managed to establish an excellent platform for manufacturers, retailers and designers to bring together their efforts by showcasing quality locally-made clothing and footwear ranges. Building local brands and promoting **Buy Local** helps to develop fashion brands for the export market, with the potential of creating more job opportunities. The Cape Town Fashion Festival, through its various events, has contributed tremendously to establishing the Western Cape as an international contender in the fashion industry, building our local brands".

A Proudly SA Fashion Show and Tenants Competition formed part of the Cavendish event, all with the focus on local designers, designs, footwear and textiles; and in promoting the desirability of local brands amongst consumers, buyers and retailers.

Various advertisements were developed to encourage consumers, including the youth, visitors and tourists to buy and wear South African. Placements were done in magazines such as Rootz and By The Way, copies of which were distributed at South Africa's national toll-gates.

PROUDLY SA 2010 STRATEGY

The Proudly SA 2010 strategy focuses on the economic opportunities for Proudly SA and its members, with special emphasis on buying and procuring locally. The intention was, furthermore, that the Proudly SA 2010 strategy should assist in repositioning and strengthening the Campaign for the future – helping to ensure its long-term sustainability. To achieve this aim the Campaign worked constructively with and served on various 2010 structures, such as the 2010 National Communication Partnership and its Task Team. The Campaign has also lobbied with the various spheres of government to consider Proudly SA in 2010-related procurement initiatives.

PROUDLY SA LOYALTY PROGRAMME

Implementation of this flagship programme has been delayed due to a setback experienced by the company which had developed the proposals for operationalising the concept for Proudly South African. The cost of the initial capital outlay required was also quite prohibitive. Hence the Campaign is also investigating other options such as partnering with Proudly SA members who have successfully established loyalty programmes.

DEVELOPMENT OF CITIES AND TOWNS

After the first two rural towns - Clarens in the Free State followed by Albertinia in the South Western Cape, were awarded Proudly South African status in the previous financial year, the marketing focus shifted to profiling and assisting these two towns in the establishment of strategic networks and other useful linkages.

The criteria for awarding Proudly SA membership status to towns, cities, or townships are as follows:

- Adherence to environmental standards within the town/city/township and surrounding areas;
- Quality of service in the town/city/township;
- Potential for job creation through projects linked to Asgi-SA and JIPSA, especially in the area of Tourism, Cultural Industries and Agro-processing.

This project aims to help increase employment creation and to ensure that existing jobs are being retained in the relevant town or area. It also aims to stimulate skills development within the specific region and facilitates tangible partnerships between the town and

the various government departments, provincial and municipal spheres of government. Other Business to Business and Government to Business opportunities will also be initiated in the future.

EASTER/ WINTER CAMPAIGN

These campaigns also aim to encourage a **buy local** trend amongst South African consumers. In the year under review, the Marketing Unit had, amongst others, engaged members to profile their businesses and logos, accompanied by buy local appeals. These advertisements were developed by the Campaign's Graphic Unit and were placed in the Mail & Guardian, encouraging consumers to recognise and recall members' logos, to make use of their services and to purchase their products.

Given its scope and established profile, the annual Jazz Festival in Cape Town was identified as another excellent opportunity to promote the **buy local** concept and the importance of buying local amongst both local and international visitors. This was achieved through a well-placed advertisement in the official event magazine.

ENDORSEMENT CAMPAIGN

This ongoing campaign was developed in response to the need to drive home the Proudly SA Campaign's ethos and core values through credible and respected societal leaders and icons in various spheres.

Well-known and influential figures who had agreed to take part in the endorsement campaign continuing from the successful programme of the previous year included, amongst others, the PetroSA Chairman and CEO, Messrs Siza Khampepe and Sipho Mkhize; public figures and business leaders such as Minister Lindiwe Hendricks, Ms. Futhi Mtoba and Mr. Murphy Morobe and Mrs. South Africa, Annette Kasselmann.



Proudly SA Communications Team.

A call to the Nca!Nation

Act on principle and use your power and will to influence the prosperity of our country. With our democracy comes the responsibility to ensure that all South Africans enjoy socio-economic freedom.

Catch on to the Proudly South African attitude and support **quality, local** products.

Buy local, eat local, enjoy local, wear South African!

Be part of the **Nca!Nation** - wear Proudly South African.



Proudly South African Founder Sponsors



Proudly South African Strategic Partners



Founder Broadcast Partner

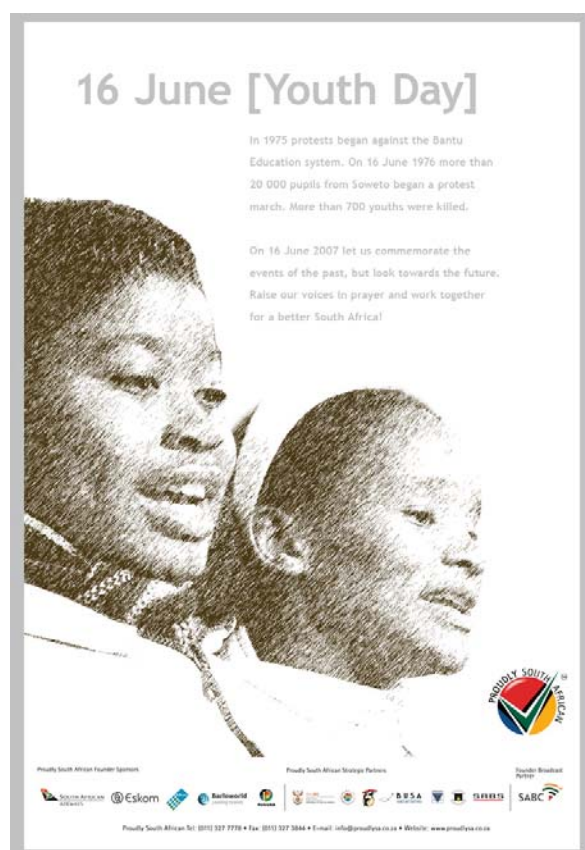


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YOUTH CAMPAIGN

The purpose of the Proudly SA Youth Campaign is to focus on the youth as an impressionable market, receptive to Proudly SA messages. They are South Africa's hope for the future and have considerable spending power, especially relating to fast moving consumer goods. In addition, they are regarded as being a catalyst for renewed national pride, patriotism and social unity.

Proudly South African has been included in the Department of Education's curriculum and text books. Assisted by the Department, information on the Campaign and the Buy Local rationale was disseminated to learners. Towards the end of the period under review, the Campaign had commenced with the development of its own workbooks aimed at both teachers and learners. This will be rolled out on a national scale as part of the Pick 'n Pay Schools Club in the new year.



BRAND INTEGRITY

Trade mark issues

Since the Campaign now enjoys full protection in terms of trade mark registration, companies will no longer be eligible to register 'Proudly' as part of their company name.

A number of existing and newly founded companies, as well as companies awaiting registration and which do not currently comply with this requirement, have been identified. Adams & Adams, the Campaign's intellectual property attorneys, were instructed to take action, where necessary, in accordance with the protection Proudly SA has requested.

Illegal use of the logo

A number of letters of demand relating to the illegal use of the Proudly SA logo have also been issued. Based on this, several cases have been successfully resolved.

Further activities included working with the Customs Authority (SARS) to ensure that any illegally imported goods that bear the Proudly SA logo are impounded and that legal action is taken against transgressors.

In order to intensify the search to detect and investigate counterfeit or illegally imported goods that bear the Proudly SA logo, the Campaign has also acquired a quotation for assistance by the CIA. This will ensure that the CIA can appoint investigators on a national basis to confiscate goods and collect sufficient evidence to facilitate court proceedings.

Compliance Policy

The National Bargaining Council (Clothing Manufacturing Industry) has been engaged in the refinement of the Proudly SA Compliance Policy as well as its implementation.



Real winners

Insist on the winning label

South Africans who really care about our **Nca!**tion's prosperity use their buying power wisely. They give Buy Local the thumbs up – and in the process help local businesses and our local economy to grow stronger, too.

So, next time you go shopping for your favourite goodies, be sure to Buy Local and help Build the Pride and Prosperity of our **Nca!**tion.

Buy Proudly South African, a winning strategy for a winning Nca!tion.

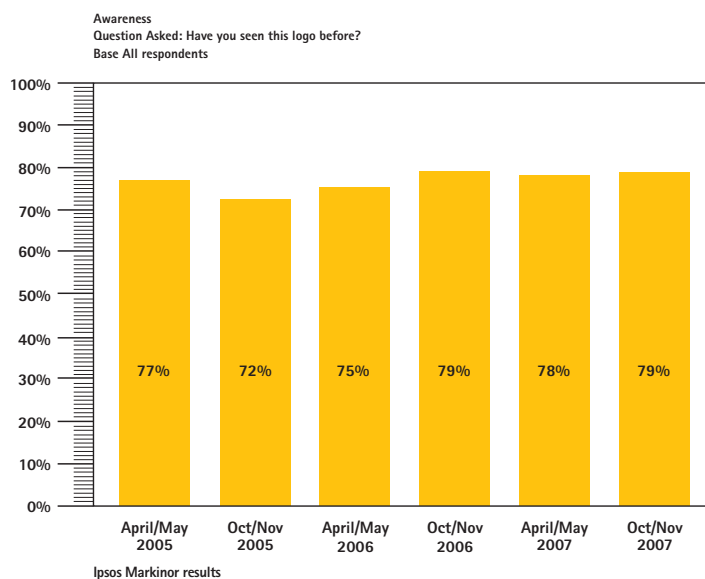
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PSA159Media24E/ Proudly South African Communications Team

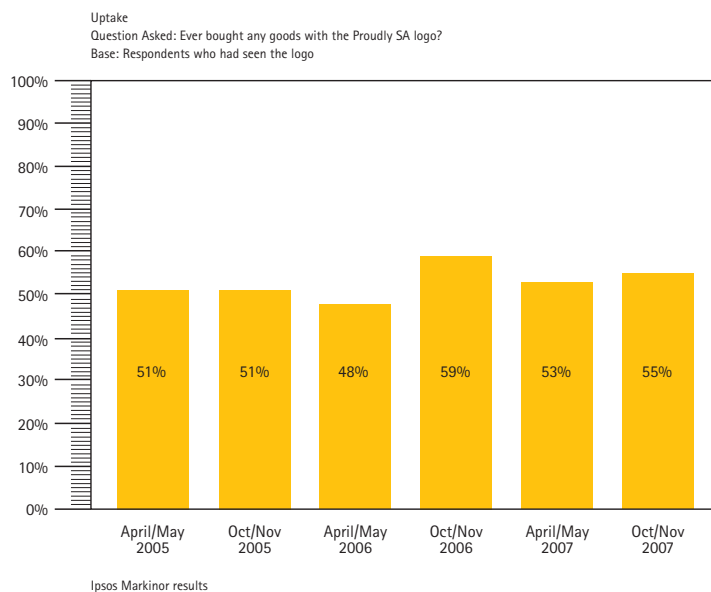
<p>Founder Sponsors</p>	<p>Strategic Partners</p>	<p>Founder Broadcast Sponsor</p>
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RESEARCH

Awareness of the Campaign has remained consistently high over the past two financial years, with almost eight out of ten South African adults being aware of the Proudly South African logo, as the accompanying results of consumer research conducted by Ipsos Markinor confirms.



Amongst those respondents who have seen the logo, uptake measured remained relatively static as well, registering 55% for October/November 2007.



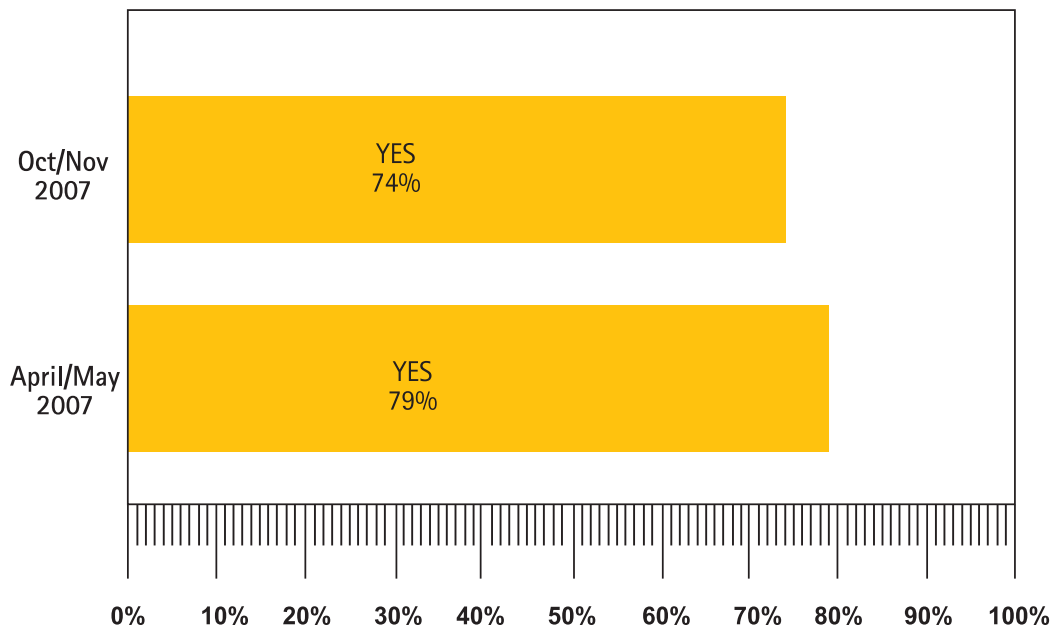
- New research questions were introduced to identify the type of (logo bearing) products respondents were purchasing and to establish if the purchases made by them were recent purchases.
- Further research is needed to confirm spending trends. However, purchase of retail items that bear the logo remain the highest, followed by clothing items and household and other durable goods.
- The use of Professional Services, Hotels and Restaurants identified as being Proudly South African was acknowledged in the research at the end of 2007 as consumers are becoming increasingly aware of the different services available under the Proudly South African banner.
- From the research it is abundantly clear that consumers are aware that products and services that bear the logo are local products. These products and services are also being associated with good quality.

NEW QUESTION

Purchase Decision

Question Asked: Have you bought any products or services with the Proudly SA logo on it in the last 3 months?

Base: Respondents who had ever bought or used any products with the Proudly SA logo

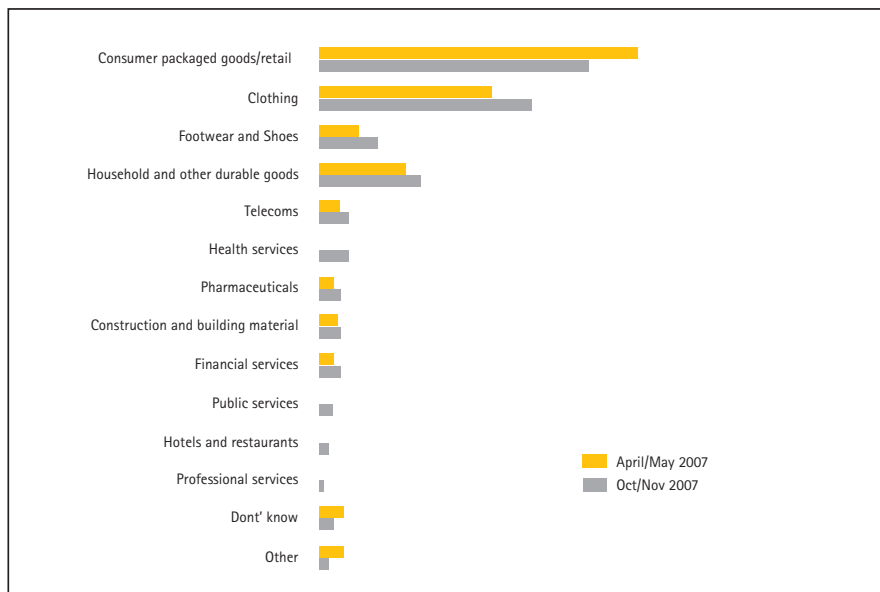


NEW QUESTION

Purchase Decision

Question Asked: Which types of products and services have you specifically bought that had the Proudly SA logo on it?

Base: Respondents who had ever bought or used any products with the Proudly SA logo



OTHER MARKETING ACTIVITIES

In addition to using the Campaign's own flagship projects, the Marketing Unit worked extensively with constituencies, members, stakeholders and strategic partners to optimise their events, exhibitions and other initiatives to pursue Proudly SA's marketing objectives. As a result of these opportunities (totalling more than 50) direct contact was made with about 80 000 interested persons in the various sectors at which the events and exhibitions had been targeted.

In the year under review marketing relations were strengthened between the Campaign's Marketing Unit and the following government departments and constituencies in particular:

- The Department of Trade and Industry and its various agencies in the Western Cape especially, including the Small Economic Development Agency, Independent Development Corporation of SA, Khula Investments, National Empowerment Fund, SA Micro-finance Apex Fund and the South African Quality Institute;
- The Departments of Arts and Culture; Foreign Affairs; Sport, and Education; and Environmental Affairs and Tourism.
- SA Women in Dialogue;
- The Presidency and the Parliamentary Constituency (ANC);
- Gauteng Tourism;
- City of Joburg;
- Limpopo (Limpopo Business Support Agency), Northern Cape, North West and Free State Provinces;
- Confederation of South African Trade Unions and the South African Clothing and Textile Workers Union, as well as the community and business constituencies.
- WesGro, Invest North West.

The Marketing Unit extended its reach by partnering with a number of strategic partners and members in support of events held to commemorate our country's National Days, such as Women's Day, World Aids Day and Heritage Day. Women's Day was celebrated with members such as Sho-sho-loza, Nedbank, SABC and Pick 'n Pay, while Heritage Day celebrations included participating in the Soweto Festival organised by the Community, as well as events organised by the Parliamentary Constituency.

Other outstanding events in which Proudly SA had participated included **the dti's** World Intellectual Property exhibition hosted by CIPRO on 26 April 2007 and the Consumer Protection Expo held in March 2008. The first event reached 2000 SMMEs, while 700 Delegates were reached with the second one.

A Youth Day partnership with SAQI achieved a reach of 1 200, while 3 000 delegates were reached with the Proudly South African message during the South African Women In Dialogue Conference and Workshop held from 2 to 6 July 2007.

No less than 25 000 people were reached during the One of A Kind / Decorex event in August 2007 involving crafters and South African crafts.

The Campaign also participated in and exhibited at the 94.7 Joburg Day Festival on 15 September 2007 and reached an audience of 15 000.

True to its ethos, Proudly South African was in attendance to bid the Springbok rugby team welcome on 26 Oct 2007 as part of the SASOL/Nedlac event. The reach was estimated at 2500.

Two other significant exhibitions which the Campaign had participated in during November 2007, namely the Department of Foreign Affairs' 10th International Fair and the North West Province's Development Mega Expo attracted audiences of 7 500 and 5 000 respectively. Proudly SA also featured with its exhibitions at the Meetings Africa event aimed at the hospitality and tourism industry, as well as the Bridal Africa Exhibition targeting both designers and consumers. Both events were held in the first quarter of 2008 and attracted interest from 6 500 persons.

World Aids Day saw the Campaign partnering with member company, BSG, and the Tomorrow Trust on 1 December 2007. The Proudly South African message was also conveyed during the Kaiser Chiefs Club Membership Launch in December 2007, reaching 2 000 members of the football fraternity.

When I want to look better than the rest,
I buy from the best!

So join the Proudly South African attitude.
Buy, eat and enjoy local.

Wear South African and build the pride
and prosperity of our **Nca**tion.



Design by: Hip Hop
photograph courtesy of
Cape Town Fashion Festival 2007



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Proudly South African
Founder Sponsors



Founder Broadcast
Sponsor



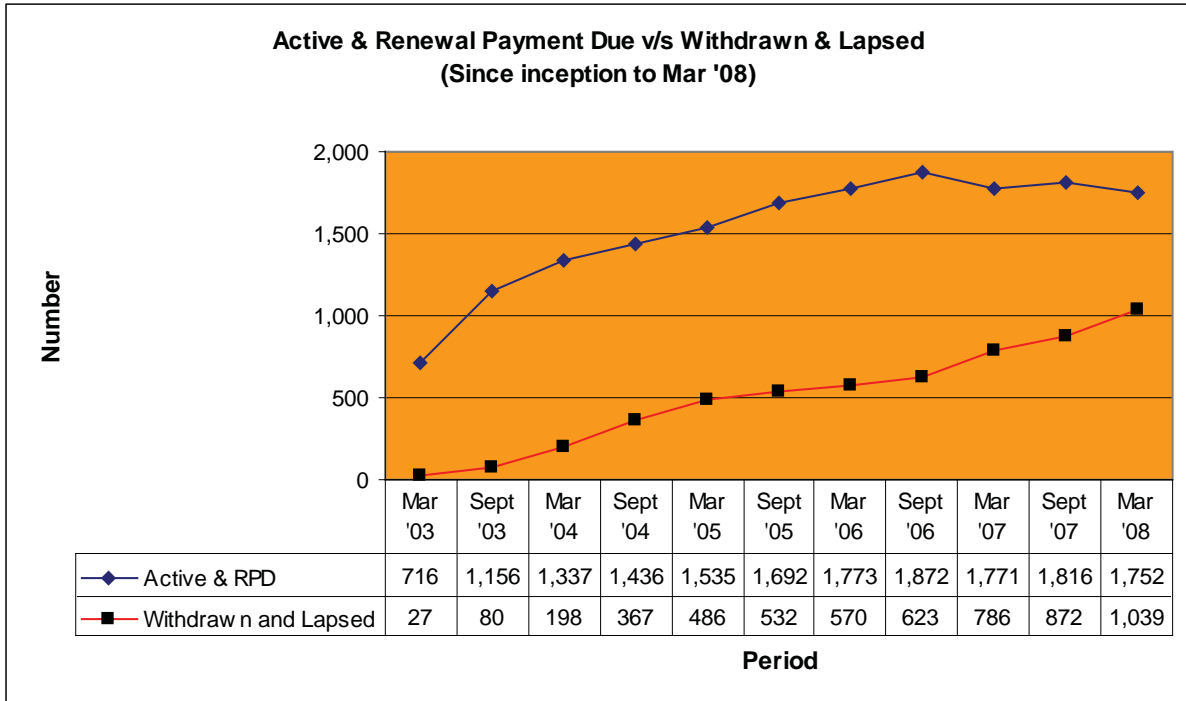
Proudly South African
Strategic Partners



Membership

HISTORIC OVERVIEW OF CAMPAIGN MEMBERSHIP

The bi-annual movement in membership, as at March and September, has been tracked over a period of five years, from March '03 to March '08. The results are depicted as cumulative figures in the accompanying graph.



COMMENTS – HALF-YEARLY REVIEW OF MEMBERSHIP MOVEMENT

The number of members that have been registered with the Campaign has consistently exceeded 1 700 since reaching that level for the first time in March 2006. At the end of the 2007/2008 financial year there was a total of 1 752 active and renewal payment due members.

Factors that have affected the growth in membership during the year under review include the following:

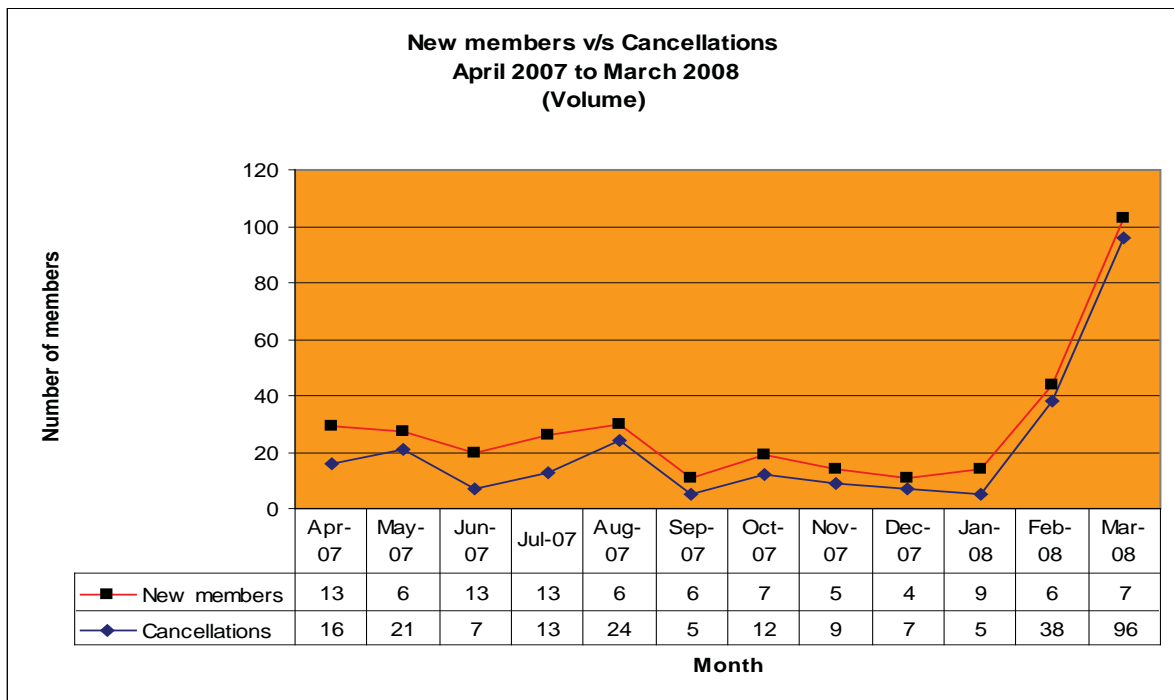
- The challenging economic and financial environment, and the resultant slowing of economic growth, which affected companies' profit margins and/ or growth;
- Policies and initiatives such as Broad Based Black Economic Empowerment and the 2010 FIFA World Cup have in a way become competitors of Proudly SA;

- The inability of the Campaign to consistently retain an above-the-line media presence due to inconsistent revenue streams; as well as
- a perceived lack of tangible member benefits.

These factors have led some members, especially large corporates, to shift their attention to other measures that will assist them to achieve good ratings in terms of the BEE scorecard. Consequently, some companies have found it necessary to redirect their budgets previously earmarked for Proudly SA membership to other programmes. The same applies in respect of the 2010 FIFA World Cup, where some of the Campaign's corporate members have chosen to participate financially in this event, which offers lucrative public exposure and other growth opportunities. This has resulted in Proudly SA taking a backseat and foregoing the required financial resources.

Membership

These factors have contributed to some members again recommending a reduction in membership fees in order to make it more affordable for them. This is under review, but can only be implemented once other sustainable sources of revenue have been secured. In the meantime, some members have departed from the Campaign, with a total of 253 members canceling their membership during the year under review and only 95 new members joining the Campaign (as is reflected in the following graph).



COMMENTS – MONTHLY MEMBERSHIP MOVEMENTS FOR THE YEAR UNDER REVIEW

The relatively sharp increase depicted in terms of cancellations in February and March '08 is as a result of the clean-up of the membership database and the debtors' book at the end of the financial year. This entailed removing from the database all the members that had not paid their annual membership renewal fees; that were not actively involved in the Campaign's activities and that remained non-committal on their intention to renew their membership in the near future.

The clean-up of the membership database was facilitated by the introduction of an integrated IT system, SAP Business One, which allows for the capturing of member information, recording of relevant interactions with members, invoicing and all other related transactions on one single, integrated system.

In addition to the implementation of an integrated system which enhanced the Campaign's Customer Relationship Management capabilities, a new retention strategy was introduced. It allows for a specified number of interactions with all members, in accordance with their level of membership, ranging from at least one call or visit for bronze members; at least two calls and/or visits for silver and gold members, to a minimum of two personal visits in respect of platinum members during the course of the financial year.

The Proudly South African brand has accrued considerable value, as the Campaign's prestigious, independently assessed Superbrands status confirms.

Compliance monitoring has been duly carried out in the year under review to improve on brand compliance, to protect the integrity of the brand and to safeguard the interests of all members. This was done by establishing a fully-fledged Compliance Unit, followed by the appointment of a Compliance Manager and Compliance Consultant.

Compliance checks were amongst the first measures implemented by the Unit. Where necessary, the Campaign's intellectual property attorneys were instructed to act on specific issues.

Illegal use of the logo by companies that are not members of the Campaign

It is the responsibility of the Compliance Department to ensure that only eligible members continue to use the logo.

A sample of twelve companies was reviewed, with seven cases having been resolved and closed. After engaging these companies they removed the logo, which was being used illegally, from all their marketing and corporate material and websites. Of the five cases that remained open, two had indicated their willingness to apply for membership of the Campaign. This would be assessed and processed upon receipt of the required documentation. The remaining three cases are being pursued with the view of resolving them in a constructive manner.

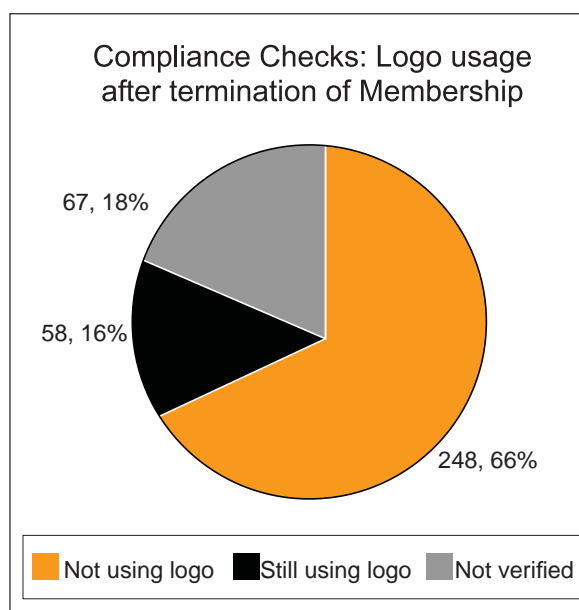
Cancellations

In accordance with the Campaign's membership policy a member which cancels its membership with Proudly SA loses the right to use the logo. This also applies when membership is automatically terminated as a result of non-renewal. This is communicated to the former members in all instances.

The compliance checks conducted amongst the members that had cancelled confirmed that 66% were no longer using the logo; 16% were still using the logo, and in 18% of the cases it could not be conclusively verified, since these former members either did not have websites or corporate material,

such as letterheads, that could be used for verification purposes.

The results of the compliance checks amongst 373 cancelled members is reflected in the accompanying graph.



Compliance with the Campaign's criteria – renewal members

Upon renewal of their membership, compliance checks are performed to assess whether members still comply with the Campaign's criteria.

In most cases where non-compliance has been indicated, it is only a "temporary" situation resulting from a delay in rendering updated substantiating documentation by the members.

The Compliance Unit is constantly following-up with members to request any outstanding documentation where such documentation was found to be lacking.

In the new financial year the process will be assisted by the introduction of physical compliance audit visits.

Compliance

Resolution of complaints

Complaints relating to members received by the Campaign are limited, but varied. It includes member on member complaints as well complaints from consumers about members. In most instances it relates to services rendered.

Eight complaints were received during the year under review – four in each of the two categories defined. Most cases were resolved and closed, with one in each category which is still under review. These are being followed up to ensure that they, too, can be satisfactorily resolved.

“ Both the Proudly South logo and the accompanying phrase are registered trademarks that enjoy legal protection in accordance with the Merchandise Marks Act, the Trade Mark Act, counterfeit Goods Act and Common Law.”

Twenty-two staff members employed on a full-time basis ensured that the Proudly South African Campaign fulfills its functions in the 2007/2008 financial year. The staff complement remained at a relatively constant level, with five staff members leaving the Campaign, and four new recruits joining its ranks. Two staff members were promoted during the year under review.

EMPLOYMENT EQUITY

OCCUPATIONAL LEVELS	MALE				FEMALE				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management					1				1
Senior Management	1			1				1	3
Professionally qualified and experienced specialists and mid-management	1	1		1		1	1	1	6
Skilled technical and academically qualified staff	1				4	1	2		8
Semi-skilled staff, discretionary decision-making	1					1			2
Unskilled staff, defined decision-making					2				2
TOTAL	4	1	0	2	7	3	3	2	22

EMPLOYEE MOVEMENT

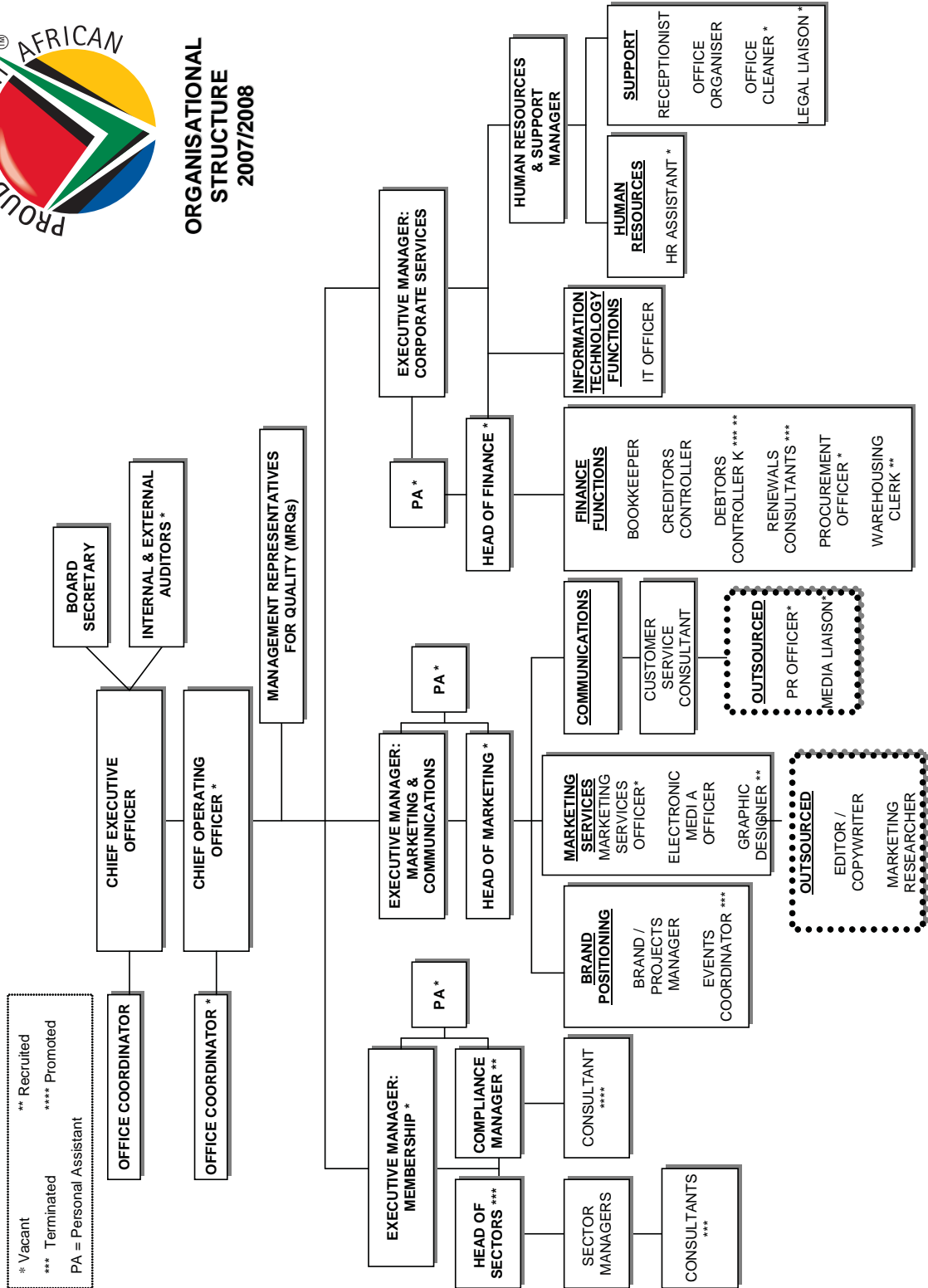
Groupings	AFRICAN		ASIAN		COLOURED		WHITE		DISABLED		TOTAL
	M	F	M	F	M	F	M	F	M	F	
Number of employees recruited in 2007/2008	3				1						4
Number of employees promoted in 2007/2008			2								2
Number of employees who had left in 2007/2008			3			1			1		5

REMUNERATION

Personnel costs, per annum	AFRICAN		ASIAN		COLOURED		WHITE		DISABLED		TOTAL
	M	F	M	F	M	F	M	F	M	F	
> 100 000		2				1					3
100 000 – 150 000	1	4		1		1					7
150 000 – 200 000		2		1							3
200 000 – 250 000				1			1				2
250 000 – 300 000						1	1				2
300 000 – 350 000					1			1			2
350 000 – 400 000											0
> 400 000	1	1						1			3
TOTAL	2	9	0	3	1	3	2	2	0	0	22



ORGANISATIONAL STRUCTURE 2007/2008



* Vacant
 *** Terminated
 ** Recruited
 **** Promoted
 PA = Personal Assistant

PROUDLY SOUTH AFRICAN
(Registration number 2001/021636/08)
Annual financial statements
for the year ended 31 March 2008

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Campaign for South African products
Directors	Advocate D Mpopu (Chairperson) M Moroka (Chief Executive Officer) E Patel B Ntshalintshali S Shezi L Kganyago D Mthlane L Kettleidas H Mkhize M McDonalds I Meer - Sharma Professor R Parsons Dr. V Mocosana R le Roux (up to May 2007) J Maqhekeni J Vilakazi
Registered office	14A Jellicoe Street Rosebank 2132
Business address	14A Jellicoe Street Rosebank 2132
Postal address	P O Box 1062 Saxonwold 2132
Bankers	Nedbank First National Bank
Auditors	Gobodo Incorporated Chartered Accountants (S.A.)
Company registration number	2001/021636/08

Financial Overview and Statements

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statement for the year ended 31 March 2008

Report of the Independent Auditors

To the shareholder of Proudly South African

We have audited the accompanying annual financial statements of Proudly South African, which comprise the directors' report, the balance sheet as at 31 March 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 46.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2008, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa, 1973.

Emphasis of Matter

We did not observe the counting of physical inventories as of 31 March 2008, since that date was prior to the time we were re-appointed as auditors of Proudly South African.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on pages 47 to 48 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Gobodo Incorporated

Per: Mr Denas Hansjee
Audit partner
02 June 2009

Financial Overview and Statements

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statement for the year ended 31 March 2008

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2009 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 32.

The annual financial statements set out on pages 37 to 40, which have been prepared on the going concern basis, were approved by the board on 01 June 2009 and were signed on its behalf by:

Director

Johannesburg
02 June 2009

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statement for the year ended 31 March 2008

Directors' Report

The directors submit their report for the year ended 31 March 2008.

1. Review of activities

Main business and operations

Proudly South African is a campaign that is aimed at recognising and rewarding South African products and services of high quality. It allows consumers to choose a product or service that conforms to these criteria, all of which help to maintain the quality of products and quality of life for all South Africans.

It also rewards businesses that maintain these criteria by allowing them to become members, and awarding them the right to use the Proudly South African logo on their products or to be an endorsed service.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment. Net loss of the company was R 4,055,267 (2007: profit R 1,020,052),

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

In order for the organisation to continue for the going concern, it has requested ad hoc funding from the Department of Trade and Industry and other sponsorships in order to be able to meet any shortfalls from its operations.

A grant of R10 million was received on 02 April 2007 from the Department of Trade and Industry which was accrued for in the previous financial year. In the current year the organisation did not receive a grant from the Department of Trade and Industry.

3. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Changes
Advocate D Mpofu (Chairperson)	South African	
M Moroka (Chief Executive Officer)	South African	
E Patel	South African	
B Ntshalintshali	South African	
S Shezi	South African	
L Kganyago	South African	
D Mthalane	South African	
Les KettleDas	South African	
H Mkhize	South African	
Dr. V Mokosana	South African	

Financial Overview and Statements

R le Roux	South African	(up to May 2007)
J Maqhekeni	South African	
J Vilakazi	South African	

Name	Nationality	Changes
M McDonald	South African	Appointed 19 April 2007
I Meer - Sharma	South African	Appointed 11 July 2007
Professor R Parsons	South African	

5. Auditors

Gobodo Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

6. Taxation

Proudly South African has been granted an exemption from income tax and donation tax by the South African Revenue Services in terms of section 10(1)(d)(iii) of the Income Tax Act and section 56(1)(h) of the Donation Tax Act.

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2008

Balance Sheet

Figures in Rand	Note(s)	2008	2007
Assets			
Non-Current Assets			
Property, plant and equipment	2	473,445	574,092
Intangible assets	3	198,273	97,389
		<u>671,718</u>	<u>671,481</u>
Current Assets			
Inventories	4	302,903	484,549
Trade and other receivables	5	959,119	12,356,184
Cash and cash equivalents	6	8,192,856	3,399,065
		<u>9,454,878</u>	<u>16,239,798</u>
Total Assets		<u>10,126,596</u>	<u>16,911,279</u>
Equity and Liabilities			
Equity			
Accumulated income		<u>8,835,073</u>	<u>13,015,482</u>
Liabilities			
Current Liabilities			
Trade and other payables	8	1,218,721	3,780,199
Provision for leave pay	7	72,802	80,630
Bank overdraft	6	-	34,968
		<u>1,291,523</u>	<u>3,895,797</u>
Total Equity and Liabilities		<u>10,126,596</u>	<u>16,911,279</u>

Financial Overview and Statements

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2008

Income Statement

Figures in Rand	Note(s)	2008	2007
Revenue	9	9,953,238	21,016,187
Cost of sales		(105,729)	(123,373)
Gross profit		9,847,509	20,892,814
Other income		1,496	2,695
Operating expenses		(14,600,036)	(20,554,918)
Operating (loss) profit	10	(4,751,031)	340,591
Investment income	11	572,793	679,461
Finance cost	12	(2,171)	-
(Loss) profit for the year		(4,180,409)	1,020,052

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2008

Statement of Changes in Equity

Figures in Rand	Accumulated income	Total equity
Balance at 01 April 2006	11,995,430	11,995,430
Changes in equity		
Profit for the year	1,020,052	1,020,052
Total changes	1,020,052	1,020,052
Balance at 01 April 2007	13,015,482	13,015,482
Changes in equity		
Loss for the year	(4,180,409)	(4,180,409)
Total changes	(4,180,409)	(4,180,409)
Balance at 31 March 2008	8,835,073	8,835,073

Financial Overview and Statements

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2008

Cash Flow Statement

Figures in Rand	Note(s)	2008	2007
Cash flows from operating activities			
Cash generated from (used in) operations	14	4,600,994	(4,792,412)
Interest income		572,793	679,461
Finance cost		(2,171)	-
Net cash from operating activities		5,171,616	(4,112,951)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(96,662)	(62,715)
Sale of property, plant and equipment	2	-	1,123
Purchase of other intangible assets	3	(246,195)	(26,845)
Net cash from investing activities		(342,857)	(88,437)
Total cash movement for the year		4,828,759	(4,201,388)
Cash at the beginning of the year		3,364,097	7,565,485
Total cash at end of the year	6	8,192,856	3,364,097

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statement for the year ended 31 March 2008

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Item	Average useful life
Furniture and fixtures	7
Office equipment	5
IT equipment	3
Cell allowance	3
Sundry Equipment	7

The residual value and the useful life of each asset are reviewed at each financial period end.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.2 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period end.

Item	Useful life
Computer software	3

1.3 Financial instruments

Trade and other receivables

Trade and other receivables are carried at amortised cost less any accumulated impairment.

Trade and other payables

Trade and other payables are carried at amortised cost.

Financial Overview and Statements

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Inventories

Inventories are measured at the lower of cost and net realisable value on the first in first out basis.

1.5 Provisions and contingencies

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.6 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

1.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for membership fees, sponsorship, grants, the value of trade exchanges and the sales of merchandise excluding value added tax.

1.8 Trade exchanges

Trade exchanges are valued at market value and recorded as income with the corresponding amount reflected as a receivable. The receivable is reduced as and when the exchanged service or goods are utilised.

Proudly South African

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Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

Figures in Rand 2008 2007

2. Property, plant and equipment

	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	691,723	(396,085)	295,638	691,723	(302,208)	389,515
Office equipment	39,100	(25,779)	13,321	34,936	(19,287)	15,649
IT equipment	932,307	(771,170)	161,137	839,809	(675,926)	163,883
Cell phones	14,152	(13,386)	766	14,152	(12,494)	1,658
Sundry equipment	5,920	(3,337)	2,583	5,920	(2,533)	3,387
Total	1,683,202	(1,209,757)	473,445	1,586,540	(1,012,448)	574,092

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	389,515	-	(93,877)	295,638
Office equipment	15,649	4,164	(6,492)	13,321
IT equipment	163,883	92,498	(95,244)	161,137
Cell phones	1,658	-	(892)	766
Sundry equipment	3,387	-	(804)	2,583
	574,092	96,662	(197,309)	473,445

Reconciliation of property, plant and equipment - 2007

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	472,427	-	-	(82,912)	389,515
Office equipment	27,639	1,052	(6,933)	(6,109)	15,649
IT equipment	268,874	60,435	(15,289)	(150,137)	163,883
Cell phones	3,163	-	-	(1,505)	1,658
Sundry equipment	3,346	1,228	(407)	(780)	3,387
	775,449	62,715	(22,629)	(241,443)	574,092

3. Intangible assets

	2008			2007		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	1,106,968	(908,695)	198,273	860,773	(763,384)	97,389

Reconciliation of intangible assets - 2008

	Opening Balance	Additions	Amortisation	Total
Computer software	97,389	246,195	(145,311)	198,273

Reconciliation of intangible assets - 2007

	Opening Balance	Additions	Amortisation	Total
Computer software	221,771	26,845	(151,227)	97,389

Financial Overview and Statements

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

Figures in Rand	2008	2007			
4. Inventories					
Promotional stock	302,903	484,549			
5. Trade and other receivables					
Trade receivables	1,253,395	1,170,814			
Trade exchange receivables	136,573	727,903			
Provision for bad debts	(616,640)	(627,666)			
Deposits	600	-			
VAT	150,441	1,055,542			
DTI Grant	-	10,000,000			
Prepayments	-	29,591			
Staff loans	34,750	-			
	959,119	12,356,184			
6. Cash and cash equivalents					
Cash and cash equivalents consist of:					
Cash on hand	4,201	5,573			
Bank balances	8,188,655	3,393,492			
Bank overdraft	-	(34,968)			
	8,192,856	3,364,097			
7. Provision for leave pay					
Reconciliation of provision for leave pay - 2008					
	Opening Balance	Additions	Reversed during the year	Total	
Provision for leave pay	80,630	72,802	(80,630)	72,802	
Reconciliation of provision for leave pay - 2007					
	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave pay	60,541	104,317	(39,092)	(45,136)	80,630
8. Trade and other payables					
Trade payables	1,108,082	3,648,468			
Amounts received in advance	6,457	17,426			
Accrued expenses	103,682	-			
Unallocated deposits	500	114,305			
	1,218,721	3,780,199			
9. Revenue					
Sale of goods	49,225	201,438			
Grants	-	10,000,000			
Membership fees	6,396,658	10,756,581			
Sponsorship	3,402,000	4,825			
Sundry Income	105,355	53,343			
	9,953,238	21,016,187			

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

Figures in Rand	2008	2007
10. Operating (loss) profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	415,200	427,200
Equipment		
• Contractual amounts	428,802	225,018
	844,002	652,218
Loss on sale of property, plant and equipment	-	(21,506)
Depreciation on property, plant and equipment	342,620	392,670
Employee costs	5,913,695	6,311,778
11. Investment income		
Interest received	572,793	679,461
12. Finance cost		
Interest paid on bank overdraft and others	2,171	-
13. Auditors' remuneration		
Fees	147,214	121,080
14. Cash generated from (used in) operations		
(Loss) profit before taxation	(4,180,409)	1,020,052
Adjustments for:		
Depreciation and amortisation	342,620	392,670
Loss on sale of assets	-	21,506
Interest received	(572,793)	(679,461)
Finance cost	2,171	-
Movements in provisions	(7,828)	20,089
Changes in working capital:		
Inventories	181,646	239,827
Trade and other receivables	11,397,065	(9,121,767)
Trade and other payables	(2,561,478)	3,314,672
	4,600,994	(4,792,412)
15. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	334,897	399,300
- in second to fifth year inclusive	455,105	790,002
	790,002	1,189,302

Operating lease payments represent rentals payable by the company for its leased office equipments.

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

Figures in Rand	2008	2007
16. Related parties		
Relationships		
Proudly South African was a project initiated by NEDLAC		
Related party balances		
Amount included in Trade Payables owing to NEDLAC	800,761	420,910
Related party transactions		
Rent paid to NEDLAC	408,000	363,000
17. Directors' emoluments		
Executive		
2008	Emoluments	Total
Salaries - CEO	809,923	809,923
2007	Emoluments	Total
Salaries - CEO	844,584	844,584

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2008

Detailed Income statement

Figures in Rand	Note(s)	2008	2007
Revenue			
Sale of goods		49,225	201,438
Grants		-	10,000,000
Sundry Income		105,355	53,343
Membership fees		6,396,658	10,756,581
Sponsorships		3,402,000	4,825
	9	9,953,238	21,016,187
Cost of sales			
Opening stock		(484,549)	(724,376)
Purchases		75,917	116,454
Closing stock		302,903	484,549
		(105,729)	(123,373)
Gross profit		9,847,509	20,892,814
Other income			
Bad debts recovered		1,496	2,695
Interest received	11	572,793	679,461
		574,289	682,156
Expenses (Refer to page 19)		(14,600,036)	(20,554,918)
Operating (loss) profit	10	(4,178,238)	1,020,052
Finance cost	12	(2,171)	-
(Loss) profit for the year		(4,180,409)	1,020,052

The Supplementary information presented does not form part of the annual financial statement and is unaudited

Financial Overview and Statements

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2008

Detailed Income statement

Figures in Rand	Note(s)	2008	2007
Operating expenses			
Advertising		-	(93,975)
Advertising post and tenders		(28,912)	-
Auditors remuneration	13	(147,214)	(121,080)
Bad debts		(429,091)	(1,579,945)
Bank charges		(32,782)	(37,677)
Commission paid		(335,600)	(73,860)
Depreciation, amortisation and impairments		(342,620)	(392,670)
Employee costs		(5,913,695)	(6,311,778)
Entertainment		(38,457)	(11,021)
IT expenses		(608,505)	(144,768)
Insurance		(73,861)	(68,187)
Lease rentals on operating lease		(844,002)	(652,218)
Legal expenses		(225,523)	(296,207)
Loss on disposal of assets		-	(21,506)
Marketing expenses		(3,182,759)	(9,103,500)
Membership marketing costs		(700,065)	(789,404)
PSA Home grown awards		(705,962)	-
Photocopier costs		(23,549)	(22,064)
Postage and courier		(146,654)	(38,725)
Printing and stationery		(80,711)	(105,660)
Repairs and maintenance		(45,451)	(11,572)
Staff training		(66,889)	(86,921)
Staff welfare		(21,196)	(34,229)
Subscriptions		(3,532)	-
Telephone and fax		(345,186)	(314,674)
Travel - Overseas		(24,482)	-
Travel - local		(218,249)	(243,277)
Workshops and seminars		(15,089)	-
		(14,600,036)	(20,554,918)

The Supplementary information presented does not form part of the annual financial statement and is unaudited