



**PROUDLY SOUTH AFRICAN
ANNUAL REPORT 2006/2007**

nca! /mngtaah(!) -adj

great, refreshing, nice, delicious, oppie bal, brilliant, lovely, delightful, hundreds, good, hot, cool, lekker, yipee, outstanding, duidelik, ntswembu, effervescent, expansive, awesome, moja, groovy, spectacular, phashasha, tight, sure, sharp, moooi so, hooray, wow.

Photo supplied by Mkhulu Productions



Support our country. Buy Proudly South African.

Proudly SA Communications Team.

I pose a question: what is different about a company that carries the Proudly South African symbol? Yes, it meets the standards set by the campaign with regard to the level of local content, quality and labour practices. But perhaps there is a deeper and more significant difference. Such a company is not necessarily bigger, better or more successful. But it is making a statement that is at once a statement of origin, a statement of purpose and a statement of optimism. The symbol imbues such a company with a unique and uplifting national identity: it brands its products with the same sense, and provides the people in that company with a motivation and unifying principle that ties their work to a larger purpose - the building of our country.

Buy Proudly South African and help build the pride and prosperity of our nation.



Proudly South African Founder Sponsors

Proudly South African Strategic Partners

Founder Broadcast Partner



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



Support our country. Buy Proudly South African.

Phumzile Mlambo-Ngcuka • Deputy President

How does a country inspired by a miracle continue to grow, develop, excel and prosper?

A burning question, posed with ease, and answered with pride. Through an initiative which belongs to Proud South Africans! The Proudly South African Campaign is a strategic intervention, embracing positive values and principles, to unite our people in a partnership for a better life for all. Proudly South African companies view people development, quality and ethical business values and practices as fundamental business imperatives for survival, profitability and sustained growth.

And when you and I, inspired by the symbol of quality and pride, claim ownership of this initiative, we contribute towards the growth of a shared legacy for all Proud South Africans.

The power lies in your pocket. Use it wisely!

Buy Proudly South African, and help build the pride and prosperity of our nation.



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ANNUAL REPORT: 1 APRIL 2006 - 31 MARCH 2007

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Proudly South African – remaining proudly focused and committed to its founding rationale



" Proudly South African is an important means of taking the message of local content, fair labour standards, environmental sustainability and quality products and services to the nation."

South Africa's miracle political transformation needed to be followed by measures to ensure that all South African citizens enjoy economic freedom as well. The opening up of markets after South Africa's democratic elections in 1994 highlighted the need to boost local production and job creation.

The challenge was to balance the need for Foreign Direct Investment with the retention of existing jobs and the creation of additional, sustainable job opportunities, especially in those labour intensive sectors with the potential to safeguard jobs and create new job opportunities. The "Buy Local" campaign was seen as an inclusive method to achieve this aim.

The commitment to a 'Buy Local' (Proudly South African) campaign was confirmed during the October 1998 Presidential Jobs Summit by former president, Mr. Nelson Mandela. According to the Presidential Jobs Summit Declaration of October 1998, it was agreed that "the NEDLAC parties will embark on a Buy South Africa campaign as soon as possible after the Jobs Summit. The aim of the campaign will be to promote demand for South African products and services that embody high standards of quality. A key component of this initiative will be the establishment of a new label for qualifying products and services. The Department of Trade and Industry will lead an interaction between the South African Bureau of Standards, the South African National Accreditation System and the NEDLAC parties to develop and implement the label and its accreditation".

The Nedlac Trade and Industry Chamber was assigned the task of developing the concept into a practical application. After comprehensive international research, the constituencies reached consensus and the Proudly South African Campaign, based on the Australian Made concept, was born in 2001 out of the initial Buy Local commitment. The Campaign's (buy local) relevance was re-confirmed at the 2003 Growth and Development Summit. Amongst others, the initial ideas around the Buy Local/Proudly South African Campaign captured by the Growth and Development Summit have again been included in ASGI-SA/Jipsa.

The Growth and Development Summit Agreement states that, "Proudly South African is an important means of taking the message of local content, fair labour standards, environmental sustainability and quality products and services to the nation".

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 AND VALUES

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.

The Campaign's core values that support its exemplary standards and commitment to good corporate governance are:

- Integrity
- Commitment
- Excellence (quality focus)
- Teamwork
- Respect (and caring, Ubuntu)
- Accountability
- Pride

CRITERIA

- Proof of meeting high quality standards;
- A Proudly South African company's products or services must incur at least 50% of its production costs, including labour, in South Africa, and be "substantially transformed";
- 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;
- In following a sector approach, it adheres to the Standard Industrial Classification Codes of the UN;
- Compliance with the four criteria are critical to safeguarding and building 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.

AIMS

- To pro-actively and positively influence consumer and public/private sector demand for and sentiment towards compliant local goods and services, locally and internationally;
- To enhance the reputation of participating companies, their products and services, locally and internationally;
- To achieve the Campaign's objectives in order to safeguard South African jobs and assist in the creation of employment through stimulating a demand for locally-produced (substantially transformed) products and services.

CAMPAIGN GOALS

- To contribute to safeguarding and creating jobs and stimulating the economy by promoting South African products and services, facilitating improvements in their quality and competitiveness and increasing their market share;
- To raise awareness of the high quality and diversity of South African products and services and of the active roles that South Africans, individually and organisationally, can play in helping to grow the economy by supporting them;
- To create a premium Proudly South African brand, endorsing products and services that are of quality design and performance, have significant local content and follow fair labour standards and sound environmental practices;
- To stimulate South Africans' sense of national pride by celebrating South African successes in relation to quality goods and services, as well as the related achievements of individuals and organisations;
- To actively and consistently promote procurement preference for Proudly South African members - Buy Local;
- To facilitate industry support and quality improvements to enhance competitiveness of locally-produced products and services.



W E A R S O U T H A F R I C A N



“ I ONLY DRESS
MY GRANDSON WITH CLOTHES
I HAVE HELPED MAKE. PEOPLE
MUST LOOK OUT FOR THE
PROUDLY SA
LABEL. IF THEY BUY
LOCAL, IT WILL HELP THE
INDUSTRY GROW. ”



MARY WEAVERS, 57, EXAMINER, BABY-WEAR FACTORY

CUTTING CLOTH WITH PRIDE TO DRESS SOUTH AFRICA



From the Chairperson



Dali Mpofo

" South Africa has a wealth of innovative businesses, intellectual capital, people with an uplifting ethos and unique, quality, South African products and services worthy of the nation's support."

South Africa has a wealth of innovative businesses, intellectual capital, people with an uplifting ethos and uniquely, quality, South African products and services worthy of the nation's support. A Buy Local Campaign such as Proudly South African which pursues a vision for increased employment opportunities, economic growth and prosperity in South Africa indeed represents a formidable partnership for prosperity and growth. It represents a dynamic tool in support of South Africa's socio-economic agenda through the mobilization of consumer support – as well as the support of major social partners – government, organised labour, organised business and community organisations.

The ability to create sustainable job opportunities and reinforcing national pride is paramount to achieving our developmental goals and far-reaching socio-economic change. Proudly SA works in a way that empowers both business/the corporate world and ordinary South Africans to play a role in building this country.

Joining this dynamic Campaign at Board level in July 2006, at the stage where the business was being thoroughly overhauled in support of the launch of the even more demanding Second Stage, represented both a challenge and an exceptional opportunity. Phase 2 is primarily aimed at an increased value contribution to members, and aggressively converting consumer awareness of the Proudly SA brand into brand loyalty and pride. It represented a quantum leap in terms of the strategic approach required to pave the way for the Campaign's future growth and sustainability, within the context of good corporate governance.

I am particularly heartened by the good working relationship between the Board and the Proudly South African Administration. This also set the tone for a joint strategic session in the second half of 2006 to thoroughly review all aspects of the Proudly South African business and to determine the best strategies to ensure the Campaign's continued growth and optimising of its value as a key competitiveness driver and tool for promoting domestic investment and GDP growth.

The implementation of the Sector Approach, in accordance with the Standard Industrial Classification Codes, with Sector Managers to serve the interests of members in key sectors was positively received by members/stakeholders who had earlier expressed a need for dedicated sector consultants. In addition, the Board had implemented a number of sub-committees, including the Membership and Marketing Sub-committee to act as an additional conduit for focusing on and addressing member issues.

From the Chairperson

Issues that impacted on the Campaign's ability to meet member expectations primarily related to obtaining a commitment to procurement preference in respect of Proudly South African branded products; as well as obtaining consistent sources of funding, including the possibility of re-instatement of government (seed) funding suspended in 2004. These issues were diligently pursued and I am pleased to report that the efforts have been rewarded through a revised Shareholders Compact between Proudly SA and **the dti** as lead department involved in the setting-up of Proudly SA in 2001.

The Campaign is 100% committed to quality; excellence and integrity in terms of its business systems and processes; leadership and an empowering approach towards people, members, partners and stakeholders. I am proud to confirm that the Campaign achieved ISO9001:2000 quality certification in 2006 and has managed to retain this status to date through adopting a process of continuous improvement – effectively addressing issues that may impact on the principles of good corporate governance.

Proudly South African compares very favourably with its Australian counterpart on which it has been premised and which, after more than twenty years, represents the brand of choice for the majority of Australians. Proudly South African, too, has much scope for growth. By mobilising the support of consumers and other social structures, also through the four primary constituencies, it can certainly make a significant contribution to the vision of a better life for all.

Thank you to my predecessor, Mr. Herbert Mkhize, the Executive Director of Nedlac, who, prior to my appointment in July 2006, had been serving as acting chairperson of Proudly SA in addition to fulfilling his other Board responsibilities.

I would also like to thank my fellow Board members, Proudly South African members and stakeholders, as well as the CEO, Ms. Manana Moroka, and her staff for their sterling support in the past year. Thank you for setting such an exemplary standard and example. The Campaign is on a sound footing because of your efforts and commitment to the Proudly South African ethos!

" The Campaign is 100% committed to quality, excellence and integrity in terms of its business systems and processes, leadership and an empowering approach towards people, members, partners and stakeholders."

The women of South Africa are the proprietors of our **Nca!**tion's pride and prosperity. They impart the values of ubuntu, honouring the principled approach which saw 20 000 of our own united in a march to the Union Buildings on 9 August 1956 against the oppressive Group Areas Act.

May we continue to take pride in our abilities and unite our voices and actions in support of sustained growth and prosperity, turning adversity into opportunity. Together we will build a bright and secure future for our children and the peoples of Africa.

Manana Moroka
CEO, Proudly South African



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From the CEO

For Proudly South African the past year has been challenging, yet rewarding - characterised by phenomenal change and adaptation following the overhaul of the administration with the implementation of the Campaign's turnaround strategy.

I am pleased to report that our bold efforts to solidify the Campaign's foundation for the future have been acknowledged - by members, strategic stakeholders and constituencies alike. The challenges which are inevitably part of our dynamic environment will continue to receive our undivided attention in the new financial year.

ACTING DECISIVELY - ADDRESSING ISSUES

Following the basic principles of Australian Made, Proudly SA has been the pioneer of the Buy Local concept in Africa. The challenges which had necessitated the overhaul of the Campaign during the past year are not unique to a fast-evolving entity. It nevertheless had the potential to negatively affect the Campaign's brand image and hence had to be dealt with decisively and swiftly.

Amongst others, we had to contend with budget constraints and the natural tendency to oppose change, aggravated by the fact that there had been no full-time Chief Executive Officer for nearly 18 months. A few bigger companies, including founding sponsors, had either withdrawn their membership or had taken a "sabbatical" to review their situation. A lack of flexibility in negotiating membership rates and unmet member expectations were mentioned as some of the reasons for non-renewal at the time.

An article published at the time in an interrogative magazine cited an absence of national promotions and a directory for member products, an inefficient website, staff unhappiness, a "plethora" of logos and an unfounded perception of being too closely aligned to the labour constituency as some of the issues that required attention. The question was posed, "Can the Campaign be turned around?"

We responded with an unequivocal YES!

RETENTION STRATEGY

Aimed at retaining and growing membership, the Campaign's transformation commenced from within - with a thorough examination of internal business systems, processes and procedures.

This strategy was followed throughout the past year to ensure that members and sponsors are retained, based on the value they perceive to derive from their membership/ sponsorship. This was done alongside a recruitment drive aimed at attracting new members from across all provinces

and economic sectors and enticing potential sponsors to become Proudly South African torch-bearers and strategic brand partners.

Having stabilised the organisation, membership figures remained constant throughout the year, with losses in membership being balanced by new members joining the Campaign. However, since an increased number of high-volume/lower value companies, who will potentially benefit much from being members, have joined the Campaign, there has been no real growth in revenue levels from this source, confirming the need for re-instatement of funding from government.

I need to mention that a membership figure of around 2 500 quoted in the media was based on an inaccurate interpretation of the membership data base. This figure represented the total number of members captured on the membership data base since the Campaign's inception and was never a true reflection of the Campaign's actual membership status at any given point in time. This issue was resolved with the implementation of the upgraded data base which allows for several permutations of membership data.

While the Campaign's Information and Communication Technologies have been substantially upgraded and improved, complete front-and-back-office integration allowing for real-time transacting and exception reports still needs to be achieved.

CORPORATE GOVERNANCE

I am proud to report that corporate governance requirements have been rigorously addressed and that the Campaign now, for the first time since inception, boasts full ISO9001:2000 quality certification. This status is being maintained through a commitment to continuous improvement and is being re-assessed regularly, with the first review having been successfully completed in February 2007.

A Compliance Committee has been established to oversee the Campaign's Quality Management System, as well as member compliance with the Campaign criteria. To further enhance efficiency, the Campaign now follows a Sector-based approach, with Sector Managers dedicated to serving member interests in accordance with the Standard Industrial Classification codes (SIC). This is an internationally accepted classification of all economic activities prescribed by the United Nations. It is anticipated that this approach will be extended to all provinces to better meet the demands of existing members (ease of transacting); to recruit new members and to ensure that all provinces enjoy the same level of service.

I am also pleased to report that the Logo and Proudly SA phrase is now duly registered as a Trade Mark (in terms of the Merchandise Marks Act) in all classes, providing the Campaign

From the CEO

much more scope and legal recourse to work with members and agencies such as Customs (SARS) and the Campaign's attorneys to protect our intellectual property rights.

STRATEGIC THRUST

The strategic direction of the Campaign was informed by the need to entrench the existing good level of brand awareness, whilst progressively increasing the uptake of member companies' products and services through a behavioural change – Buy/Procure Local. Importantly, this needed to be based on an appreciation of the quality and competitiveness of Proudly South African-endorsed brands, and a thorough understanding of how support of the Buy Local principle strengthens the local economy and impacts on much-needed job creation.

Consumer education/outreach campaigns, lobbying, high-level endorsements, strategic forums, as well as Board-approved marketing flagship projects were tactics used to achieve these aims. Stakeholder engagement was substantially expanded through the CEO Forums, as well as direct interaction with the various Provincial Premiers and Directors General in the Office of the Premiers, and major metropolitan municipalities, such as City of Jo'burg and City of Cape Town.

BUY LOCAL, QUALITY - INTERNATIONALLY RECOGNISED COMPETITIVENESS DRIVER

Not unlike the rationale behind the Buy Black and other consumer campaigns of the Steve Biko era, Buy Local remains an internationally-recognised mechanism to build the competitiveness and economic sustainability of local companies and communities. Mass consumption helps to build strong local brands, as many local companies/corporates have experienced.

What is required is a partnership between big business and SMMEs to ensure that they succeed, enter the mainstream economy, become more competitive and continue to make a contribution to social and economic growth. In this way a virtuous cycle is created which contributes to sustainable job creation, economic growth and greater overall prosperity – for South Africa and the continent of Africa.

Quality, including high productivity; a commitment to excellence and ethical business practice, is a prerequisite to competing equitably and in gaining market share in a global economy. Proudly SA has a critical advocacy role to play in this regard. Together with strategic partners such as the SA Quality Institute (SAQI) and the SA Bureau of Standards (SABS), the Campaign offers an opportunity for local companies to become more competitive by focusing on quality and the values that support good business practice. This is necessary to stimulate local production, to promote re-investing in the economy by attracting more favourable investment and to help develop

more export opportunities.

Proudly South African has intensified its efforts to work with all stakeholders in pursuing the development of a strong country of origin label, persuading all South Africans – individuals, corporates and other institutions – to take ownership of the Campaign, abolish the perceptions of inferiority once associated with anything locally-made and implement the 2003 Growth and Development Summit outcomes. In pursuing this matter, other identifiers of local origin (in addition to the Proudly SA logo), such as the words "Made in South Africa," "Product of South Africa" and the use of the national flag for commercial purposes are also being considered.

SAFEGUARDING JOBS

The successful implementation of the GDS outcomes, such as the need for a Christmas Buy Local drive, requires the active participation of all constituencies. It brings together the efforts of a range of diverse organizations with a common purpose – to safeguard and create new job opportunities, which is in the best interest of our country and its people.

Proudly South African is not in competition with business. We work with a wide range of stakeholders to entrench the Campaign's mandate (Buy Local) to safeguard jobs in critical sectors, such as the Clothing, Textiles and Footwear or Television industries, irrespective of whether members are directly involved or not.

The Campaign has been working closely with the SA Clothing and Textile Workers Union (SACTWU) and other stakeholders on the implementation of the clothing and textiles import quotas and related issues and will pursue these relationships in the new financial year.

Proudly SA is, furthermore, supporting Cosatu's initiatives to safeguard jobs and optimize buy local opportunities in the local Television Industry. Led by Cosatu Western Cape's Provincial Secretary, this inclusive programme, in addition to Proudly SA, involves a range of stakeholders, including **the dti**, retailers and manufacturers in a concerted effort to prevent job losses and maximize opportunities in this fast-changing, technology-driven industry.

FINANCE AND FUNDING

With the suspension of government funding of the Campaign after the first three years (2004), and the competitive environment which hampered the finalisation of sponsorship renewals, 2006/2007 required strict financial discipline. On a positive note, this served as additional motivation to ensure greater overall operational efficiency and innovation.

From the CEO

The Campaign has become more reliant on membership fees during the past financial year. However, some members indicated that their Buy Local interests overlapped with that offered by the 2010 FIFA World Cup, hence they decided to re-allocate their resources to 2010 instead.

Through the marketing strategies employed the Campaign, nevertheless, succeeded in stabilising and revitalising market share, with a nominal increase in the uptake of member products and services.

INTERNATIONAL BENCHMARK

Proudly South African's international counterpart - Australian Made - was funded by government for ten years and has grown into the brand of choice for the majority of Australians. It has also managed to build a positive international brand reputation – after 25 years in existence, with considerable scope for future growth and many challenges still remaining.

Importantly, the issue of quality versus price is still as relevant to Australian Made today, as it is to Proudly South African.

With 1 184 active members and 7 269 registered products (November 2006), Proudly South African is still in its infancy, yet the Campaign compares favourably to Australian Made with its 1 200 members and 8 000 registered products.

MARKETING

The focus of the Marketing Unit was primarily on consumer education and lobbying to entrench the Campaign's Buy Local rationale and secure the desired behavioural change – Buy/Procure Local through prioritising the implementation of the twelve flagship projects that had been approved by the Board in September 2006.

Compared to generating awareness, behaviour modification is extremely resource intensive, requiring a substantial and sustained investment in terms of both above- and below-the line advertising spend, and dedicated staff involvement in the appropriate flagship programmes and projects. The approach has been to do more with less and to optimise partnerships in order to maximise impact and output.

Groundbreaking marketing initiatives included the launch of the repositioning campaign – **Nca!** - as a modified, culturally inclusive progression of the Local is "nog" Lekker campaign. The awarding of Proudly South African status to the first two qualifying towns – Clarens in the Free State and Albertinia in the Western Cape, both of which were chosen for their proven potential to optimise local opportunities for job creation and development in terms of Asgi-SA was also concluded in the 2006 financial year.

PARLIAMENTARY BRIEFING

I am convinced, and members and stakeholders seem to agree, that the Campaign is doing the right things right, despite numerous factors in our dynamic environment which inevitably impact on the tempo of progress. We have, therefore, taken the liberty of requesting a briefing session on the improvements that have been made and the accompanying evidence to the Parliamentary Portfolio Committee on Trade and Industry. The indications are that this opportunity may only materialise by mid 2007.

It is envisaged that interaction with this important stakeholder group at this level could assist the Ministry to make an informed decision on critical programmes such as Proudly South African. There is a need to critically question and discuss the Campaign's relevance in the country, or in the unlikely event of its redundancy the necessity of a suitable exit strategy. The issue of government/political parties' procurement from member companies (Buy Local) will also be pursued at the meeting of the Parliamentary Portfolio Committee on Trade and Industry.

The aim is, furthermore, to consolidate the confidence of this important stakeholder group in the Campaign, and to obtain a recommitment to sustained medium to long-term funding, based on the evidence of sustained progress and the commitment to maintain the level of accountability which had been achieved as part of the transformation process - proof to the Ministry that the Campaign is, indeed, a worthy, impactful tool contributing to socio-economic change in South Africa.

LOOKING AHEAD

We will intensify our efforts in the new financial year to secure sustainable sources of income for the Campaign, including pursuing the re-instatement of government funding (from **the dti**) for the medium to long term; through securing sponsorships and by building our provincial, local government, member and stakeholder platforms. We look forward to working with key stakeholders, such as **the dti**, in addressing issues such as country of origin labelling.

We will continue to motivate big business to procure from smaller members (SMMEs) and persist in our efforts to add more tangible value to members by facilitating their inclusion in the procurement processes of government.

Intensifying the Buy Local initiative, for 2010 and beyond - also means tightening our approach to effective Customer Relationship Management (CRM) through technological innovation and enhancement; extending our provincial and municipal outreaches and actively advocating Buy Local at the 2010 Board and LOC.

From the CEO

The Campaign will continue unabated to help make a difference in sectors that have been under threat (job losses) or have been experiencing difficulties, such as the Clothing, Textiles and Footwear industry, the Television (manufacturing), and Tea industries.

APPRECIATION

No fledgling, human or otherwise, can flourish without the necessary encouragement and support. Proudly South African is fortunate, indeed, to enjoy the support of our country's executive leadership. We are especially indebted to our President, Mr. Mbeki, Deputy President, Ms. Mlambo-Ngcuka, Minister Mpahlwa (Trade and Industry) and Minister Mdladlana (Labour) who have demonstrated their commitment to Proudly South African in a number of strategic and practical ways, including publicly endorsing the Campaign, and by honouring us with their presence and involvement in the Campaign's annual Homegrown Awards.

I would like to thank all staff for their continued commitment to the shared goal of ensuring that Proudly South African makes a real and lasting difference in our country. Through a commitment to excellence and personal sacrifice, you have truly done sterling work in helping to transform the business into a dynamic, customer-oriented enterprise. I would also like to acknowledge the phenomenal contribution made by all member companies who are true, Proudly South African, homegrown torch-bearers for what the Campaign aims to achieve.

A special word of appreciation to the members of the Proudly South African Board who, through Nedlac, represent the four major constituencies – government, organised labour, organised business and the community – that guide the Campaign's strategic direction. Your support during this period of accelerated change, together with that of our Chairperson, Dali Mpofu, who joined the Campaign in July 2006, has been invaluable in our efforts to Build the Pride and Prosperity of the **Nca**lton.

Manana Moroka

" Buy Local is critical in the country and Africa as a whole to ensure that the continent can grow economically and socially. "



Board of Directors

Since July 2006, the Proudly South African Campaign is being chaired by Adv. Dali Mpofu. The Board of Directors is nominated by the constituencies represented at the National Economic Development and Labour Council (NEDLAC) and comprises of three delegates from each of the constituencies. Three Subcommittees of the Board focus on critical areas of the Proudly South African business – Audit, Human Resources and Remuneration; and Membership and Marketing.

Adv. Dali Mpofu
Chairperson, Proudly SA
Group CEO, South African Broadcasting Corporation

Ms. Manana Moroka
CEO, Proudly SA

Mr. Herbert Mkhize
Executive Director, Nedlac

GOVERNMENT

Dr. Vanguard Mkosana
Nedlac Overall Convenor, Government
Director General, Department of Labour
Acting Director General, **the dti** (April - October 2006)
Chief Director, TISA, **the dti** (from November 2006)
Deputy Director General, Department of Labour

Mr. Mxolisi Matshamba
Mr. Riaan le Roux
Mr. Les Kettleidas

ORGANISED LABOUR

Mr. Ebrahim Patel
Nedlac Overall Convenor, Labour
General Secretary, SACTWU
President, NACTU
Deputy General Secretary, COSATU

Mr. Joseph Maqhekeni
Mr. Bheki Ntshalintshali

ORGANISED BUSINESS

Dr. Raymond Parsons
Mr. Michael McDonald
Mr. Khehla Mthembu
Nedlac Overall Convenor, Business
Chief Economist, Seifsa
CEO, Old Mutual, Gauteng

COMMUNITY REPRESENTATIVES

Mr. Sizwe Shezi
Nedlac Overall Convenor, Community
President, South African Youth Council
General Secretary, National Women's Coalition
South African National Civic Organisation (SANCO)

Ms. Laura Kganyago
Mr. Dumisane Mthlale

BOARD SUB-COMMITTEES

MEMBERSHIP AND MARKETING COMMITTEE

Mr. Herbert Mkhize (Chairperson)
Dr. Vanguard Mkosana
Mr. Dumisani Mthlale (SANCO)
Mr. Michael McDonald
Mr. Ebrahim Patel

AUDIT COMMITTEE

Mr. Joseph Maqhekeni (Chairperson)
Mr. Mxolisi Matshamba
Mr. Khehla Mthembu
Mr. Sizwe Shezi

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Ms. Laura Kganyago (Chairperson)
Dr. Raymond Parsons
Mr. Les Kettleidas
Mr. Bheki Ntshalintshali
Mr. Herbert Mkhize

Marketing

The Marketing Unit is responsible for the branding and marketing of the Campaign, encouraging uptake of locally-manufactured products and services through continuous above- and below-the-line marketing mechanisms. By fulfilling its functions (Brand Positioning, Marketing Services and Communications), this Unit ensures that consumers and stakeholders understand the objectives of the Campaign.

The WesBank Proudly South African Homegrown Awards, Proudly South African Week; Clothing, Textile and Footwear strategy, a national radio campaign, provincial consumer outreach/education campaigns and the launch of the first fully-fledged Proudly South African magazine – Proud! were some of the marketing highlights of the past financial year.

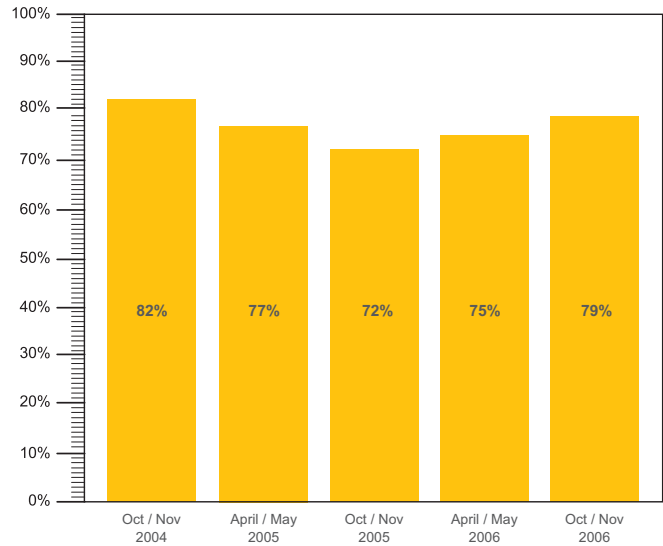
Since Proudly SA services both corporate and SMME members, both first and second economy marketing and communication interventions (which are capital and human resource intensive) are required to ensure success.

Through optimising partnerships and forming strategic alliances with members and stakeholders, the Marketing Unit has managed to retain consistent high levels of awareness, accompanied by a consistent, yet gradual, increase in the uptake of Proudly South African-endorsed products and services.

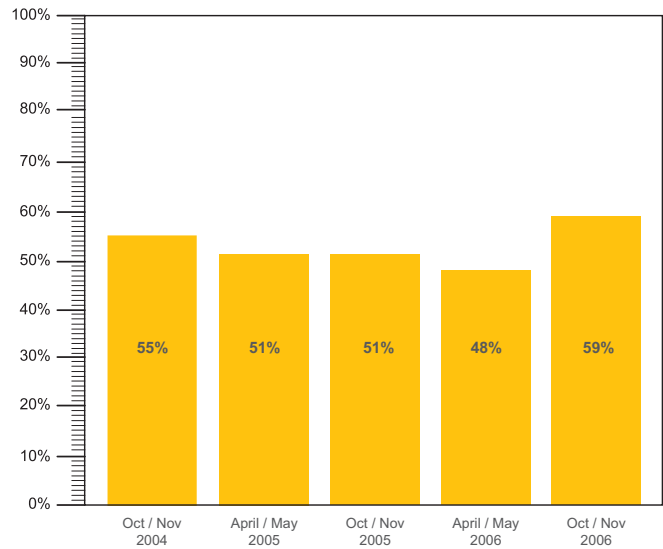
As the accompanying graphs indicate, awareness of the Campaign has remained relatively constant throughout the year, with a promising increase in the uptake of members' products and services.

This was achieved through, amongst others, a national radio advertising campaign (covering all language groups); provincial consumer outreach and education initiatives; CEO Forums; an endorsement campaign involving thought-leaders and role-models in government, business, sport and other spheres of life, and by optimising a number of strategically-selected Board-introduced flagship projects, as far as the available resources had allowed.

Awareness
Question Asked: Have you seen this logo before?
Base: All respondents



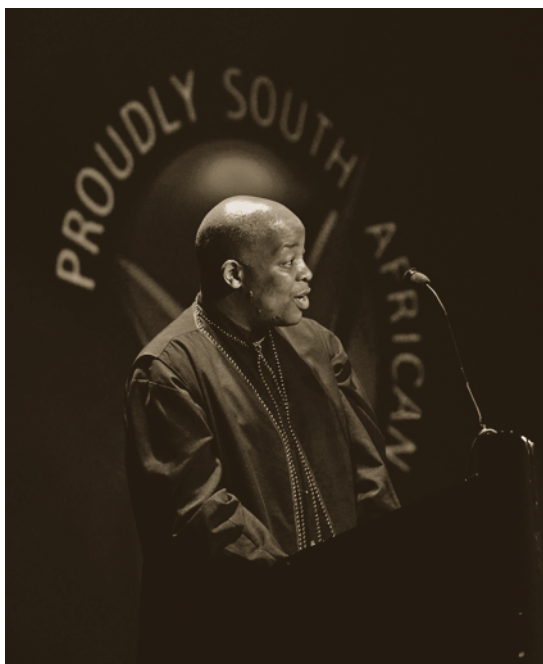
Uptake
Question Asked: Ever bought any goods with the Proudly SA logo?
Base: Respondents who had seen the logo



WESBANK PROUDLY SA HOMEGROWN AWARDS

The Homegrown Awards has been established as a leading showcase for Proudly South African companies and organisations which are innovating and achieving. It serves to strengthen the reputation and raise the profile of Proudly SA members through various media and has again managed to give recognition to leading Proudly SA companies, products and services, and the people behind them.

The second WesBank Proudly SA Homegrown Awards was presented on 22 April 2006. In a ceremony graced by the presence of the Minister of Trade and Industry, Mandisi Mphahlele, and the Minister of Labour, Membathisi Mdladlana, eleven Proudly SA member companies were honoured for their achievements in either the corporate category (100 or more employees) or SMME category (less than 100 employees). These companies were selected by a panel of judges from 38 finalists. The results were audited by PricewaterhouseCoopers.



CATEGORY

- Company of the Year
- Product of the Year
- Service of the Year
- Innovator of the Year
- Exporter of the Year
- Bridge-builder of the Year
- New Business of the Year

CORPORATE WINNERS

- National Brands Ltd
- Karan Beef (Pty) Ltd
- Karan Beef (Pty) Ltd
- First National Bank
- G.U.D. Filters
- Clover

SMME WINNERS

- Cape Storm Outdoor Apparel
- Bandito's Chile Company
- Interactive Tutor/Media Works
- Cerdak Bioceramic Wound Treatment Devices
- Bandito's Chile Company
- LSA School of Technology
- The Lapdesk Company

Marketing

The Department of Trade and Industry (**the dti**) awarded the winning companies with the opportunity to participate in a leading international trade fair - one of a number of export promotion trade tools utilised to create market penetration for South African exports - on the official South African National Pavilion.

The South African Quality Institute (SAQI) contributed the SAQI Quality Pledge as a prize. Chosen for its potential to enhance winners' overall competitiveness, this prize included a Quality Health Check which provides an indication to decision-makers on how they can improve or modify processes in the company, as well as an evaluation of how well the company manages legal and statutory obligations in terms of the eight quality management principles enlisted in the ISO 9001:2000 quality standard - which opens the door to export-led growth and participation in national and global supply chains.

Arrangements for the **third** WesBank Proudly South African Homegrown Awards were finalized in the course of 2006, with the first Call for Entries made in the last quarter of 2006 and closing on 28 March 2007. Two new categories were added for the third Homegrown Awards to maximise participation by members - Manufacturer of the Year and Municipality of the Year.



PROUDLY SA CLOTHING, TEXTILE AND FOOTWEAR STRATEGY

This strategy focuses on the mandate of Proudly SA with regards to educating consumers and retailers to support the local clothing and textile manufacturing market.

It is in line with the Campaign's mandate to assist industries in distress through the promotion of Buy Local. The Clothing, Textile and Footwear Industry (C, T & F) had been suffering severe job losses due to competition with imported products. This necessitated the SA Clothing and Textile Workers Union (SACTWU) to implement corrective measures, as a result of which Government had proposed the quota system in respect of clothing, textiles and footwear products imported from China, in order to curb job losses. It is anticipated that this short/medium-term intervention will help to level the playing field within the C, T & F Industry.

Proudly SA's strategy aims to promote buy local opportunities in the C, T & F sector as a tool to assist SACTWU to drive buy local issues, in order to optimize the quota system and to advance the competitiveness of the local clothing industry in the two-year window period created by it.

Through this flagship project, Proudly SA, by promoting Buy Local, complements SACTWU's efforts to develop capacity in manpower-intensive economic sectors that have been prone to large-scale job losses.

The relatively short window of opportunity to resuscitate this important industry demands a partnership approach and Proudly SA will continue to work with all major stakeholders to optimize its contribution to the safeguarding of jobs and the creation of sustainable jobs in this industry.

This includes participating in events such as the Cape Town Fashion Festival, Cavendish Square Fashion Event, the gala awards function related to the festival and the Spring Queen event, which are excellent tools to simultaneously promote the Campaign's objectives.

Several advertisements to support the case of the C, T & F sector were placed in leading magazines (You, Drum, Huisgenoot, Student Choice) utilising existing trade exchanges during the 2006 Christmas Campaign. Radio interviews were conducted on Legwalagwala, uKhosi, YFm and KayaFm; presentations were made to provincial and local government representatives. CEO Forums in Gauteng and the Western Cape, as well as meetings with members were also utilised to promote this cause.

As the success of the interventions depend on the active participation and support of all relevant stakeholders, Proudly SA has engaged in a consultation process with a number of retailers such as the Edcon and Foschini Groups, and Woolworths, but with limited success. Discussions have also taken place between the Campaign and both the Western Cape and KwaZulu-Natal Clothing and Textiles Clusters.

The KZN Clothing and Textiles Cluster has agreed to work with Proudly SA on various activities to promote local procurement and to improve and develop the competitiveness of local manufacturers.

Advertisements promoting the message – Wear Proudly South African – were placed in publications such as Speckled Bean, Student Choice, African Mirror, Southern Anglican Magazine, Rootz and Jumpstart.

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

Proudly South African Founder Sponsors: South African Airways, Eskom, Standard Bank, etc.

Proudly South African Strategic Partners: etc.

Founder Branding Partner: SABC

Proudly South African Tel: (011) 327 7178 • Fax: (011) 327 3844 • E-mail: info@proudlysa.co.za • Website: www.proudlysa.co.za

W E A R S O U T H A F R I C A N



“ I CAN TELL WHICH CLOTHES ARE MADE HERE, BECAUSE THE QUALITY IS GOOD. IMPORTED STUFF LOSES ITS COLOUR WITH ONE WASH, OR THE SEAMS BREAK. ”



BADIAH PETERSEN, 37, MACHINIST, SWIMWEAR FACTORY

CUTTING CLOTH WITH PRIDE TO DRESS SOUTH AFRICA



W E A R S O U T H A F R I C A N



“ IF I LOSE MY JOB
A LOT OF PEOPLE
WILL SUFFER.
I HAVE 2 SISTERS AND 2
BROTHERS WITHOUT WORK,
SO I GIVE THEM MONEY TO BUY
MIELIE MEAL. ”



MARGARET NDALA, 53, MACHINIST, CLOTHING FACTORY

CUTTING CLOTH WITH PRIDE TO DRESS SOUTH AFRICA



Marketing

PROUDLY SA WEEK

Proudly SA received high prominence, both on national television and radio, during Proudly SA Week in September 2006. This was achieved as part of Proudly SA's agreement with the SABC as the Campaign's founder broadcast sponsor.

Through Media24, Proudly SA's media trade exchange partner, Proudly SA Week 2006 was extensively profiled in the September 2006 issue of the popular family magazines - You, Drum, Huisgenoot and True Love.

The Kliptown exhibition held during Proudly SA Week 2006, as requested by the Community Constituency, was also well received. Proudly SA Week was concluded with the awarding of Proudly SA status to the Western Cape town of Albertinia – an event which enjoyed the support of the community and business sector of the area and which had attracted wide media interest as well.

The purpose of Proudly SA Week is to focus the attention on Proudly South African companies and to increase the uptake of products and services of member companies – promote Buy/Procure Local.

Budget permitting, Proudly SA week may in future be extended to one month. Most planned activities for the Proudly SA Focus Week in 2006 were executed at little cost through partnerships with members and Trade Exchanges.



Buy Proudly South African and support the pride and prosperity of our Nca!tion

Be a proud supporter of the Nca!tion

PROUDLY SOUTH AFRICAN

Trade South African Goods Services

PROUDLY SOUTH AFRICAN EVENT

Buy Nca! products and services from Proudly South African member companies! When you support the Nca!tion you are helping to keep local people in jobs and create more quality jobs.

**PROUDLY SA WEEK
18-23 Sept 06
Be a proud supporter of the Nca!tion**

Trade South African Goods Services

Proudly South African Tel: (011) 327 7778 Email: info@proudlysa.co.za Website: www.proudlysa.co.za

PROUDLY SOUTH AFRICAN

Why not convert your Proudly South African spirit into a rewarding habit - for you and our country?

By buying a product or service that displays the Proudly South African logo, you are supporting local talent and initiatives; you are helping to keep local people in jobs and to create more quality jobs. By putting back money into our economy, you are expanding its capacity to grow and employ more people. You are contributing to a cycle that keeps on giving, and in this way everyone wins!

Members of the Proudly South African campaign comply with the following criteria and therefore have the right to display the Proudly South African logo on their products:

- good, homegrown quality;
- a minimum of 50% local content;
- fair labour practices;
- acceptable environmental standards.

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

Be a proud supporter of the Nca!tion

Marketing

Above-the-line marketing included a radio campaign, featuring four different advertisements that were broadcast between July 2006 and March 2007. The themes were: Educational A; I'm Proudly South African; What goes around comes around and Educational B.

SABC radio stations, featuring all official languages, were chosen for this campaign to ensure maximum reach, audience appeal and buy-in.

Additional value was derived from two free radio interviews allocated per radio station. Independent and community radio stations were also utilised, including OFM, Kaya Fm and Jozi Fm. The overall reach attained totalled approximately 39 million listeners per month.

Fast facts - Proudly SA 2006 Radio Advertising Campaign:

- Total number of advertising slots: 5 760
- Value of investment by Proudly SA: R4,961,040.00
- Added value (not paid for by Proudly SA – media partnership): R11,740,220.00
- Total campaign value: R16,701,260.00

What do these people have in common?



Dali Majofo
Group Chief Executive Officer: SABC

Herbert Mkhize
NEDLAC Executive Director

Etienne Field
NEDLAC Labour Overall Convener

Professor Raymond Parsons
NEDLAC Business Overall Convener

Shane Shree
NEDLAC Overall Convener for Community Constituency

Yungard Moseane
DOL, Department of Labour

Not much, at first glance. They all occupy various positions in organisations with widely divergent cultures and ambitions. Yet all of them managed to put aside their differences and join forces. As Strategic Partners of Proudly South African, they have come together for the sake of a greater goal. All are committed to fostering economic growth by persuading South Africans to get behind homegrown business with demonstrably fair labour practices, sound environmental standards, and high quality goods and services.

There's just one more strategic partner they need. **You.** Buying Proudly South African helps build a proud South African nation with the hope of a dignified life for all our citizens.

Buy Proudly South African, and help build the pride and prosperity of our nation.

Proudly South African Founder Sponsors



Proudly South African Strategic Partners



Founder Broadcast Partner



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

Marketing

CONSUMER EDUCATION/OUTREACH CAMPAIGN

This fully-integrated campaign was developed in response to the need to increase the uptake of products and services of Proudly SA member companies. The focus is on achieving a behavioural change to ensure greater consumer loyalty in the Campaign's Second Phase – "Buy Local".

The word **Nca!**, "be part of the **Nca!**tion!", formed the core of the pay-off line for this invigorating campaign. Close to 27 000 individuals were reached through the outreach efforts.

Anticipated outcomes included a greater value contribution to members' businesses, precipitated by a partnership approach and effective communication. Good progress was made in extending the Campaign's footprint and reach across all provinces of South Africa. The consumer outreach initiative still needs to be extended to the Western Cape, Eastern Cape and KwaZulu/Natal. This is being planned for the next financial year.

CEO Network Forums

This initiative forms part of the Campaign's recruitment and retention strategy where members and potential new members are engaged at a face-to-face level.

Provinces visited included **Gauteng** – Pretoria (Nissan); Rosebank – Grace Hotel; Bateman's in Johannesburg; Benoni (Glynnwood and Protea Lake Hotel), while two others were hosted at the Airports Company of South Africa and Emperors Palace in Johannesburg; **Free State** – Bloemfontein; **Limpopo** – Polokwane; **Northern Cape** – Upington; **Western Cape** – V & A Waterfront and Radison.

The following outreach interventions were implemented during the 2006 financial year:

LSM 1 - 5: Below-the-line marketing

Provinces visited:

Gauteng – Johannesburg and Pretoria; **North West** – Mafikeng; **Free State** – Bloemfontein; **Northern Cape** – Upington; **Limpopo** – Polokwane/Machado; **Mpumalanga** – Nelspruit/Standerton.

In-store promotions:

Fifty-eight stores, including SPAR, Shoprite, Save More, Cash & Carry, Jumbo, Supa Save, Metro Cash & Carry, Pick 'n Pay were targeted as part of this campaign.

Industrial theatre shows:

Forty-two shows were presented at Townships, outside stores/shops and taxi ranks. Approximately 11 000 people were reached through direct contact.

LSM 6 upwards: Below-the-line marketing

Provinces completed include **Gauteng** – Johannesburg and Pretoria; **North West** – Mafikeng; **Free State** – Bloemfontein; **Limpopo** – Polokwane; **Mpumalanga** – Nelspruit.

Mall Promotions:

Six large shopping malls were targeted. This resulted in the completion of 1 000 questionnaires (face-to-face survey) and 6 000 interactions with customers/consumers.



PROUDLY SA BEE STRATEGY

The Campaign pursues an activist approach in promoting BEE, in addition to furthering the Buy Local interests of all member companies.

PROUDLY SA LOYALTY PROGRAMME

Proudly SA is investigating various opportunities to implement a loyalty programme. The aim with the programme is to raise funds for Proudly SA and to influence consumer behaviour. The idea is to reward customers with points related to the value of Proudly SA products/services purchased. The points will be redeemable at Proudly SA accredited merchants.

Some of the benefits of a loyalty programme could be the following:

- Consumers are rewarded for buying local;
- Proudly SA members' sales will increase;
- Information relating to customers can be obtained, and can be shared amongst Proudly SA merchants;
- The loyalty programme can be used to reinforce the Proudly SA brand as a method of generating revenue within a two to three-year period;
- To help Proudly SA achieve its objective of increasing the purchasing of locally-made products/services, thus contributing to economic growth, the safeguarding of current jobs and creation of new jobs.

Due to the implementation costs and operational impact of loyalty programmes, Proudly SA is also considering the option to partner with other Proudly SA members who have already established a successful loyalty programme.

DEVELOPMENT OF CITIES AND TOWNS

This initiative, identified by the Board in 2003 as a means to strengthen the economic potential and growth of towns and cities, was implemented during 2006. Clarens in the Free State was the first town to receive Proudly SA status.

The focus is on developing and enhancing Proudly South African strengths in the field of Tourism, Cultural Industries, et cetera, identified as key economic drivers in terms of Asgi-SA and Jipsa.

Since Clarens has been awarded Proudly SA status, this small town has received funding to the value of approximately R10 million (DEAT, SANPARKS, DWAF and the World Bank) towards community and environmental projects. Approximately three hundred new job opportunities are being created in the town as a result of these projects.



Proudly Albertinia followed suit with the awarding of Proudly SA status to this deserving rural town on 23 September 2006, coinciding with Proudly SA Week 2006.

The criteria for awarding Proudly SA membership status to towns/cities/townships are similar to that for companies and businesses. It includes the following requirements:

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

Marketing

Stakeholder participation in the planning process was found to be critical in meeting and upholding the criteria.

Through this project the Campaign aims to increase employment opportunities, contribute to the development of much needed skills and facilitate tangible partnerships between provincial and local government and business initiatives in the area. These benefits can be achieved by strengthening the capacity of local businesses and the community to enhance their economic prospects.

EASTER/WINTER CAMPAIGN

These campaigns boost the natural tendency of the retail sector to enhance sales or have special offerings during these periods.

Objectives:

- To promote a culture of, and positively encourage a buy local trend amongst South African consumers;
- To positively influence South African consumers to identify and buy products with the Proudly SA logo;
- To promote a culture of patriotism, national unity and pride and socially responsible citizenship, with a strong emphasis on the value system of our nation;
- To stimulate strategic partnerships within the Proudly SA member family and between Proudly SA and its members to optimise and enhance the opportunities offered through these two campaigns;
- To encourage retailers to prominently display Proudly SA products on shelves in all the retail stores during the campaign periods;
- To re-emphasize the mandate of the Proudly South African Campaign and the role it plays in the growth of South Africa's economy.

A radio advertisement was developed in support of the local Clothing and Textiles Industry. Trade Exchange partners have been used for print advertising.

ENDORSEMENT CAMPAIGN

This campaign was developed at the end of November 2005 to effectively communicate the Campaign's values and ethos through credible and respected role-models.

A two-phased approach was followed, commencing at the highest governmental level, then extending it to business, sponsors and societal role models who appeal to niche groups such as the youth.



Marketing

Endorsement advertisements by the President, Mr. Thabo Mbeki, Deputy President, Ms. Phumzile Mlambo-Ngcuka, Minister Mandisi Mphahlele (**the dti**), Minister Membathisi Mdladlana (Department of Labour), Proudly SA Board members and a number of business leaders (Mr. P. Motsepe, Mr. R. Watson, Mr. G. Rothschild, Mr. I Khoza, Mr. T. Gcabashe and Dr. R. Khoza) were featured in a variety of strategically selected newspapers and magazines, such as: Soccer Laduma; Mail & Guardian; Business Day; The Citizen; Rapport; Saturday Argus; Sunday Times; City Press; Sowetan; The Star; Mercury; Daily Dispatch; MTN Strictly Business; SA Businessman; African Analyst; Investment; Farming & Agriculture Magazine; The South African; Upfront Magazine; Virgin Active; Portfolio; SA Rugby; Brand Magazine; Special Events; Trade Edge; Logistics & Materials Trade Edge; Wholelot Directory; Future Choice Magazine; ZCC Magazine; Indwe; One Time Magazine; Nationwide Magazine.

Support our Ncalition. Buy Proudly South African.
Ruel J. Khoza - Chairman of the Nedbank Group SA

I value and support Proudly South African - a campaign driven by a spirit of patriotism. Built supported by strategic, high and sound business principles that simply cannot deny reason. Proudly South African companies take the triple bottom line seriously. Consumers know that Proudly South African products are of a good quality and competitively priced, and that these companies contribute to sustaining existing jobs and creating new, quality job opportunities, which fosters economic growth.

Buying Proudly South African helps build a proud South African nation with the hope of a dignified life for all our citizens.

Buy Proudly South African, and help build the pride and prosperity of our Ncalition.

PROUDLY SOUTH AFRICAN

Partners: MTN, Vodacom, Telkom, Ecom, Standard Bank, Absa, FNB, SABC, SABC 2, SABC 3, SABC 4, SABC 5, SABC 6, SABC 7, SABC 8, SABC 9, SABC 10, SABC 11, SABC 12, SABC 13, SABC 14, SABC 15, SABC 16, SABC 17, SABC 18, SABC 19, SABC 20, SABC 21, SABC 22, SABC 23, SABC 24, SABC 25, SABC 26, SABC 27, SABC 28, SABC 29, SABC 30, SABC 31, SABC 32, SABC 33, SABC 34, SABC 35, SABC 36, SABC 37, SABC 38, SABC 39, SABC 40, SABC 41, SABC 42, SABC 43, SABC 44, SABC 45, SABC 46, SABC 47, SABC 48, SABC 49, SABC 50, SABC 51, SABC 52, SABC 53, SABC 54, SABC 55, SABC 56, SABC 57, SABC 58, SABC 59, SABC 60, SABC 61, SABC 62, SABC 63, SABC 64, SABC 65, SABC 66, SABC 67, SABC 68, SABC 69, SABC 70, SABC 71, SABC 72, SABC 73, SABC 74, SABC 75, SABC 76, SABC 77, SABC 78, SABC 79, SABC 80, SABC 81, SABC 82, SABC 83, SABC 84, SABC 85, SABC 86, SABC 87, SABC 88, SABC 89, SABC 90, SABC 91, SABC 92, SABC 93, SABC 94, SABC 95, SABC 96, SABC 97, SABC 98, SABC 99, SABC 100.

Support our Ncalition. Buy Proudly South African.
Geoff Rothschild, Director of Government & International Affairs, JSE Limited

I firmly believe that South Africa's competitive advantage is tied to our wealth of human capital, the innovative spirit, pride and dignity of our people - an attitude to life and business which holds the potential of even greater rewards. This attitude characterizes Proudly South African companies and invites support for their quality products and services. They develop empowering partnerships for a truly broad and diverse ownership of our economy. They are committed to world class standards, and they value their role as good corporate citizens and inspire confidence in a progressive future.

The Proudly South African campaign promotes inclusivity and offers an opportunity for everyone to contribute to social and economic stability in Southern Africa and beyond. I know that my support makes a difference - and yours can, too!

Buy Proudly South African, and help build the pride and prosperity of our Ncalition.

PROUDLY SOUTH AFRICAN

Partners: MTN, Vodacom, Telkom, Ecom, Standard Bank, Absa, FNB, SABC, SABC 2, SABC 3, SABC 4, SABC 5, SABC 6, SABC 7, SABC 8, SABC 9, SABC 10, SABC 11, SABC 12, SABC 13, SABC 14, SABC 15, SABC 16, SABC 17, SABC 18, SABC 19, SABC 20, SABC 21, SABC 22, SABC 23, SABC 24, SABC 25, SABC 26, SABC 27, SABC 28, SABC 29, SABC 30, SABC 31, SABC 32, SABC 33, SABC 34, SABC 35, SABC 36, SABC 37, SABC 38, SABC 39, SABC 40, SABC 41, SABC 42, SABC 43, SABC 44, SABC 45, SABC 46, SABC 47, SABC 48, SABC 49, SABC 50, SABC 51, SABC 52, SABC 53, SABC 54, SABC 55, SABC 56, SABC 57, SABC 58, SABC 59, SABC 60, SABC 61, SABC 62, SABC 63, SABC 64, SABC 65, SABC 66, SABC 67, SABC 68, SABC 69, SABC 70, SABC 71, SABC 72, SABC 73, SABC 74, SABC 75, SABC 76, SABC 77, SABC 78, SABC 79, SABC 80, SABC 81, SABC 82, SABC 83, SABC 84, SABC 85, SABC 86, SABC 87, SABC 88, SABC 89, SABC 90, SABC 91, SABC 92, SABC 93, SABC 94, SABC 95, SABC 96, SABC 97, SABC 98, SABC 99, SABC 100.

Support our Ncalition. Buy Proudly South African.
Ronnie Watson, CEO, WesBank
Proudly SA Homegrown Award Sponsor

Proudly South African is part of our social value system as an insured nation. Being Proudly South African means standing our national pride into something equally precious - economic and social value that uplifts and empowers our nation to prosper.

We take pride in supporting Proudly South African, both as a member and a sponsor because the campaign inspires, encourages and rewards homegrown innovation, entrepreneurship, talent and excellence - building blocks for sustainable growth and prosperity.

Proudly South African companies are dedicated to quality, sound business values and environmental standards - winning principles that I value, personally and professionally. You, too, can invest in a winning strategy and share in the rewards!

Buy Proudly South African, and help build the pride and prosperity of our Ncalition.

PROUDLY SOUTH AFRICAN

Partners: MTN, Vodacom, Telkom, Ecom, Standard Bank, Absa, FNB, SABC, SABC 2, SABC 3, SABC 4, SABC 5, SABC 6, SABC 7, SABC 8, SABC 9, SABC 10, SABC 11, SABC 12, SABC 13, SABC 14, SABC 15, SABC 16, SABC 17, SABC 18, SABC 19, SABC 20, SABC 21, SABC 22, SABC 23, SABC 24, SABC 25, SABC 26, SABC 27, SABC 28, SABC 29, SABC 30, SABC 31, SABC 32, SABC 33, SABC 34, SABC 35, SABC 36, SABC 37, SABC 38, SABC 39, SABC 40, SABC 41, SABC 42, SABC 43, SABC 44, SABC 45, SABC 46, SABC 47, SABC 48, SABC 49, SABC 50, SABC 51, SABC 52, SABC 53, SABC 54, SABC 55, SABC 56, SABC 57, SABC 58, SABC 59, SABC 60, SABC 61, SABC 62, SABC 63, SABC 64, SABC 65, SABC 66, SABC 67, SABC 68, SABC 69, SABC 70, SABC 71, SABC 72, SABC 73, SABC 74, SABC 75, SABC 76, SABC 77, SABC 78, SABC 79, SABC 80, SABC 81, SABC 82, SABC 83, SABC 84, SABC 85, SABC 86, SABC 87, SABC 88, SABC 89, SABC 90, SABC 91, SABC 92, SABC 93, SABC 94, SABC 95, SABC 96, SABC 97, SABC 98, SABC 99, SABC 100.

Support our Ncalition. Buy Proudly South African.
Patrick Mphahlele, President of Mandisi Sundowns

The difference between success and failure is frequently captured in one's state of mind, one's will to succeed. Mandisi Sundowns is a proud member of the Proudly South African campaign and we support Proudly South African products and services. By doing so we know we make a difference in people's lives, because when you buy Proudly South African you make a conscious choice to grow the economy, sustain existing jobs, create quality new jobs and help to eradicate poverty.

Buying Proudly South African helps build a proud South African nation with the hope of a dignified life for all our citizens.

Buy Proudly South African, and help build the pride and prosperity of our Ncalition.

PROUDLY SOUTH AFRICAN

Partners: MTN, Vodacom, Telkom, Ecom, Standard Bank, Absa, FNB, SABC, SABC 2, SABC 3, SABC 4, SABC 5, SABC 6, SABC 7, SABC 8, SABC 9, SABC 10, SABC 11, SABC 12, SABC 13, SABC 14, SABC 15, SABC 16, SABC 17, SABC 18, SABC 19, SABC 20, SABC 21, SABC 22, SABC 23, SABC 24, SABC 25, SABC 26, SABC 27, SABC 28, SABC 29, SABC 30, SABC 31, SABC 32, SABC 33, SABC 34, SABC 35, SABC 36, SABC 37, SABC 38, SABC 39, SABC 40, SABC 41, SABC 42, SABC 43, SABC 44, SABC 45, SABC 46, SABC 47, SABC 48, SABC 49, SABC 50, SABC 51, SABC 52, SABC 53, SABC 54, SABC 55, SABC 56, SABC 57, SABC 58, SABC 59, SABC 60, SABC 61, SABC 62, SABC 63, SABC 64, SABC 65, SABC 66, SABC 67, SABC 68, SABC 69, SABC 70, SABC 71, SABC 72, SABC 73, SABC 74, SABC 75, SABC 76, SABC 77, SABC 78, SABC 79, SABC 80, SABC 81, SABC 82, SABC 83, SABC 84, SABC 85, SABC 86, SABC 87, SABC 88, SABC 89, SABC 90, SABC 91, SABC 92, SABC 93, SABC 94, SABC 95, SABC 96, SABC 97, SABC 98, SABC 99, SABC 100.

Marketing

CHRISTMAS/BACK-TO-SCHOOL CAMPAIGNS

These campaigns coincided with the Homegrown Awards, focusing on educating consumers to buy quality, South African-made clothing (including lay-bye), products and services which tie in with the Campaign's Clothing and Textiles strategy. It supported both the SACTWU submission and ITAC Quota system. The Marketing Unit also consulted with the various Proudly South African stakeholders, including retailers and members, from January 2007 in order to work together in preparation for the 2007 Christmas Campaign.

Activities engaged in for the 2006 Christmas Campaign included both above- and below-the-line advertising. Proudly SA radio advertisements were featured on all SABC radio stations, while print advertisements were placed in the Southern Anglican Magazine, KwaZulu/Natal tabloids, as well as the family-oriented magazines - You, Drum, and Huisgenoot. This was done as part of a trade exchange agreement between the Campaign and the relevant media, with no direct cost to the Campaign.

Paid-for print advertisements were, furthermore, placed in Speckled Bean, a publication of the first Proudly South African town, Clarens.

Marketing



YOUTH CAMPAIGN

The purpose of the Youth Campaign is to ensure that the young people of South Africa take pride in their own abilities; develop social leadership, as well as creative, business and entrepreneurial skills; to empower young people to become socially responsible citizens, based on a value system that thrives on mutual respect, innovation and creativity; and to promote a culture of appreciation for and buying of locally produced products and services.

The marketing objectives identified for this programme are as follows:

- To achieve greater awareness of Proudly South African products and services;
- To develop entrepreneurial and leadership skills through information dissemination, innovative competitions, et cetera;
- To influence young people's purchase decisions to actively seek out products and services that are Proudly South African;
- To educate the youth about the impact of their purchase decisions – job retention and creation and greater overall prosperity;
- To create awareness of and an understanding that local consumption has the power to build a strong, Proudly South African brand.

A number of activities are in the process of being developed for implementation at a later stage. It is intended to reach both learners at Proudly South African schools and young people in the community at large.

It will include the following:

An ongoing educational programme with Proudly SA schools, incorporating a Proudly South African schools toolkit; preparations for the Nca! Art Awards; above-the-line marketing activities such as television shows, interviews and print advertisements, as well as below-the-line marketing initiatives such as schools outreach programmes together with Proudly SA members such as The Lapdesk Company. Lapdesk is known for their innovative lap-held desk tops that bring a drastic improvement to the learning environment of many South African school children who do not have access to the most basic infrastructure (especially in the rural areas).

BRAND INTEGRITY

The Proudly South African logo was not previously registered as a Trade Mark. It was only protected as a prohibited mark - an issue which was attended to in this financial year. Both the logo, the phrase, "Proudly South African" and associated phrases were duly registered in 46 classes and the Proudly South African Campaign's intellectual property is now duly protected in terms of the relevant legislation.

As a result of not being fully registered as a Trade Mark before, Customs (South African Revenue Services) was limited in its action against pirated and counterfeit incoming goods. The registered Trade Marks relating to the Proudly SA Campaign were also duly registered with the Customs Authority/SARS in the course of this financial year and goods carrying the Proudly SA logo will now be acknowledged and receive full protection from the relevant authorities.

Trade Mark Registration covers - MADE IN SOUTH AFRICA; PROUDLY MADE IN SOUTH AFRICA; Nca!inside; Nca! and Nca!tion - in classes 24, 25, 29 and 30 in the name of Proudly South African.

Companies will no longer be eligible to register 'Proudly' as part of their company name. A number of existing/newly founded companies or companies awaiting registration and which do not currently comply with this requirement, have been identified.

Legal advice on the protection of the Proudly South African Campaign's Intellectual Property has led to the implementation of appropriate defensive measures.

Based on Proudly South African's objection to the potential infringement of its intellectual rights, the Registrar of Companies has written to a number of entities, indicating that the use of the PROUDLY SOUTH AFRICAN mark in the names of these entities is a prohibition in terms of the Merchandise Marks Act.

Marketing

It has also been made clear that this constitutes an offence for which a fine of up to R10 000 and/or imprisonment of up to five years can be imposed.

The Registrar has given each of these entities an opportunity to change their names within a period of thirty days. Progress on their compliance with this instruction is being monitored.

Proudly South African has significantly increased its focus on ensuring compliance with the membership criteria and the legal use of the logo. Adams and Adams Attorneys - the legal team appointed to follow-up on the contravention of any compliance issues related to the Proudly SA brand and to assist with the protection of Proudly SA's Intellectual Property - will, where necessary, take action in accordance with the protection Proudly SA has requested. This will involve working with the Customs Authority (SARS) to ensure that any illegally imported goods bearing the Proudly SA logo are impounded and that legal action is taken against transgressors.

This is a critical area for Proudly South African. All actions taken in this regard are reported to the Campaign's Compliance Committee.

Protecting Proudly SA's Trade Marks will, however, have significant cost implications for the Campaign. The Campaign's Intellectual Property Attorneys have advised that an amount of R500 000 should be budgeted for this purpose annually.

WEAR SOUTH AFRICAN

“ I WANT THE IMPORTS TO STOP. THEN OUR FACTORY WILL COME ALIVE AGAIN. ”

GEORGE ADAMS, 60, "CLICKER", SHOE FACTORY

CUTTING CLOTH WITH PRIDE TO DRESS SOUTH AFRICA

SACTWU

PROUDLY SA 2010 STRATEGY

Proudly SA's 2010 strategy focuses on encouraging Buy/Procure Local, especially from Proudly South African member companies. Provinces and metropolitan municipalities were targeted as part of this initiative with presentations being made to the cities of Joburg and Cape Town; the Western Cape and Kwazulu/Natal Provincial Government; the 2010 Director-General of Mpumalanga; the Free State (Premier, Executive Mayors and Mayors, Director-General) and Limpopo Province (LIBSA, Limpopo 2010 Committee).

It is intended that the 2010 FIFA World Cup should be optimized to create a social and economic legacy for South Africa and Africa. Proudly SA's focus on the safeguarding and creation of job opportunities through the promotion of members' products and services fully supports this ideal.

Through the 2010 Strategy, the Campaign will continue to optimize all opportunities to create maximum value for members; to profile the Campaign to increase the base of qualifying members to raise overall standards of quality (for competitiveness) and national pride.



a world class African city
CITY OF JOBURG



CITY OF CAPE TOWN



FREE STATE PROVINCE



MPUMALANGA PROVINCE



WESTERN CAPE PROVINCE



KWAZULU-NATAL PROVINCE



Support our country. Buy Proudly South African.

Mandisi Mpahlwa • Minister of Trade and Industry

The Proudly South African campaign, I believe, is rooted in an unwavering commitment to excellence and pride in South Africa's world-class products and services. The products and services that bear the Proudly South African logo is an endorsement of local quality and excellence, therefore it should be the product or service of choice when consumers make a decision to purchase. In this way proudly South African citizens ensure that our economy continues to grow, to expand, to retain more quality jobs and eradicate poverty for all South Africans in our era of hope.

Buying Proudly South African helps build a proud South African nation with the hope of a dignified life for all our citizens.

Buy Proudly South African, and help build the pride and prosperity of our nation.



Proudly South African Founder Sponsors



Founder Broadcast Partner

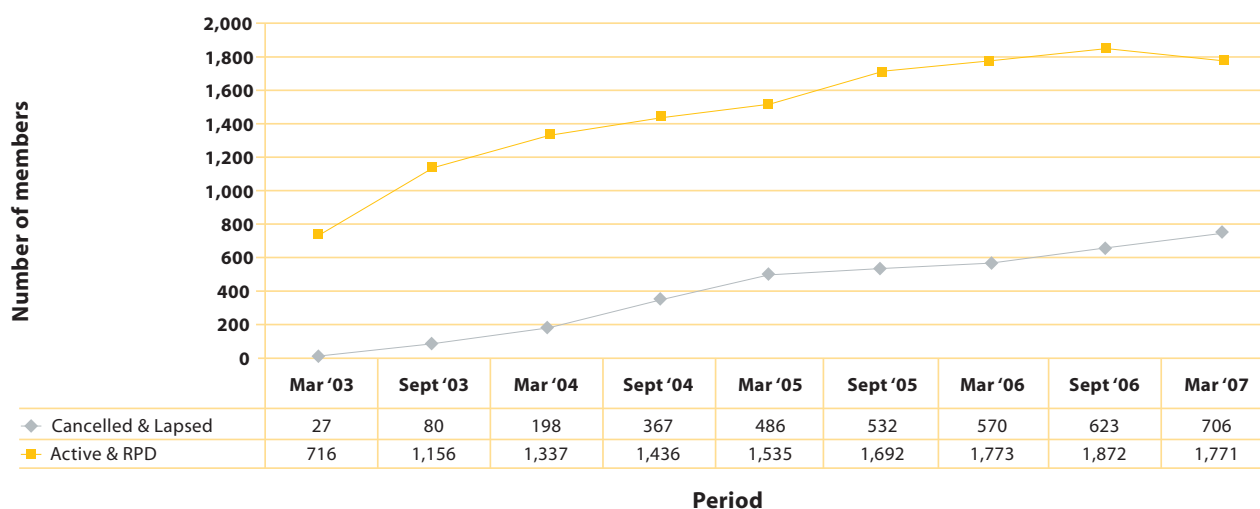


Proudly South African Tel: (011) 327 7778 • Fax: (011) 327 3844 • E-mail: info@proudlysa.co.za • Website: www.proudlysa.co.za

HISTORICAL BACKGROUND ON MEMBERSHIP STATISTICS

The graph (below) illustrates the bi-annual movement in membership for the period March 2003 up to the end of the 2006/2007 financial year (March 2007), where for comparative purposes the total for active members has been combined with the total for members due for renewal of membership. The figures indicated are cumulative. This was necessary since membership data had not been segmented since the inception of the Campaign. This was only implemented from 2006/2007.

**Active & Renewal Payment Due (RPD) vs Cancelled & Lapsed
(Since inception to March 2007)**



COMMENTS - HALF-YEARLY REVIEW ON MEMBERSHIP MOVEMENT

In March 2003, the second year since the Campaign's establishment, there was relative low awareness. As the awareness levels escalated through intensified awareness activities, the Campaign's membership also increased correspondingly. This resulted in the number of active members combined with members due for renewal nearly doubling in September 2004 compared to what it was in March 2003.

With the Campaign moving into the Second Phase, and after thorough segmentation of the membership data base, all its activities aimed to sustain and grow the level of awareness and uptake gained in the first four years.

During this Phase, the Campaign continued to grow steadily to the point where it attained a constant level of between 1 700 and 1 800 active and renewal payment due members over the past two financial years.

As is illustrated in the graph, the number of cancelled members show an increase for the last portion of the period under review. This is as a result of the process introduced to cancel the membership of all members with overdue membership fees. This approach follows a Board directive that all overdue members should be removed from the Campaign's debtors' book to prevent it from being artificially inflated.

Membership

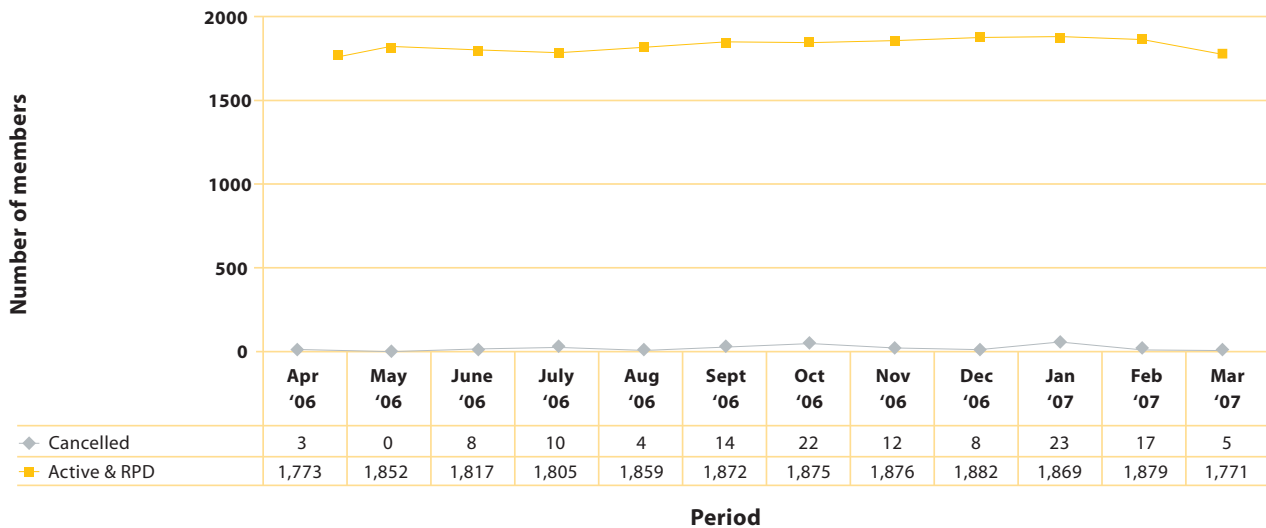
MONTHLY MEMBERSHIP MOVEMENT FOR THE YEAR UNDER REVIEW

The key monthly movements in membership for 2006/2007 have been illustrated in the accompanying graphs. It is evident that renewals were the main source of income and that the number of cancellations remained constant throughout the year.

A more differentiated segmentation of membership statistics was introduced in 2006, enabling the accurate tracking of the number of members who had actually cancelled their membership in a particular month.

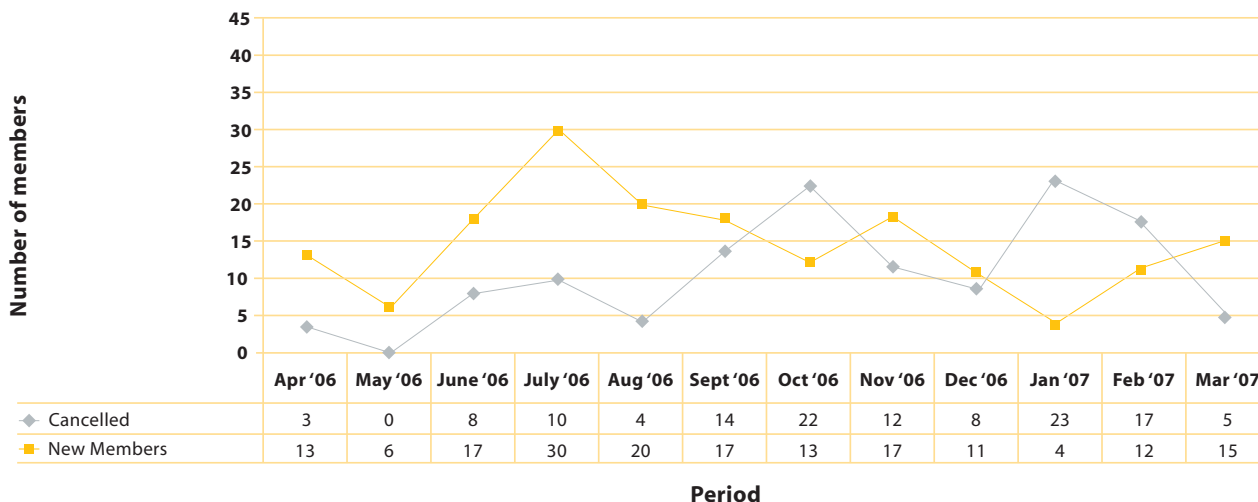
The Campaign managed to stabilize membership movement in the year under review – balancing cancelled members with new members joining. This was achieved without having the three sources of funding in accordance with the financial model approved by all constituencies at the Campaign's inception.

**Active & Renewal Payment Due (RPD) vs Cancelled Members
April 2006 to March 2007**



Membership

**New Members vs Cancelled Members
April 2006 to March 2007
(Volume)**



MONTHLY MEMBERSHIP COMMENTS FOR THE YEAR UNDER REVIEW

It became clear that on average more members were joining on a month to month basis than cancellations received. However, the net effect was a zero sum gain as cancelling members tended to represent high value members, with more low value members joining the Campaign.

Attrition is natural and it is therefore acceptable to expect some cancellations on a year to year basis. For this reason, new members are always required to replace and grow the membership base. A sector approach was adopted to service clients in accordance with acceptable customer relationship management (CRM) processes. Steps were also put in place to reduce the time taken from membership approval (including the comprehensive compliance checks required) to first payment received.

Smaller companies regard the Campaign and its endorsement as very valuable. It is affordable for SMMEs to join the Campaign and they perceive the Proudly SA brand as an endorser of quality with a direct benefit to the business. It elevates their status as a quality and patriotic company with the opportunity to secure tenders and to participate in the prestigious HomeGrown Awards, ad hoc training opportunities or exhibitions; to optimise communication opportunities, to receive regular member updates and participate in the CEO or other networking forums.

For small companies the membership fee (on average R570) is not prohibitive and the perceived value exceeds the cost thereof. Bigger corporations, on the other hand, as was indicated before, would like to justify their participation either by indicating the impact that Campaign membership has on their bottom line (ROI) and marketing exposure received, or additional jobs being created.

In order for the Campaign to continue growing and servicing small and medium enterprises critical to the growth of our economy, additional funding and delivery on an aggressive sales strategy continues to be required.

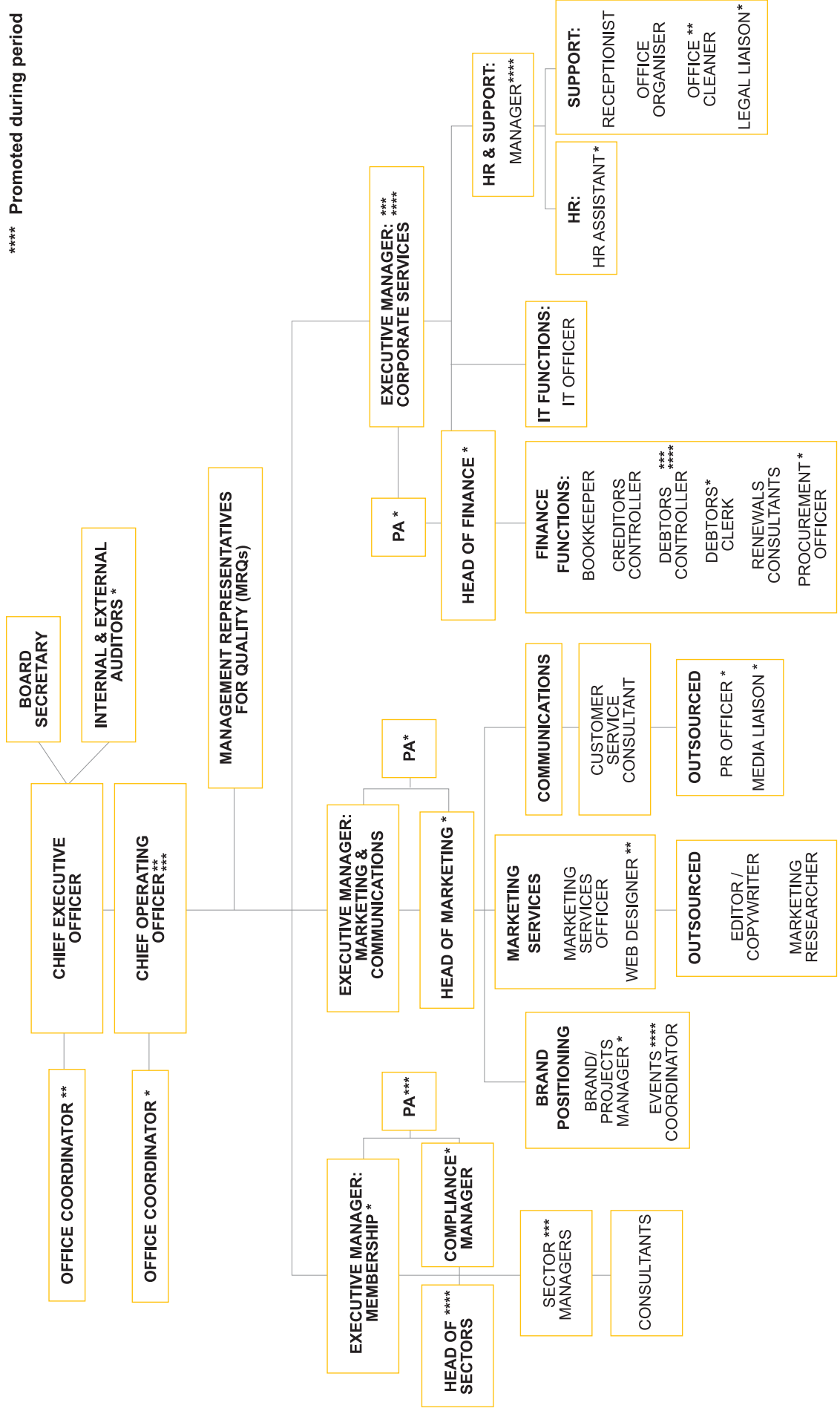
While the Membership and Marketing Sub-committee has been activated to discuss out-of-policy issues that pertain to members, in terms of introducing a more flexible fee structure, it is important to note that regular government funding and revitalizing the sponsorship drive to ensure an income from this source, too, remains critical to the implementation of a more flexible fee structure.

The sponsorship drive was, therefore, resuscitated by approaching founder sponsors whose sponsorships had lapsed in 2004 and who had subsequently been converted into ordinary members. These sponsors had cited similar problems than that raised by members – such as CRM, benefits and delivery on agreements – as reasons for not renewing their sponsorships.

Human Resources

The Campaign's staff have gone the proverbial extra mile in the past financial year to give effect to the organizational transformation.

- * Vacant during period
- ** Recruited during period
- *** Terminated during period
- **** Promoted during period



OFFICE OF THE CHIEF EXECUTIVE OFFICER

The CEO is responsible for:

- Strategic management of the Campaign in co-operation with the Board;
- Overall operational accountability of the Campaign;
- Communications with and reporting to the Board of Directors;
- Strategic procurement interventions;
- Management of relations with sponsor stakeholders;
- Attaining access to sustainable funding.

MEMBERSHIP UNIT

The Membership Unit is responsible for the following functions within the Campaign:

- Processing of membership applications;
- Managing member compliance with the Campaign's criteria;
- Managing the illegal use of the logo and the accompanying phrase;
- Attracting and retaining members.

MARKETING UNIT

The Marketing Unit is responsible for the following functions within the Campaign:

- Defining and maintaining the Campaign's Strategic Marketing Plan;
- Managing regular advertising campaigns for educational and promotional purposes;
- Managing current and new brand building initiatives, such as the Homegrown Awards and Proudly South African Week (flagship projects);
- Developing and managing sector-specific projects;
- Developing and executing a public relations and communications strategy.

CORPORATE SERVICES UNIT

The Corporate Services Unit is responsible for the back-end of the Campaign's operations, which includes Finance, Human Resources and Information Technology. The Unit provides all services and resources required to ensure the smooth operation of the Campaign in attaining its strategic goals.



Human Resources

EMPLOYMENT EQUITY

OCCUPATIONAL LEVELS	MALE				FEMALE				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management					1				1
Senior Management	1			1				2	4
Professionally qualified and experienced specialists and mid-management	1							1	2
Skilled technical and academically qualified workers				2		1	2		5
Semi-skilled and academically qualified workers					7	2	2		11
Semi-skilled and discretionary decision-making					2				2
TOTAL	2	0	0	3	10	3	4	3	25

EMPLOYEE MOVEMENT

Groupings	African		Asian		Coloured		White		Disabled		Total
	M	F	M	F	M	F	M	F	M	F	
Number of employees recruited in 2006/2007		1				1	1	1			4
Number of employees promoted in 2006/2007	1	2					1	1			5
Number of employees dismissed in 2006/2007	3	2	1	1				1			8

REMUNERATION

Groupings	African		Asian		Coloured		White		Disabled		Total
	M	F	M	F	M	F	M	F	M	F	
>100 000		3				1					4
100 -150 000		5		2		1					8
150 - 200 000		1		1							2
200 - 250 000				1		1	1				3
250 - 300 000							1				1
300 - 350 000	1						1	1			3
350 - 400 000											0
> 400 000	1	1						2			4
TOTAL	2	10	0	4	0	3	3	3	0	0	25



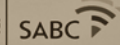
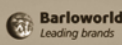
Many South Africans have not yet been touched by the growing prosperity of our young democracy. This begs the questions: How can we as a nation ensure that all our citizens share in the prosperity and also experience a life of dignity in our era of hope? Your intelligent purchase decisions to choose products and services that bear the Proudly South African logo can make a difference. When you buy Proudly South African you make a conscious choice to grow the economy, sustain existing jobs, create quality new jobs and eradicate poverty.

Buying Proudly South African helps build a proud South African nation with the hope of a dignified life for all our citizens.

Buy Proudly South African, and help build the pride and prosperity of our nation.



Proudly South African Founder Sponsors



Founder Broadcast Partner

Financial Overview

Report of the Independent Auditors

To the stakeholders 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 2007, 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 44 to 55.

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 2007, 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.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on pages 56 to 57 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
Chartered Accountants (S.A.)
Registered Auditors
Per: Mr Denas Hansjee
Director
Johannesburg

04 April 2008

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

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 of directors 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 2008 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 42.

The annual financial statements set out on pages 44 to 57, which have been prepared on the going concern basis, were approved by the board of directors on 04 April 2008 and were signed on its behalf by:

Director

Johannesburg

04 April 2008

Financial Overview

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

Directors' Report

The directors submit their report for the year ended 31 March 2007.

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 profit of the company was R 1,020,052 (2006: loss R 1,141,175).

2. Going concern

In order for the organisation to continue as a going concern, it requires funding from the Department of Trade and Industry to meet any shortfalls from its operations.

For the current year the organisation received a R10 million grant on 02 April 2007.

Membership numbers remained constant throughout the year. However, the income from membership fees has declined due to more lower-value members joining the campaign, with a loss of some high-value members.

3. Post balance sheet events

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

4. Non-current assets

There have been no major changes in the fixed assets during the year or any changes in the policy relating to their use.

5. Directors

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

Name	Change in appointment
R le Roux	Appointed 01 November 2006
M Moroka (CEO)	
R Parsons	
E Patel	
J Maqhekeni	
B Ntshalintshali	
K Mthembu	Resigned 31 January 2007
S Shezi	
L Kganyago	
V Mkosana	
D Mthlane	
L Kettleidas	
M Matshamba	Resigned 31 November 2006
H Mkhize	
D Mpofu (Chairperson)	Appointed 27 June 2006

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

Directors' Report

6. Secretary

The secretary of the company is Preya Keshav:

Business address

14 Jellicoe Avenue
Rosebank
2105

7. Auditors

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

Financial Overview

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

Balance Sheet

Figures in Rand	2007	2006
Assets		
Non-Current Assets		
Property, plant and equipment	671,481	997,220
Current Assets		
Inventories	484,549	724,376
Trade and other receivables	12,356,184	3,234,417
Cash and cash equivalents	3,399,065	8,207,941
	16,239,798	12,166,734
Total Assets	16,911,279	13,163,954
Equity and Liabilities		
Equity		
Retained income	13,015,482	11,995,430
Liabilities		
Current Liabilities		
Trade and other payables	3,780,199	465,527
Provisions	80,630	60,541
Bank overdraft	34,968	642,456
	3,895,797	1,168,524
Total Equity and Liabilities	16,911,279	13,163,954

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

Income Statement

Figures in Rand	2007	2006
Revenue	21,016,187	22,597,115
Cost of sales	(123,373)	(263,490)
Gross profit	20,892,814	22,333,625
Other income	2,695	1,650
Operating expenses	(20,554,918)	(23,768,787)
Operating profit (loss)	340,591	(1,433,512)
Investment revenue	679,461	618,786
Finance costs	-	(326,449)
Profit (loss) for the year	1,020,052	(1,141,175)

Financial Overview

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 April 2005	13,136,605	13,136,605
Changes in equity		
Loss for the year	(1,141,175)	(1,141,175)
Total changes	(1,141,175)	(1,141,175)
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 31 March 2007	13,015,482	13,015,482

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

Cash Flow Statement

Figures in Rand	2007	2006
Cash flows from operating activities		
Cash used in operations	(4,792,412)	(3,652,931)
Interest income	679,461	618,786
Finance costs	-	(326,449)
Net cash from operating activities	(4,112,951)	(3,360,594)
Cash flows from investing activities		
Purchase of property, plant and equipment	(89,560)	(532,641)
Sale of property, plant and equipment	1,123	9,889
Net cash from investing activities	(88,437)	(522,752)
Total cash movement for the period	(4,201,388)	(3,883,346)
Cash at the beginning of the period	7,565,485	11,448,831
Total cash at end of the period	3,364,097	7,565,485

Financial Overview

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

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
Computer software	3
Cell phones	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 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.

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.

1.3 Inventories

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

1.4 Provisions and contingencies

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

1.5 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.

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

Accounting Policies

1.6 Revenue

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

1.7 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.

Financial Overview

Proudly South African

(Registration number 2001/021636/08)

Annual Financial Statements for the year ended 31 March 2007

Notes to the Annual Financial Statements

Figures in Rand

2007

2006

2. Property, plant and equipment

	2007			2006		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	691,723	(302,208)	389,515	691,723	(219,296)	472,427
Office equipment	34,936	(19,287)	15,649	59,883	(32,244)	27,639
IT equipment	839,809	(675,926)	163,883	885,292	(616,418)	268,874
Computer software	860,773	(763,384)	97,389	833,928	(612,157)	221,771
Cell phones	14,152	(12,494)	1,658	14,152	(10,989)	3,163
Sundry Equipment	5,920	(2,533)	3,387	6,007	(2,661)	3,346
Total	2,447,313	(1,775,832)	671,481	2,490,985	(1,493,765)	997,220

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
Computer software	221,771	26,845	-	(151,227)	97,389
Cellphones	3,163	-	-	(1,505)	1,658
Sundry Equipment	3,346	1,228	(407)	(780)	3,387
	997,220	89,560	(22,629)	(392,670)	671,481

Reconciliation of property, plant and equipment - 2006

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	214,086	328,641	-	(70,300)	472,427
Office equipment	30,834	8,071	-	(11,266)	27,639
IT equipment	343,724	151,258	(10,921)	(215,187)	268,874
Computer software	449,313	41,049	-	(268,591)	221,771
Cell phones	4,199	2,222	-	(3,258)	3,163
Sundry Equipment	2,687	1,400	-	(741)	3,346
	1,044,843	532,641	(10,921)	(569,343)	997,220

3. Inventories

Promotional stock	484,549	724,376
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4. Trade and other receivables

Trade receivables	543,148	1,476,047
Trade exchange receivables	356,405	1,381,226
Prepayments	29,591	-
VAT	1,055,542	377,144
DTI Grant	10,000,000	-
Trade exchanges (expenses)	371,498	-
	12,356,184	3,234,417

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Notes to the Annual Financial Statements

Figures in Rand 2007 2006

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5,573	4,983
Bank balances	3,393,492	8,202,958
Bank overdraft	(34,968)	(642,456)
	3,364,097	7,565,485
Current assets	3,399,065	8,207,941
Current liabilities	(34,968)	(642,456)
	3,364,097	7,565,485

6. Provisions

Reconciliation of provisions - 2007

	Opening Balance	Additions	Paid during the year	Reversed during the year	Total
Provision for leave pay	60,541	104,317	(39,092)	(45,136)	80,630

7. Trade and other payables

Trade payables	3,648,468	295,004
Amounts received in advance	17,426	43,352
Unallocated deposits	114,305	127,171
	3,780,199	465,527

8. Revenue

Sale of goods	201,438	337,143
Rendering of services	125,373	1,806,087
Grants	10,000,000	-
Membership fees	10,631,208	16,637,885
Sponsorships	4,825	3,816,000
Sundry income	53,343	-
	21,016,187	22,597,115

9. Operating profit

Operating profit for the year is stated after accounting for the following:

Operating lease charges

Premises		
• Contractual amounts	427,200	404,718
Equipment		
• Contractual amounts	225,018	285,114
	652,218	689,832

Profit (loss) on sale of property, plant and equipment	(21,506)	(1,032)
Depreciation on property, plant and equipment	392,670	569,343
Employee costs	6,311,778	5,467,293

Financial Overview

Proudly South African

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Notes to the Annual Financial Statements

Figures in Rand	2007	2006
10. Investment revenue		
Interest revenue		
Interest received	679,461	618,786
11. Finance costs		
Interest and penalties	-	326,449
12. Auditors' remuneration		
Fees	121,080	86,836
13. Cash used in operations		
Profit (loss) before taxation	1,020,052	(1,141,175)
Adjustments for:		
Depreciation and amortisation	392,670	569,343
Loss on sale of assets	21,506	1,032
Interest received	(679,461)	(618,786)
Finance costs	-	326,449
Movements in provisions	20,089	(56,019)
Changes in working capital:		
Inventories	239,827	(115,999)
Trade and other receivables	(9,121,767)	(1,616,929)
Trade and other payables	3,314,672	(1,000,847)
	(4,792,412)	(3,652,931)
14. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	399,300	363,000
Operating lease payments represent rentals payable by the company for its office premises.		
15. Related parties		
Relationships		
Founder		NEDLAC
Related party balances		
Amounts included in Trade Payables regarding related parties		
NEDLAC	420,910	99,482
Related party transactions		
Rent paid to related parties		
NEDLAC	363,000	330,000

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Annual Financial Statements for the year ended 31 March 2007

Notes to the Annual Financial Statements

Figures in Rand	2007	2006
16. Directors' emoluments		
Executive		
2007		Emoluments received
Salaries		844,584
2006		Emoluments received
Salaries		351,958

Financial Overview

Proudly South African

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Annual Financial Statements for the year ended 31 March 2007

Detailed Income Statement

Figures in Rand	2007	2006
Revenue		
Sale of goods	201,438	337,143
Sundry income	53,343	-
Membership fees	10,756,581	18,443,972
Grants and Sponsorships	10,004,825	3,816,000
	21,016,187	22,597,115
Cost of sales		
Opening stock	(724,376)	(608,377)
Purchases	116,454	(379,489)
Closing stock	484,549	724,376
	(123,373)	(263,490)
Gross profit	20,892,814	22,333,625
Other income		
Bad debt recovered	2,695	1,650
Interest received	679,461	618,786
	682,156	620,436
Expenses (Refer to page 58)	(20,554,918)	(23,768,787)
Operating profit (loss)	1,020,052	(814,726)
Finance costs	-	(326,449)
Profit (loss) for the year	1,020,052	(1,141,175)

Proudly South African

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Annual Financial Statements for the year ended 31 March 2007

Detailed Income Statement

Figures in Rand	2007	2006
Operating expenses		
Advertising	(93,975)	(390,370)
Auditors remuneration	(121,080)	(86,836)
Bad debt	(1,579,945)	(560,219)
Bank charges	(37,677)	(36,006)
Commission paid	(73,860)	(622,700)
Compensation fund	-	(68,469)
Computer expenses	(144,768)	(256,750)
Depreciation	(392,670)	(569,343)
Employee costs	(6,311,778)	(5,467,293)
Entertainment	(11,021)	(34,835)
Insurance	(68,187)	(63,841)
Lease rentals on operating lease	(652,218)	(689,832)
Legal expenses	(296,207)	(512,837)
Loss on disposal of assets	(21,506)	(1,032)
Marketing expenses	(9,103,500)	(12,151,319)
Membership marketing costs	(789,404)	(1,297,356)
Petrol and oil	-	(181,852)
Photocopier costs	(22,064)	(16,218)
Postage	(38,725)	(105,932)
Printing and stationery	(105,660)	(57,153)
Repairs and maintenance	(11,572)	(12,852)
Staff training and incentives	(86,921)	(171,381)
Staff welfare	(34,229)	(27,597)
Telephone and fax	(314,674)	(257,031)
Transport and freight	-	(1,582)
Travel - local	(243,277)	(128,151)
	(20,554,918)	(23,768,787)

The Nca! Team

It's totally gratifying to be part of a Campaign that champions such a meaningful cause. Proudly SA is pure inspiration! Abt

I CALL IT HOME, THE PLACE WHERE YOU WILL FIND MY FAMILY, FRIENDS AND PAST. MY OFFICIAL DOCUMENTS AND MOTHER-TONGUE.. WHERE I LEARNED TO BE - *Justine*

"Because I have broken the shackles of the past and I'm using that steel to build bridges into my future" *Leenith*

It's an honour to be involved with such a passionate campaign & committed people who are focused on delivering the Proudly SA mandate - *Richard*

I AM PROUD TO BE A SOUTH AFRICAN BECAUSE WE ARE ONE NATION ONE MALA.

TIKO RA HINA NA LESWI HUMAKA EKA RONA I SWA NYIMO XA LE HENHLA - *EUSTACE*

Ek is trots Suid-Afrikaans!
 Ek het in before die ons land wat
 en 'n reuse in 'n land wat
 soveel trek ons te bled,
 in die Zeffe,
 die hoop, die Zeffe,
 dat daar is 'n alle
 teatous in alle
 Suid-Afrikaans sal
 'n Zeffe, 'n Zeffe ons
 in 'n Zeffe, 'n Zeffe
 gelede Zeffe, 'n
 Zeffe, 'n Zeffe
 Zeffe, 'n Zeffe

There is no place like home *Leish*

South Africa is one of the most beautiful, modern & productive countries in the world that faced significant challenges with significant successes *Bev*

KE MOTLOTLO HOBA MOAFRIKA BORWA, BOTHO BAKA LE MAIKHLE O AKA A NKENTSE HORE KE BE KONGKONO. I LIGHT UP THE LIVES OF PEOPLE AROUND ME. *Anne*

To be in a place of boundless opportunity This is my place *Wayne*

Trots Suid-Afrikaans; want alles wat 'lojal' is is LEKKER *Daly*

Hi nkhensa ku seketeriwa ni ku tonyungabyisa ka n'wana hi p'humba ra "Proudly South African". *TINYIKO*

It's a pleasure seeing such a local campaign that can fundamentally change the economic and entrepreneurial environment by circulating good practices rewarded by buy local behavior. And thanks to the nca! team. *Manana*

