



Build the prosperity of  
our **Nca!tion**

**PROUDLY SOUTH AFRICAN**  
**ANNUAL REPORT 2008/2009**

**PROUDLY**  
**SOUTH AFRICAN**



ANNUAL REPORT: 1 APRIL 2008 - 31 MARCH 2009

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Proudly committed to bringing Pride and Prosperity to our Nation

## Chairperson's overview



Dali Mpofo

Proudly South African's quest is to spread the *Buy Local message through its Consumer Education Outreach campaign* that conveys an important message to educate current members, prospective members and consumers on the significance of buying local. In short, any organisation, business or company that supports the campaign's aims and objectives is required to consistently inspire an increased natural focus on the quality of locally-produced products and services. Increased productivity through employee and environmental development remains a key element offering competitive advantage in a country that is growing more connected and open. Cost efficient solutions such as time saving technology and faster product cycles provide a sustainable competitive advantage for local industry, which directly impacts on job creation so that all South Africans can enjoy economic freedom and quality of life. Also, the intention of Proudly South African is to stimulate innovative entrepreneurship, improve efficiency within local trade and industry and invite inward investment.

Of all the basic qualities required by those responsible for developing South Africa's image, objectivity is deemed the most valuable, and often the hardest to achieve. It is critical that the inventor or manufacturer adopt an unbiased view of their product by anticipating and meeting the needs of the "customer's customer", the consumer. This principle has held Proudly South African in good stead over the past eight years since its inception, judging by the commitment to excellence of its member companies, as well as their compliance to support job creation objectives. Milestones include the PetroSA HomeGrown Award ceremonies, which showcase the diversity of our member organizations and their contribution to nation-building.

It is with pride that I extend sincere gratitude to the Strategic Partners of the Proudly South African Campaign and other stakeholders, in particular the CEO Ms. Manana Moroka and her dedicated team for their foresight in identifying prospective members and areas where commercial opportunities exist that need to be developed.

Proudly South African's mission is to also encourage women empowerment as an emerging economy and to make it easier for them to run small firms; while a key problem is finding investors to finance the start-up ventures and bring the products and services to market. Proudly South African, due to its diverse platforms, is able to assist emerging business owners in securing viable market access. Making use of the best capabilities to identify and satisfy real market needs is within the grasp of any company or institution, whether it renders a service or manufactures a product. Any public entity, sports body, school, tertiary institution, government department, municipality, NGO, town or city or even an individual, should ideally re-examine their customized inputs on a regular basis, to identify new ways to bolster learning curves, scale economies, and focus on efficiency to grow their brand identity and Proudly South African can be the brand to compliment their brand.

Proudly South African recognises that it can only reach its pro-active goals if all stakeholders such as participating members, government and civil society work together in positioning the country's internal market mechanisms. Rapid advancement of local industry means that South Africa should continually shape and re-shape its national identity as it drives the core principle of Buy Local. Proudly South African is confident that through its sustained collaboration with government and other constituencies it will realise its vision to build a better life for all.



# From the Overall Convenors

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**NEDLAC Overall Convenor, Government, for Proudly SA**



Les Kettleidas

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

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

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

We are convinced that the desired behavioural change – “Buy Local” – is not only highly desirable to strengthen our country’s social and economic fibre, but also within reach. What is increasingly required is for the various spheres of government to set an example and to put their buy local commitment to the test in a practical and quantifiable manner. I believe the decision to include a category for government in the annual Proudly South African HomeGrown Awards is an excellent initiative that will also ensure that this important constituency demonstrates its own performance in terms of the Proudly SA criteria.

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

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



NEDLAC Overall Convenor, Labour, for Proudly SA



Ebrahim Patel

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

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

The labour constituency, together with Proudly SA, in the past year faced the challenge of promoting consumer choice for locally-manufactured items in the clothing and textile industry especially, as a means of assisting this labour-intensive sector to regain a sound footing in the local manufacturing industry.

This has been a tough challenge, given the proliferation of imported clothing and textiles from across the globe. However, the growing emphasis on ethical trading with a focus on responsible environmental and labour practices in manufacturing was seen as a great opportunity to entrench the Buy Local rationale.

Creating a better understanding of how local procurement/purchasing helps to grow our economy and promotes business competitiveness demands a long-term investment in consumer education. This has prompted the Labour Constituency, through Cosatu Western Cape, to launch a promising pilot project, in collaboration with Proudly SA, to extend the reach of the Buy Local message in the Western Cape.

It involved the training and commissioning of volunteers to promote the buy local rationale. It is anticipated that this pilot project, which in essence is an extension of the existing Christmas Buy Local Campaign, may point the way for expanding this initiative to other areas in the future, while making a practical contribution to the shared aim of safeguarding existing jobs and stimulating job creation through the promotion of Buy Local. As organized labour we look forward to continue working closely with Proudly South African to engage society at large to help promote economic growth which is sustainable and equitable.

## From the Overall Convenors

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### NEDLAC Overall Convenor, Business, for Proudly SA



Raymond Parsons

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

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

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

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

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

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

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

NEDLAC Overall Convener, Community, for Proudly SA



Lulama Nare

History time and again serves as a reminder of the invaluable contribution that a consumer movement can make in achieving political, economic and social justice.

Translating consumer awareness into the appropriate “Buy Local” behaviour is indeed a tall order, which requires the active support of a wide range of stakeholders. As a community constituency we take pride in the progress made by the Campaign in the past financial year to enhance collaboration amongst all constituencies in pursuit of our overall aim – the safeguarding and creation of jobs, economic growth and greater prosperity for all!

Community organizations remain important grass-roots instruments to promote an understanding and support of the impact of local purchase behaviour.

The Campaign has made great strides in this regard by formalizing relations with organizations such as Indalo Yethu, the National Youth Commission and LoveLife that believe in the Proudly South African ethos and rationale and are able to magnify the message and exert influence to change purchasing behaviour and help cultivate an appreciation for local.

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

progress made in enlarging the Campaign’s footprint across our country.

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

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





# Board of Directors and Sub-committees of the Board as at 31 March 2009

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## Board of Directors and Sub-committees of the Board as at 31 March 2009

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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:

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

Ms. Manana Moroka                              CEO, Proudly South African

Mr. Herbert Mkhize                              Executive Director, Nedlac

### Government

Mr. Iqbal Meer-Sharma                              Deputy Director General, Trade and Industry South Africa

Mr. Les Kettleidas                              Deputy Director General: Department of Labour

### Organised Labour

Mr. Ebrahim Patel                              Nedlac Overall Convenor, Labour General Secretary, SACTWU

Mr. Joseph Maqhekeni                              President: NACTU

Mr. Bheki Ntshalintshali                              Deputy General Secretary, COSATU

### Organised Business

Prof. Raymond Parsons                              Nedlac Overall Convenor, Business Deputy CEO, BUSA

Mr. Michael McDonald                              Chief Economist, Seifsa

Mr. Jerry Vilakazi                              Chief Executive Officer, BUSA

### Community representatives

Mr. Sizwe Shezi                              Nedlac Overall Convenor, Community (Up to August '08) President,  
South African Youth Council

Ms. Lulama Nare                              Nedlac Overall Convenor, Community (From November '08) Gender and HIV Officer,  
SADTU

Ms. Laura Kganyago                              National Women's Coalition

Mr. Dumisane Mthalande                              South African National Civic Organisation (SANCO)

## Board of Directors and Sub-committees of the Board as at 31 March 2009

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### BOARD SUB-COMMITTEES

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

#### Membership and Marketing Committee

Mr. Herbert Mkhize (Chairperson)

Mr. Dumisani Mthlane (SANCO)

Mr. Michael McDonald

Mr. Ebrahim Patel

#### Human Resources and Remuneration Committee

Ms. Laura Kganyago (Chairperson)

Prof. Raymond Parsons

Mr. Les Kettledas

Mr. Bheki Ntshalintshali

Mr. Herbert Mkhize

#### Audit Committee

Mr. Joseph Maqhekeni (Chairperson)

Mr. Sizwe Shezi (Up to August '08)

Ms. Lulama Nare (From November '08)

Mr. Iqbal Meer-Sharma



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# Marketing

## Marketing

The Marketing Department has managed to successfully implement eleven of the Campaign's twelve flagship projects as a means to achieve key objectives relating to both visibility and awareness, as well as uptake of products and services that bear the Proudly South African logo. Having to contend with a limited budget, creative thinking and innovation ensured that these opportunities were delivered on.

## Research

The approach followed ensured that the existing awareness rate was maintained at a high level, with a slight decline in the desired purchase behaviour over the last three months of the financial year.

Interestingly, most purchases of Proudly South African products or services have occurred within the following sectors:

- The highest uptake, as could have been expected, was amongst Fast Moving Consumer Goods (FMCGs);
- There was some growth in the Clothing, Textiles and Footwear sector, while
- The Pharmaceuticals and Financial Services sectors also enjoyed a fair measure of support.

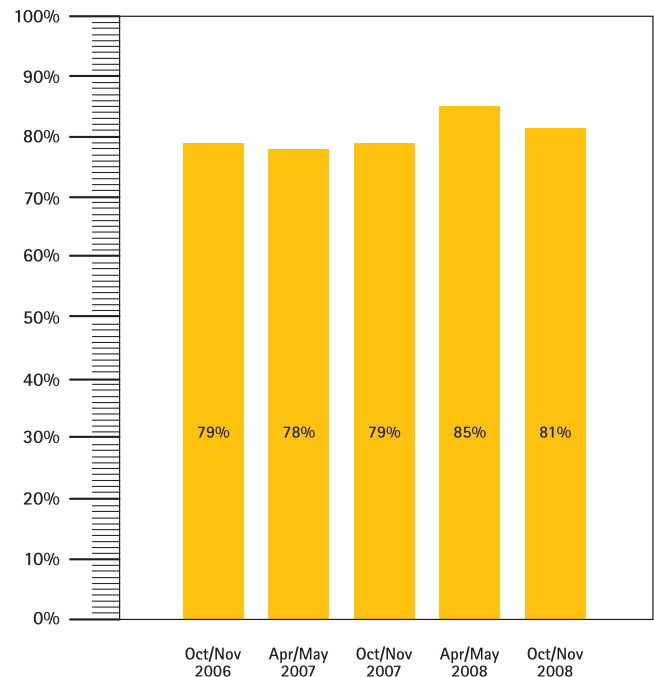
It was found that consumers strongly associate the Proudly SA logo with local production, quality and an underlying feeling of patriotism. In general, the research confirmed that there have not been significant changes in the status of awareness and purchasing levels of Proudly South African products and services. This is attributed to the fact that the investment made in terms of above-the-line marketing remained at a relatively low level throughout the financial year.

Although the Campaign is mostly well received and the gist of it well understood, and ongoing effort is required to educate consumers on the Campaign's intentions. This is also necessary to achieve the desired impact in terms of how support of local products and industries promotes economic growth and contributes to the overall well-being of the country.

## Awareness

Question Asked: Have you seen this logo before?

Base: All respondents



Research conducted by:

Markinor (2002 - 2007)

A C Nielsen (2008 - 2009)



**Brand Integrity**

The necessary measures are in place to safeguard the integrity of Proudly South African, a recognised “Superbrand”.

The Proudly SA logo is registered as a Trade Mark, in all classes, under the Merchandise Marks Act. It is also registered with Customs (SARS) under the Counterfeit Goods Act.

The use of the Proudly SA logo is managed and monitored on a continuous basis. Companies that had resorted to using the wording Proudly SA or Proudly were requested to remove the wording or to withdraw their registration, or pending registration with the Registrar of Companies at CIPRO.

**Proudly South African Week/Month**

A comprehensive Proudly SA Week strategy was developed, while execution was effected through a conservative internal budget, together with strategic partnerships.

New information and communication technologies aimed at effectively reaching the technology-oriented market were used for the first time by the Campaign.

The Mobisite-based, Please Call Me (PCM) facility was used before, during and after Proudly SA Week to communicate salient messages.

This was accompanied by the normal mainstream media and public relations activities.

The core of the activities was presented over a week. However, with the support of strategic partners and stakeholders, Proudly SA week was in effect extended to a month.

The Proudly SA budget was allocated for the activities performed in the core week-period, while numerous other activities were executed in collaboration with partners and sponsors, such as:

- **The dti**
- Umsobomvu Youth Fund
- COSATU
- National Productivity Institute
- SA Disability Association
- Soweto Business Executive Chamber (SOBEC)
- Community constituencies – Heritage day.

**Think local, eat local, wear local and buy local.**

When you buy Proudly South African you are supporting companies that comply with:

- Good, homegrown quality**
- Use local content**
- Exercise fair labour practices**
- Uphold responsible environmental standards**

For more information contact:  
(011) 327-7778 or visit [www.proudlysa.co.za](http://www.proudlysa.co.za)



## HOME GROWN AWARDS '07

CELEBRATING THE BEST PROUDLY SOUTH AFRICAN  
COMPANIES, PRODUCTS & THE PEOPLE BEHIND THEM

### PetroSA Proudly South African HomeGrown Awards 2007

This annual highlight during which innovative members companies are acknowledged for excellence was attended by 520 distinguished guests during an exquisite African-themed event at the Birchwood Hotel and Conference Centre on 21 June 2008.

The overall theme for the Awards was United we stand as a Nca! Nation! The dramatic introduction to the event set the tone for this very special evening...

"South Africans are a one of a kind - unique and special. We are Proudly South African.

Having risen from the brink of disaster, we embrace our political freedom and nurture our boundless spirit of reconciliation to shape a positive destiny for our people, our country, our continent.

**United as a Proud Nca!tion** we are committed, individually and collectively, to become the best that we can be – to ensure that our political freedom truly translates into social and economic freedom for all.

To redress the injustices of the past, while doing justice to the need for quality of life for all, we need to "unlearn" those behaviors that are not conducive to our growth and accept diversity as our unique strength. Moral integrity, respect for human dignity, a positive attitude and the drive to always strive to do better forms the very foundation of our competitive advantage as a nation.

We will honour the call of the wise and encourage, through our example, those principles that will ensure our prosperity. As Steve Biko so eloquently confirmed. "The power of a movement lies in the fact that it can indeed change the **habits** of people. This change is not the result of force but of dedication, of **moral persuasion**".

United as a Proud **Nca!tion** we will continue to nurture the ethos that both defines and guides us – we are Proudly South African!

The event was graced by the presence of numerous dignitaries, including the Minister of Trade and Industry, Mr Mandisi Mphahla, who also delivered the keynote address; guest speaker, Dr. Popo Molefe, the Chairman of founder member and main event sponsor, PetroSA; as well as Proudly SA Board members, Campaign members and finalists. Fifty companies had collectively entered a record number of entries for the awards. Winners were chosen nationally from Proudly SA members that had entered the awards in one or more of the nine categories.



Scoping **Company of the Year** in the corporate category was **Eveready (Pty) Ltd** and **Bandito's Chile Company** in the SMME category. Both companies were found to be making a significant contributing to socio-economic development, employment creation and in enhancing the reputation of local products and services.

Eveready stood out for its cutting edge technology to harvest wind as a source of renewable energy. Bandito's Chile Company started out as a family-owned business in 1994 and had expanded to the point where it was exporting a truly home-grown product to chilli lovers in other parts of the world.

The category winners were as follows:

- Product of the Year - **(1)** G.U.D. Holdings (Pty) Ltd (Corporate) and **(2)** Green Banana Industries (SMME);
- Service of the Year - **(3)** BSG Africa (Corporate) and **(4)** Hands on Treatment (SMME);
- Innovator of the Year - **(5)** Eveready (Pty) Ltd (Corporate) and **(6)** Tutuka Motor Holdings (Pty) Ltd (SMME);
- Exporter of the Year category was clinched by **(7)** Bandito's Chile Co (SMME);
- CSI Champion of the Year - **(8)** OUTsurance Insurance Co Ltd (Corporate) and **(9)** Green Office (Pty) Ltd (SMME);
- Nation Builder of the Year - **(10)** South African Ballet Theatre and **(11)** Soweto Small Business Executive Chamber (both non-governmental organisations);
- Manufacturer of the Year - **(12)** G.U.D. holdings (Pty) Ltd (Corporate) and **(13)** Chemlog (SMME);
- Education Institution of the Year - **(14)** Victoria Girls' High School.

Winners were chosen by a panel of eight distinguished judges, representing business, trade unions, government and the community, who had the pleasure of deciding on those companies that had excelled in delivering the Proudly SA promise.





## Marketing

### Endorsement Campaign

This campaign was developed to enhance the reputation and credibility of the Proudly SA Campaign, through the support of and endorsement by credible political leaders, leaders in business, and other societal role-models.

Sixteen endorsements advertisements were placed in appropriate media during this fiscal year.

**What do these people have in common? They salute the Women of Africa!**








Dali Mpofu  
Chairperson, Proudly South African

Herbert Mkhize  
NEDLAC Executive Director

Ebrahim Patel  
NEDLAC Overall Convenor, Labour

Raymond Parsons  
NEDLAC Overall Convenor, Business

Sizwe Shezi  
NEDLAC Overall Convenor, Community

Les Kettleidas  
NEDLAC Overall Convenor, Government

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 sponsored by PetroSA, Eskom and SAA in recognition of the exemplary contribution of Proud South Africans

PSA230CONVENOR/PROUDLY SOUTH AFRICAN COMMUNICATION TEAM

Strategic Partners

Founder Broadcast sponsor

  
 the dti  
 DEPARTMENT OF TRADE AND INDUSTRY  
 REPUBLIC OF SOUTH AFRICA

  
 SOUTH AFRICAN AIRWAYS

  
 Eskom

  
 PetroSA

  
 SASA

  
 COBATU

  
 BUSA  
 BUSINESS ASSOCIATION OF SOUTH AFRICA

  
 MEDUSA

  
 SABU

  
 SABS

  
 SABC

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

### Consumer Education Outreach Campaign

The successful outcomes of this flagship programme were attained through the outreaches to provincial government, especially North West, Limpopo and Free State Provincial Government, as well as the CEO Forums which assisted in stimulating Business to Business activities.

The Consumer Education Outreach Campaign was developed to increase awareness, educate consumers and to increase the uptake of Proudly SA members' products and services. It was developed in line with Proudly South African's strategy of enhanced overall delivery.

The aim was to focus on a behavioural change to ensure enduring consumer loyalty in Phase II of the

Campaign - **Buy Local**. The target groups catered for were LSM 1-5 and LSM 6 upwards. Both above- and below-the-line marketing activities were utilised.

Due to budget constraints Proudly SA has not conducted road shows, but has partnered with various organisations, especially members, instead to communicate the Proudly SA message.

These included optimising Lap Desk road shows; Umsobomvu Youth Fund and the Youth Commission's programmes; CGF/SETA Road shows; Campaigns/ events of **the dti**, other strategic partners and Proudly SA member events and exhibitions.

No less than 49 events and twenty exhibitions were participated in as partners during 08/09. These had a reach of approximately 100 000 people.

Proudly SA CEO Forums were a regular feature in Gauteng and the Western Cape where they were presented on a monthly basis. These forums offer a platform for members to network and to pursue Business to Business opportunities. The retention of current members and recruitment of new member was also an important motivation.

Hosted and sponsored by members, as well as non-member companies, the Forums have proven to be very popular amongst members and were very well attended. A limited number of attendees – 30 to 35 maximum were accommodated at each session.

Ten Forums were held during this year – four in Gauteng, three in the Western Cape, one in KwaZulu/Natal, one in the Free State and one in North West Province.

As part of a Proudly SA /COSATU partnership, the Campaign agreed to contribute financially to two staff members who had been appointed by COSATU Western Cape for a 12 month period. These staff members are managed jointly by COSATU and Proudly SA.

This initiative is part of a pilot project to educate Cosatu's Shop Stewards and members about the Proudly SA Campaign. It is anticipated that they in turn could influence their respective companies to support the Campaign. If successful, COSATU will engage with Proudly SA to roll-out this project to their members in the other provinces, too. Quarterly reports were presented to Proudly SA.

### Youth Campaign

This campaign was developed to educate the youth and to confirm the buy-in and support of young people in South Africa.

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, 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;

- To promote a culture of appreciation for and buying of locally produced products and services.

Various activities were planned to reach learners at schools, including Proudly SA Schools and young people in the community at large. It included the following:

- P n P/Proudly SA Educational Campaign to all Proudly SA Schools and new schools. 1 700 schools throughout South Africa were targeted;
- An educational toolkit was developed for beginners, intermediate, seniors and FET learners;
- This campaign also served as a tool to increase the number of schools registered with the Proudly SA Campaign – approximately 300 schools had joined the Campaign by the end of June 2008;
- The **Nca!** Art Awards formed part of the P n P/Proudly SA Schools Campaign;
- Above-the-line marketing activities such as radio and TV interviews, as well as print advertisements with trade exchange partners were undertaken;
- Below-the-line marketing initiatives such as schools outreach programmes, in partnership with Proudly SA members such as Lapdesk, Hotdogz Inc, and other partnerships with Um sobomvu, Youth Commissions and UNICEF were also pursued.

Throughout this financial year Proudly SA supported various schools and tertiary institutions with numerous requests and activities.

### Easter Campaign

Proudly SA partnered with COSATU for the Easter awareness and buying campaign. The pilot project was launched for the Western Cape only. Proudly SA developed co-branded leaflets with Cosatu, as well as banners and other promotional items for this campaign. It included an advertising campaign in various print media as part of the Proudly SA retention strategy focusing on the profiling of Proudly SA member companies.



**PROUD! Magazine**

The next issue of the PROUD! Magazine was published and distributed at the PetroSA Proudly SA HomeGrown Awards 2007/08. The purpose of the magazine is:

- To educate consumers;
- To communicate success stories of Proudly SA and other successes and positive stories of ordinary South Africans doing extra-ordinary things;
- Showcase Proudly SA members, their products and services and to entice non-members to join the Campaign.

Important changes to the magazine included the following:

- Having three editions per year rather than four as a cost-saving measure;
- Not having the magazine for sale on news

stands due to wastage, but rather direct mailing to members, stakeholders, strategic partners and clients;

- Distributed at relevant and high profile Proudly SA events;
- Reduced print order to 7 500;

In addition a strategy to generate revenue to pay for the production of the magazine was implemented. This required the Campaign to identify key clients to advertise at R15 000 per issue, (R45 000 per annum) for a full page advertisement together a mention in the foreword which could be subsidised from membership fees if relevant.

The new publishing company is The Publishing Partnership.



# MOBILISING THE NATION

Spare a thought for the poor old ticky box – its glory days are over. The emergence of the cell phone has revolutionised the way we speak to one another. **Belinda Anderson** investigates the new right to freedom of speech on the move.



**T**he year 1994 ushered in not only a new democracy in South Africa, but also a new era of communications. In 1993 only nine out of every 100 people had a landline. Who'd have thought that just 13 years down the line nearly three quarters of South Africans would be talking to each other on mobile telephones?

Few people realised quite the impact the launch of the cellular industry would have on the country. In fact, a Capgemini & Lybrand study, commissioned by Telkom before it launched Vodacom, predicted the potential number of subscribers could be as large as 100 000 by the year 2005. But, here we are in 2007 with roughly 39 million SIM cards out in the market!

Although this figure doesn't quite reflect the number of people using cell phones (many people have more than one SIM card) the country's 20% to 30% penetration levels are staggering – particularly for a developing economy.

So many years ago, only the elite few had access to cell phones. Today, it's quite normal to see domestic workers chatting on their mobiles while waiting on street corners for a taxi.

Or small-business entrepreneurs like gardeners and pattern advertising their services on street corner cardboard placards, leaving their cell phone numbers.

Africa Analysis managing director André Wills said few understood back then the fundamental change that mobile communications would bring about on South Africa, or any other market. The phenomenal growth that followed just how great the impact on demand had been for people to communicate with each other. Wills believed mobile telecommunications had enabled people to talk to each other irrespective of race, colour and creed. Further, the industry had also boosted the ability of small companies to expand their businesses, be it through customer and service more efficiently. The number of small businesses, like plumbers, gardeners and garden services, had also enhanced big business, enabling out-of-office staff, such as sales people, to communicate more quickly, and other functions to be carried out more efficiently.

Another big benefit had been putting communication in the hands of the traveller, although international roaming remained expensive, he said.

While water calls remained the dominant revenue generator for mobile operators, Wills explained that in the future there would be a proliferation of mobile applications, like cell phone



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- Showcase Proudly SA members, their products and services and to entice non-members to join the Campaign.

Important changes to the magazine included the following:

- Having three editions per year rather than four as a cost-saving measure;
- Not having the magazine for sale on news stands due to wastage, but rather direct mailing to members, stakeholders, strategic partners and clients;
- Distributed at relevant and high profile Proudly SA events;
- Reduced print order to 7 500;

In addition a strategy to generate revenue to pay for the production of the magazine was implemented.

This required the Campaign to identify key clients to advertise at R15 000 per issue, (R45 000 per annum) for a full page advertisement together a mention in the foreword which could be subsidised from membership fees if relevant.

The new publishing company is The Publishing Partnership.

#### **Above the Line Advertising:**

Sixty-four different print advertisements were placed in various print media. Together with print trade exchange partners total cost incurred was R1 655 666.

The breakdown of this figure was allocated as follows:

R135 030.00 -Trade Exchanges;

R341 333.33 - Printing of Proud! Magazine;

R1 179 302.70 – Paid for advertising

The total value of media coverage and added value was R 11 990 367.00. This was made up as follows:

Print media: R6 953 508.53

Radio: R1 792 674.10

TV: R796 058.65

On-Line: R 939 871.10

Partnerships: R993 943.97

Cosatu: R514 312.25

#### **2010 FIFA World Cup**

Information on various 2010 Business Opportunities or Workshops was distributed to all Proudly SA members. Travel and Tourism was a special focus, while SMMEs were also encouraged to register with the Local Organising Committee (LOC). Information on Events Management Companies, etc was also made available.

A proposed MOU was submitted to the 2010 LOC for the second time – by the end of the financial year an outcome of the proposal was still being awaited.

The Proudly SA CEO made a presentation to the Free State Premier and her Executive Committee as part of the 2010 Social Cohesion projects.

An MOU was presented to SAFA and feedback and

confirmation is being awaited. The proposal focused on building a national supporters' base for Bafana Bafana - a programme which will be rolled out to all provinces - "Sea of Gold".

An MOU is to be signed with the Western Cape Youth Commission with a special focus on 2010 activities.

The Proudly SA CEO was been appointed by the 2010 National Communication Partnership (NCP) and the GCIS to serve as the 2010 Arts and Culture Communication Cluster Champion for 2010.

This cluster has to facilitate, identify and develop communication platforms to disseminate relevant 2010 messages. The CEO has nominated a representative, high-profile committee which will be part of the process.



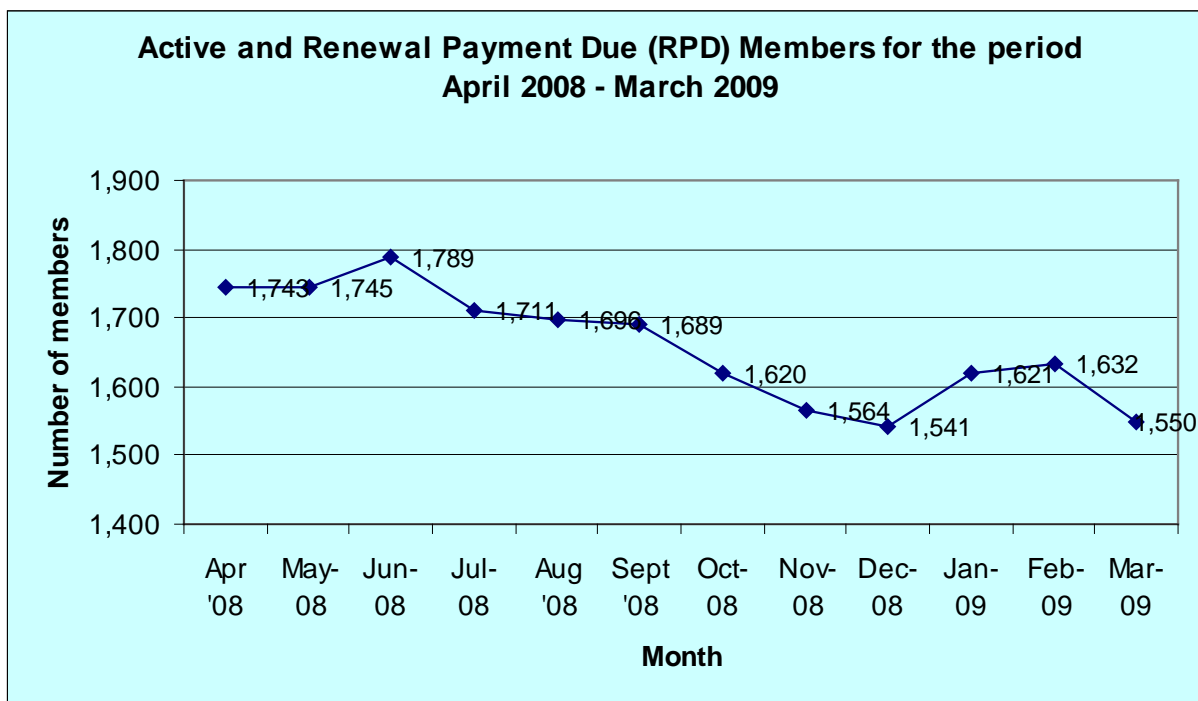
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# Membership

**Membership overview and trends**

The Proudly South African Campaign gained 47 new members during the year under review. However, the slow-down in the global economy had already begun to make its impact felt on many member companies. This, together with the natural attrition which accompanies any membership-driven organisation has resulted in an overall 12% year-on-year decline in membership, with 1 550 active and renewal payment due members being registered with Proudly South African on 31 March 2009. This is 324 less than a year ago.

Most members who opted not to renew their membership of the Campaign, indicated financial restrictions with the necessity to redirect funds initially earmarked for Proudly SA membership to other critical operational costs as a major consideration. Other reasons for non-renewal included the closing down of some companies, as well as mergers and in some instances the incorporation of member companies into other companies, some of which are not wholly or substantially South African, which would naturally preclude them from qualifying for membership of Proudly South African.



The members who had left the Campaign due to **normal attrition** mostly attributed their non-renewal or cancellation of membership to the lack of tangible benefits such as explicit preferential procurement points for Proudly SA members from government, as well as the fact that, contrary to expectations held by some members, Proudly SA membership per se was not accommodated in the Broad Based Black Economic Empowerment Scorecard.

The sharp decline in membership reflected for the months of November 2008 and March 2009 was due to the clean-up of the Campaign's membership data

base during those periods. This involved removing or canceling members from the database whose membership fees had been outstanding for a period in excess of 120 day. A substantial number of prominent and active large corporate member companies have renewed their membership of the Campaign.

Eskom and Petro SA renewed their sponsorship of the Proudly SA campaign for the year under review and thus continued to support the Campaign in line with their initial commitment as founder sponsors.

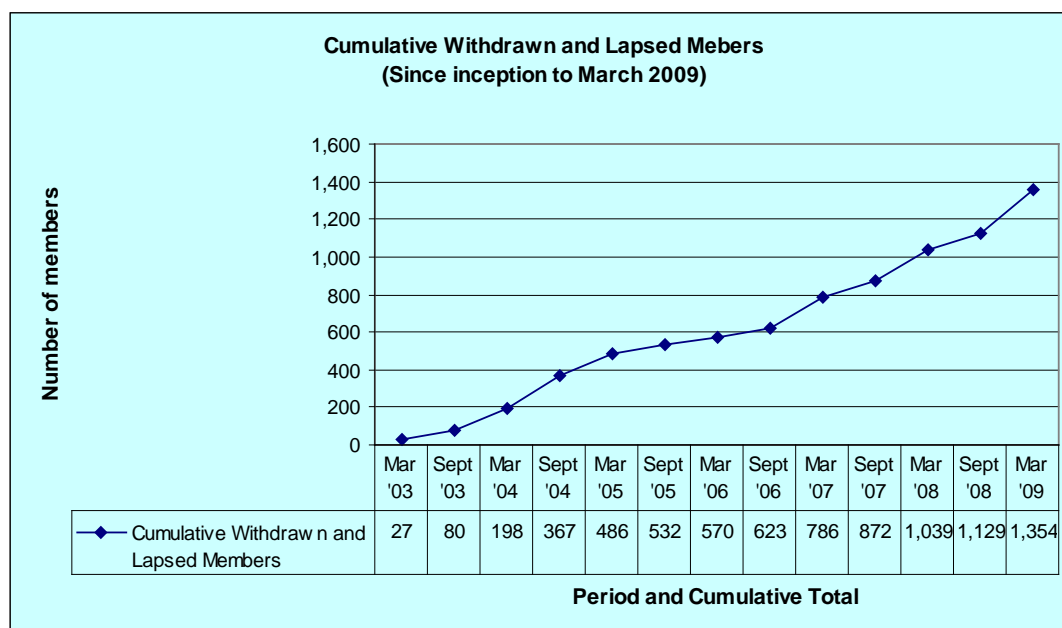
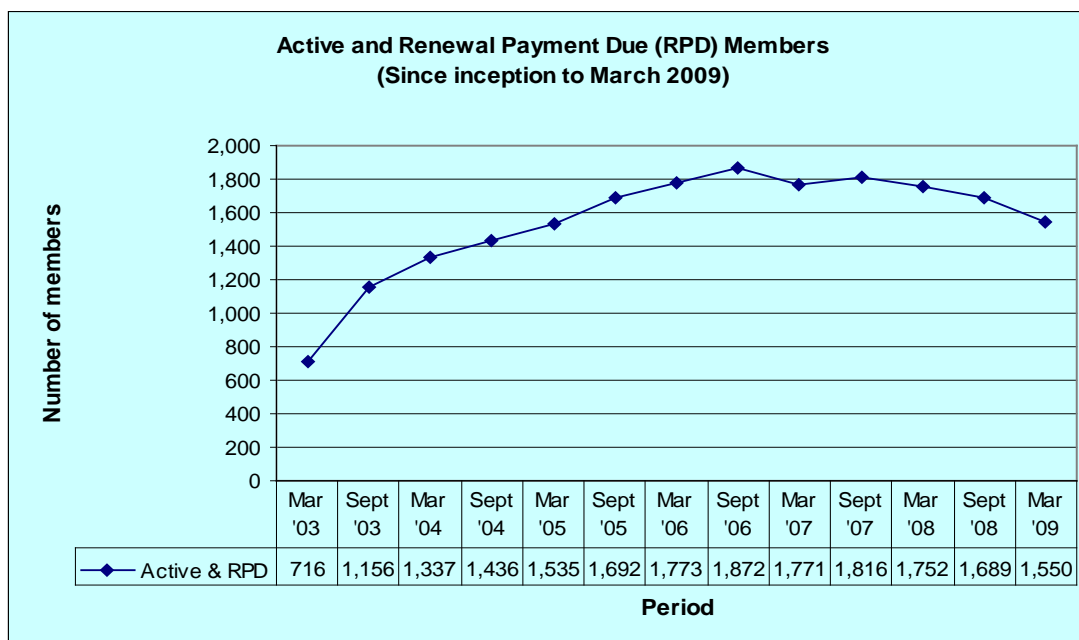
## Membership

### New members

Most of the new member companies that joined the Campaign in the year under review could be classified as SMMEs. Businesses in this category derive great value by associating their brands with the Proudly SA **Buy Local** campaign. A fair number of NGOs and non-profit organisations took their commitment to “good work” as “Proud South Africans” a step further by becoming members of the Campaign.

Platforms such as exhibitions and events organised or secured by the Marketing Unit for face to face interaction or business to business and business to government networking are continuously used to recruit new members.

### Historic analysis of membership





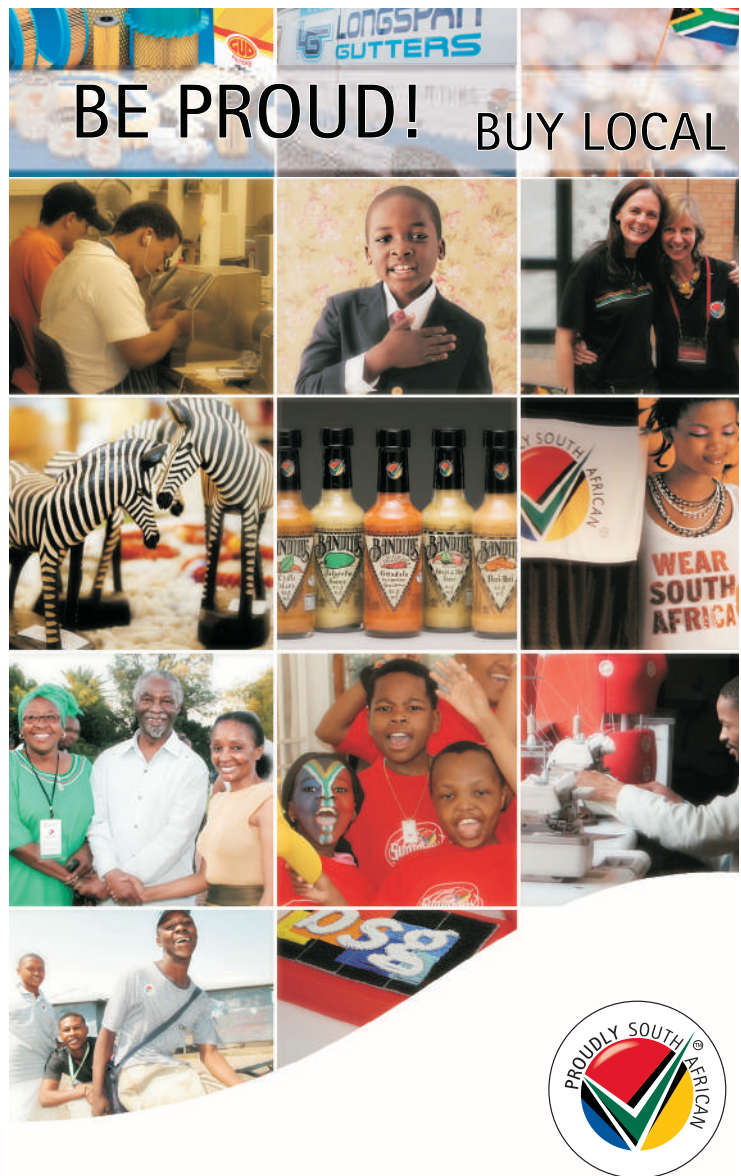
As depicted in the graph above, the decline in membership during the year under review has brought the current membership figure in line with the membership figure for March 2005 when the Campaign was still stabilising and establishing itself in the market.

Despite the decline in membership, the Campaign continues to attract interest from a diverse array of sectors, with members having a presence in at least 27 different sectors or industries. The highest representation is in Industrial Manufacturing; Tourism, Travel and Hospitality; Agriculture; Financial Services; Industrial Manufacturing; Information and Communication Technologies; Media, Marketing and Publishing; Professional Services, as well as the Services Sector.

The reinforcement and repositioning of the Campaign as the National Buy Local campaign is expected to significantly improve the number of members to be recruited into the Campaign. It is also expected to boost the renewal rate amongst current members.

It is anticipated that the above, together with other factors such as those enlisted below, will ensure a new growth trajectory in terms of membership in the new financial year:

- the projected economic recovery which will bring some financial relief and new opportunities for members;
- the sector-specific Buy Local and other campaigns Proudly SA is championing;
- the lobbying of all spheres of government and business to actively buy local and to give preference to local companies, especially Proudly South African members, when procuring; as well as
- targeted campaigns aimed at changing consumer purchase behaviour in favour of locally-produced products and services.



Proudly sponsored by PetroSA, Eskom and SAA in recognition of the exemplary contribution of Proud South Africans

PSA234PSAWEEK/Proudly South African Communications Team

**Founder sponsors**

**Strategic Partners**

**Founder Broadcast sponsor**

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



# Compliance

## Compliance

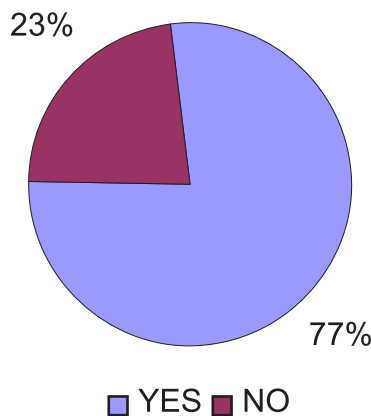
The Proudly South African Campaign has a set of criteria which is used as a benchmark against which applications for membership are evaluated. Companies that apply for membership have to indicate, and substantiate, where possible, their status in terms of the following:

- Local content - at least 50,1% of the cost of doing business/production or rendering the service should be incurred within the borders of South Africa;
- Quality, which relates to checking whether the service or product is of a high quality and complies with set standards or benchmarks applicable to products or services in the particular industry the company resides in;
- Adherence to fair labour practices, as is determined by the labour legislation of the country;
- Environmental practice - sound environmental practices needs to be followed, as well as an environmentally responsible production process, where applicable.

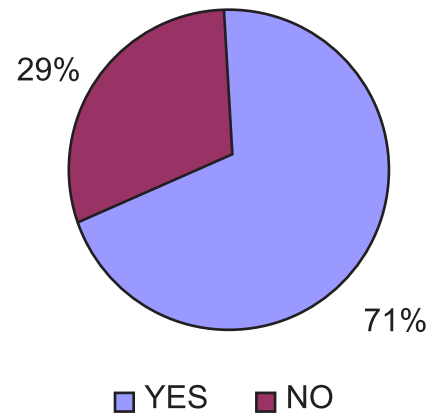
### Renewals

Membership of the Campaign is renewable annually. Compliance checks are conducted when members renew their membership. This is necessary to ensure that they continue to comply with the Campaign's criteria. During the 2008/09 financial year the credentials of 722 members were successfully verified, mostly through desktop compliance research. Compliance visits were made to member companies in some instances. The outcome of the compliance checks are reflected in the following graphs:

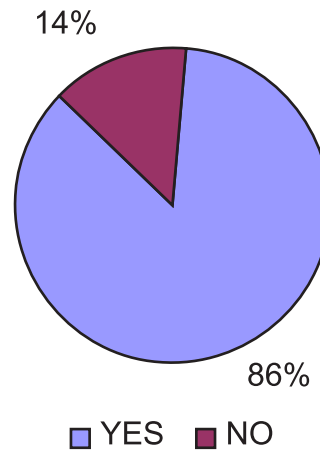
#### Criteria: Local Content



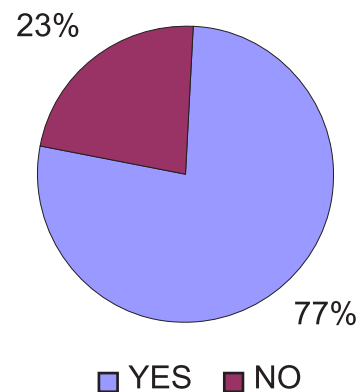
#### Criteria: Quality



#### Criteria: Labour

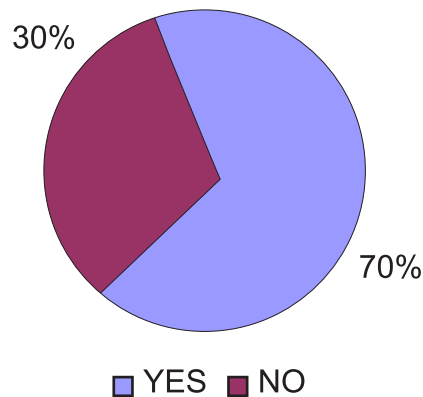


#### Criteria: Sound Environmental Practice



## Compliance

### Compliance with the 4 Criteria



Total sample size	
April	54
May	61
June	65
July	97
August	66
September	63
October	45
November	68
December	44
January	44
February	48
March	53
	<b>708</b>

As depicted above, the overall level of compliance with the Proudly SA criteria, substantiated by new documentation rendered by renewing members stood at 59%, with the balance of 41% still being required to produce updated documentation to verify that they still comply with all the criteria. In most cases members are not non-compliant, but still need to provide sufficient proof to the Campaign that they comply with one or more of the criteria.

Most members (83%) were able to submit proof of their compliance with the labour criterion, while only 64% had submitted proof of their compliance with the quality criterion.

### Monitoring the use of the Campaign's intellectual property after membership had ceased

Another primary responsibility of the Compliance Department is to ensure that companies that have lost the right to use the Campaign's logo – either as a result of the lapsing, termination, or voluntary withdrawal of membership - phase out and discontinue using the Proudly SA logo and phrase altogether. This applies to all applications such as stationery, marketing and communication material, products, et cetera. Monitoring of the use of the logo and Proudly South African phrases amongst members which had cancelled their membership during the 2008/09 financial year confirmed that the majority - 77% - had removed the logo from their products, while 23% was still in the process of phasing out the use of the logo from their material and products.

One of the main reasons attributed to the 23% cancelled members still using the logo is the fact that the

Product packaging finalized prior to the terminating of membership was one of the main reasons for the enduring use of the logo, which effectively can only be fully phased out once the last logo-carrying stock had been sold.

### Illegal use of the Proudly South African logo

The Proudly South African logo and phrase have been registered as prohibitive trademarks. Hence use thereof is restricted to members and other stakeholders that have applied for and were granted permission by the Campaign to use it.

A number of companies that are neither members of nor affiliated to the Campaign are known to have been using the Proudly SA logo. It is the responsibility of the Compliance Department to follow up on such transgressions once it comes to their attention.

During the year under review, 35 companies were found to have illegally used the Proudly SA logo. Upon engagement of these companies by the Campaign, all cases were satisfactorily resolved and closed after the subsequent removal of the illegally placed logo.



# Human Resources

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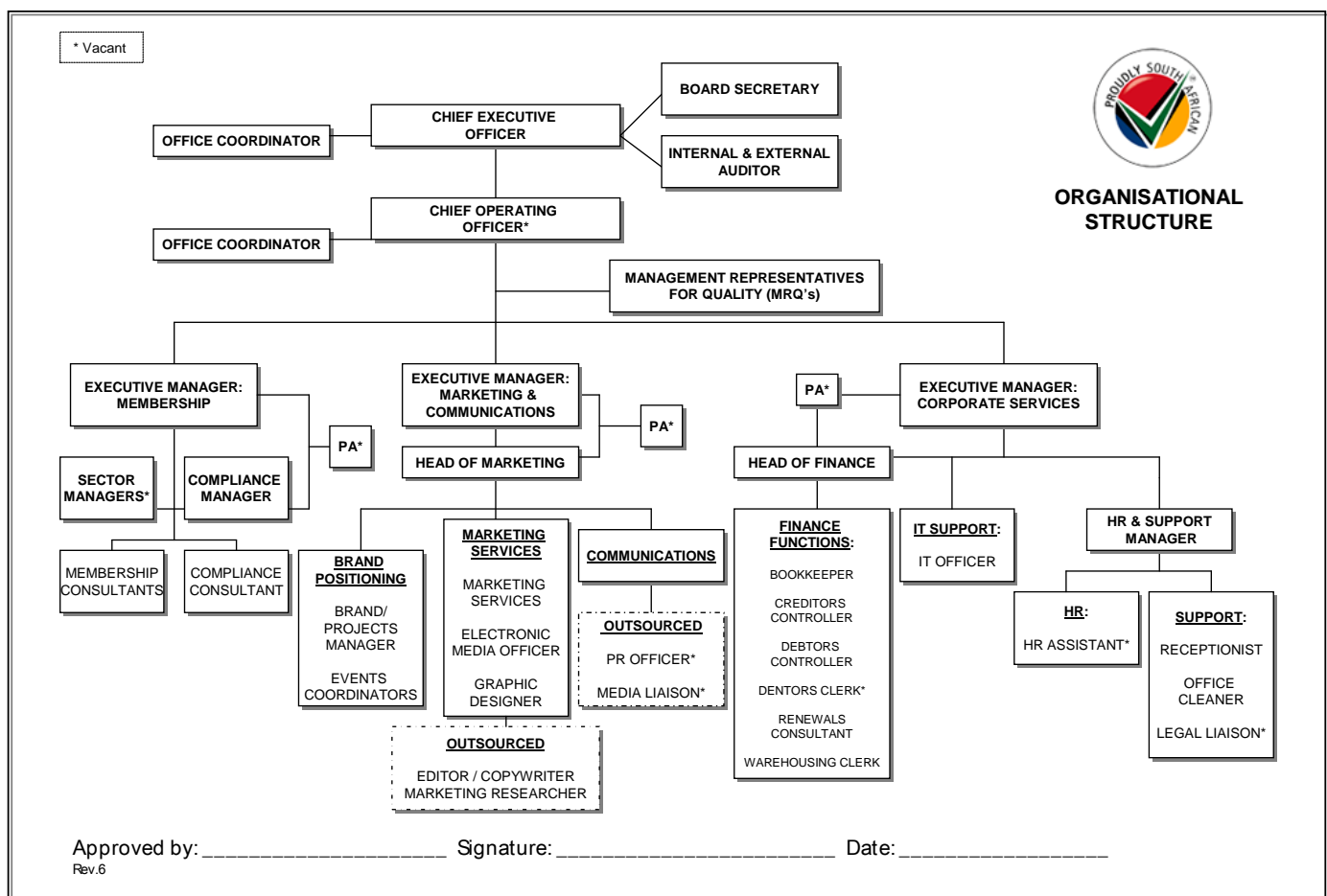


## Human Resources

### Objectives of the Department

1. To optimise work outputs and to manage accountability – maximise productivity.
2. To ensure continual improvement – maintain culture of excellence.
3. To retain key skills - talent management.
4. To maintain sound Human Resource Practices.

### Organogram of the Campaign



### HR & Support Functions

This department ensures compliance with all labour legislation and statutory returns and ensures that the Campaign complies with fair labour practice. The department also monitors efficiency and productivity of all employees.

### Critical competencies essential for the plan to be implemented

#### Functional / technical

Various urgent vacancies exist and this is currently putting additional strain on the remaining employees:

CEO  
Office Coordinator to the CEO  
COO  
Office Coordinator to the COO  
Stakeholder Relations Manager  
Executive Manager: Membership  
3 Sector Managers  
Marketing Assistant  
Personal Assistant to CFO  
HR Assistant

The Campaign implemented a new integrated software system (SAP) which went live on 1 October 2007. This has helped address most of the systems inefficiencies previously experienced. This system is continually being updated for accurate database.

#### Management and Leadership

The only gap within the management structure is in the Membership Unit where Executive Manager: Membership, 3 Sector Managers and Stakeholders Relations Manager positions are vacant. Once these vacancies are filled, the management structure will be in place.

#### Administrative

Due to the vacant Membership Unit positions, there is a lot of strain on the remainder staff. If these management positions are filled, then the administrative consultants would revert back to their normal workloads and no additional assistance would be required here.

#### Soft skills

Limited formal, external training has been conducted over the past two financial years due to budget constraints. All staff need a Team Building exercise and training/refresher courses in a number of critical skills, including:

Financial Management  
Presentation Skills  
Business Writing and Communication  
Customer Service

### Business Unit's expected HR support

#### Performance Management

The Campaign has an established performance management programme which is widely accepted by all staff and which has not resulted in any grievances over the past two financial years.

#### Internship Programme

The Campaign does offer internship programmes with the financial assistance of Services Seta. A learnership programme was conducted in the second part of 2006 and the candidate was eventually appointed on a permanent basis. There are currently 4 interns put on a skills transfer programme for a period of six months ending in September 2009.

#### Labour Relations

The Campaign complies with the relevant legislation and statutory returns and also has a comprehensive Manual on HR Policies and Procedures. The Campaign is currently not unionised, but strict adherence to the policies and procedures and regular, open communication with the employees has resulted in no grievances being lodged in the past two financial years. The Campaign has also not incurred any CCMA cases against it since its inception in 2001.

#### Recruitment

The Campaign has a well-established recruitment process, but recruitment has been hampered by budget constraints. Internal promotions are preferred to external appointments. However, various urgent vacancies exist which are hampering the Campaign's delivery on its objectives and which are putting additional strain on the already under capacity workforce (refer to section 6.7.2).

### Competency Assessments

Competency assessments were conducted on the entire Campaign in July 2005 and put to use where possible. A full round of assessments of all current staff is planned but will only be conducted once the required budget has been granted.

### Transformation and Employment Equity

The Campaign received a rating of Reasonable Progress and an overall score of -1.73 (within the 8.00% percentile) on its last assessed Employment Equity report submitted to the Department of Labour (October 2006). The last report, with outstanding assessment, was submitted in October 2008.

### Diversity Management

During a one-day workshop staff developed "house-rules" defining appropriate interaction between employees. No complaints (on racism, sexism, etc) have arisen either before or since the implementation of these rules. All staff are encouraged to give their opinions, however diverse, on matters.

### Access for Disabled Persons

The building in which the Campaign is based does have an escalator for disabled persons and therefore the employment of disabled people with impaired mobility would be possible.

### Retention of Staff

In the 2005/6 financial year the Campaign had lost a total of eight employees. This represents a significant percentage based on the fact that the Campaign's full staff compliment is about 23. A full retention strategy had been developed earlier, but the implementation thereof has been hampered by budget constraints.

### Sexual Harassment

Only one sexual harassment case had been lodged (end 2004) in the history of the Campaign. This was addressed by an objective external attorney and both parties were satisfied with the outcome. No further grievances related to any form of harassment have

since been lodged.

### Discriminatory Practices

The Campaign has developed a comprehensive Manual of HR Policies and Procedures. These prohibit discrimination of any kind and have extensive procedures to lodge and resolve grievances of any kind.

### Skills development facilitators and mentors / coaches

Proudly South African does not have a skills development facilitator but the mentors / coaches involved in the internal development of staff are:

Eustace Mashimbye	Executive Manager: Corporate Services / CFO
Dalene du Preez	Executive Manager: Marketing & Communications
Vusumuzi Sithole	HR & Support Manager



# Financial Overview and Statements

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PROUDLY SOUTH AFRICAN  
(REGISTRATION NUMBER 2001/021636/08)  
Financial statements  
FOR THE YEAR ENDED 31 MARCH 2009



**Proudly South African**

(Registration number 2001/021636/08)

Financial Statements for the year ended 31 March 2009

**General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Campaign for South African products
<b>Directors</b>	Advocate D Mpofu (Chairperson) E Patel B Ntshalintshali L Kganyago D Mthlane Les Kettledas H Mkhize (Acting Chief Executive Officer) M McDonalds I Sharma Meer Professor R Parsons J Vilakazi J Maqhekeni L Nare
<b>Registered office</b>	14A Jellicoe Street Rosebank 2132
<b>Business address</b>	14A Jellicoe Street Rosebank 2132
<b>Postal address</b>	P O Box 1062 Saxonwold 2132
<b>Bankers</b>	Nedbank First National Bank
<b>Auditors</b>	Gobodo Incorporated Chartered Accountants (S.A.)
<b>Company registration number</b>	2001/021636/08

### **Proudly South African**

(Registration number 2001/021636/08)

Financial Statements for the year ended 31 March 2009

### **Index**

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The reports and statements set out below comprise the financial statements presented to the shareholder:

<b>Index</b>	<b>Page</b>
Report of the Independent Auditors	36
Directors' Responsibilities and Approval	37
Directors' Report	38 - 39
Balance Sheet	39
Income Statement	40
Statement of Changes in Equity	41
Cash Flow Statement	42
Accounting Policies	43 - 44
Notes to the Financial Statements	45 - 49

The following supplementary information does not form part of the financial statements and is unaudited:

Detailed Income statement	50 - 51
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## Report of the Independent Auditors

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### To the shareholder of Proudly South African

We have audited the accompanying financial statements of Proudly South African, which comprise the directors' report, the balance sheet as at 31 March 2009, 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 6 to 19

### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2009, 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.

### Gobodo Incorporated

**Per: Mr Denas Hansjee**  
Audit partner  
Johannesburg

30 September 2010

## Proudly South African

(Registration number 2001/021636/08)

Financial Statements for the year ended 31 March 2009

### Directors' Responsibilities and Approval

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

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

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 2010 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 3 and 4.

The annual financial statements set out on pages 6 to 19, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

Johannesburg

30 September 2010

## Proudly South African

(Registration number 2001/021636/08)

Financial Statements for the year ended 31 March 2009

### Directors' Report

The directors submit their report for the year ended 31 March 2009.

#### 1. Review of activities

##### Main business and operations

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

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

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net loss of the company was R 3,181,091 (2008: loss R 4,055,267),

#### 2. Going concern

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

In order for the organisation to continue for the going concern, it requires funding from government and other sponsorships in order to be able to meet any shortfalls from its operations.

The CEO has indicated that the organisation will be receiving further financing from the Department of Trade and Industry in the preceding year. This will be critical for the entity to continue as a going concern taking into account the losses over the past two financial years (2009: loss R3,167,046) (2008: loss R 4,055,267)

#### 3. Post balance sheet events

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

#### 4. Directors

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

Name	Nationality	Changes
Advocate D Mpfu (Chairperson)	South African	
M Moroka	South African	Resigned 30 June 2009
E Patel	South African	
B Ntshalintshali	South African	
S Shezi	South African	Resigned 31 August 2008
L Kganyago	South African	
D Mthalane	South African	
Les Kettledas	South African	
H Mkhize (Acting Chief Executive Officer)	South African	
M McDonalds	South African	
I Sharma Meer	South African	
Professor R Parsons	South African	
J Vilakazi	South African	
J Maqhekeni	South African	
L Nare	South African	

#### 5. Auditors

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



## Proudly South African

(Registration number 2001/021636/08)

Financial Statements for the year ended 31 March 2009

### Directors' Report

#### 6. Taxation

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

## Proudly South African

(Registration number 2001/021636/08)

Financial Statements for the year ended 31 March 2009

### Balance Sheet

Figures in Rand	Note(s)	2009	2008
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	296,450	473,445
Intangible assets	3	141,533	198,273
		<b>437,983</b>	<b>671,718</b>
<b>Current Assets</b>			
Inventories	5	226,652	302,866
Trade and other receivables	6	557,159	1,009,385
Prepayments	4	20,973	-
Cash and cash equivalents	7	5,464,347	8,192,856
		<b>6,269,131</b>	<b>9,505,107</b>
Non-Current Assets		437,983	671,718
Current Assets		6,269,131	9,505,107
Non-current assets held for sale (and) (assets of disposal groups)		-	-
<b>Total Assets</b>		<b>6,707,114</b>	<b>10,176,825</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated income		5,771,276	8,952,367
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	847,933	1,151,656
Provision for leave pay	8	87,905	72,802
		<b>935,838</b>	<b>1,224,458</b>
Non-Current Liabilities		-	-
Current Liabilities		935,838	1,224,458
Liabilities of disposal groups		-	-
Equities		5,771,276	8,952,367
Liabilities		935,838	1,224,458
<b>Total Equity and Liabilities</b>		<b>6,707,114</b>	<b>10,176,825</b>

**Proudly South African**

(Registration number 2001/021636/08)

Financial Statements for the year ended 31 March 2009

**Income Statement**

Figures in Rand	Note(s)	2009	2008
Revenue	10	12,523,326	9,953,238
Cost of sales		(36,439)	(105,765)
Revenue		12,523,326	9,953,238
Cost of sales		(36,439)	(105,765)
<b>Gross profit</b>		<b>12,486,887</b>	<b>9,847,473</b>
Other income		-	1,496
Operating expenses		(16,215,097)	(14,474,858)
		12,486,887	9,847,473
		(16,215,097)	(14,473,362)
<b>Operating loss</b>	11	<b>(3,728,210)</b>	<b>(4,625,889)</b>
Investment income	12	548,032	572,793
Finance cost	13	(913)	(2,171)
Profit (loss) for the period from continuing operations		(3,181,091)	(4,055,267)
Profit (loss) from discontinued operations		-	-
<b>Loss for the year</b>		<b>(3,181,091)</b>	<b>(4,055,267)</b>

## Proudly South African

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Financial Statements for the year ended 31 March 2009

### Statement of Changes in Equity

Figures in Rand	Share capital	Accumulated income	Total equity
Opening balance as previously reported	-	13,007,634	13,007,634
<b>Balance at 01 April 2007 as restated</b>	-	<b>13,007,634</b>	<b>13,007,634</b>
Changes in equity			
Loss for the year	-	(4,055,267)	(4,055,267)
Total changes	-	(4,055,267)	(4,055,267)
Opening balance as previously reported	-	8,960,210	8,960,210
Adjustments			
Prior period adjustments	-	(7,843)	(7,843)
<b>Balance at 01 April 2008 as restated</b>	-	<b>8,952,367</b>	<b>8,952,367</b>
Changes in equity			
Loss for the year	-	(3,181,091)	(3,181,091)
Total recognised income and expenses for the year	-	(3,181,091)	(3,181,091)
Total changes	-	(3,181,091)	(3,181,091)
<b>Balance at 31 March 2009</b>	-	<b>5,771,276</b>	<b>5,771,276</b>

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**Cash Flow Statement**

Figures in Rand	Note(s)	2009	2008
<b>Cash flows from operating activities</b>			
Cash (used in) generated from operations	15	(3,206,694)	4,600,994
Interest income		548,032	572,793
Finance cost		(913)	(2,171)
<b>Net cash from operating activities</b>		<b>(2,659,575)</b>	<b>5,171,616</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(9,626)	(96,662)
Purchase of other intangible assets	3	(59,308)	(246,195)
<b>Net cash from investing activities</b>		<b>(68,934)</b>	<b>(342,857)</b>
<b>Total cash movement for the year</b>		<b>(2,728,509)</b>	<b>4,828,759</b>
Cash at the beginning of the year		8,192,856	3,364,097
<b>Total cash at end of the year</b>	7	<b>5,464,347</b>	<b>8,192,856</b>

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## Accounting Policies

### 1. Presentation of Financial Statements

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

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

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

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

The residual value and the useful life of each asset are reviewed at each financial period-end. Should there be an indication that the asset is still of use although the value of the assets is reflected as zero there will be a change in accounting estimate, prior period error or change in accounting policy depending on the nature of circumstances giving rise to such reassessment. If there was an incorrect basis used in the original determination of the useful life of the asset, the resulting reassessment will be treated as prior period error, should market conditions have change which as increase the useful life of the asset, then the change will be accounted for as a change in accounting estimate, in all other in other instances a change in accounting policy will need to be applied.

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

#### 1.2 Intangible assets

An intangible asset is recognised when:

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

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

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

Item	Average useful life
Computer software	3

#### 1.3 Financial instruments

##### Trade and other receivables

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

##### Trade and other payables

A liability is recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. 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



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Financial Statements for the year ended 31 March 2009

### Accounting Policies

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#### 1.3 Financial instruments (continued)

are initially and subsequently recorded at fair value.

#### 1.4 Inventories

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

#### 1.5 Provisions and contingencies

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

#### 1.6 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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

#### 1.7 Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in an increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for membership fees, sponsorship, grants, the value of trade exchanges and the sales of merchandise excluding value added tax. Revenue arising from the use by others of entity assets yielding interest, royalties and dividend shall be recognised when: a) it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue can be measured reliably. Royalties shall be recognised on an accrual basis in accordance with the substance of the relevant agreement. Revenue has increased in the current year mainly due to sponsorships that were due in prior periods that have been received in the current financial year.

#### 1.8 Trade exchanges

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

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Financial Statements for the year ended 31 March 2009

### Notes to the Financial Statements

Figures in Rand	2009			2008		
<b>2. Property, plant and equipment</b>						
	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	691,723	(489,961)	201,762	691,723	(396,085)	295,638
Office equipment	39,100	(31,747)	7,353	39,100	(25,779)	13,321
IT equipment	934,587	(854,305)	80,282	932,307	(771,170)	161,137
Cell phones	20,952	(16,218)	4,734	14,152	(13,386)	766
Sundry equipment	6,466	(4,147)	2,319	5,920	(3,337)	2,583
<b>Total</b>	<b>1,692,828</b>	<b>(1,396,378)</b>	<b>296,450</b>	<b>1,683,202</b>	<b>(1,209,757)</b>	<b>473,445</b>

#### Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	295,638	-	(93,876)	201,762
Office equipment	13,321	-	(5,968)	7,353
IT equipment	161,137	2,280	(83,135)	80,282
Cell phones	766	6,800	(2,832)	4,734
Sundry equipment	2,583	546	(810)	2,319
	<b>473,445</b>	<b>9,626</b>	<b>(186,621)</b>	<b>296,450</b>

#### Reconciliation of property, plant and equipment - 2008

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

### 3. Intangible assets

	2009			2008		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	1,166,276	(1,024,743)	141,533	1,106,968	(908,695)	198,273

#### Reconciliation of intangible assets - 2009

	Opening Balance	Additions	Amortisation	Total
Computer software	198,273	59,308	(116,048)	141,533

#### Reconciliation of intangible assets - 2008

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

## Proudly South African

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Financial Statements for the year ended 31 March 2009

### Notes to the Financial Statements

Figures in Rand	2009	2008		
<b>4. Prepayments</b>				
Prepayments is as a result of smooth lining of lease payments and amounts to:	20973	-		
<b>5. Inventories</b>				
Promotional stock	226,652	302,866		
<b>6. Trade and other receivables</b>				
Trade receivables	88,366	1,253,395		
Trade exchange receivables	-	136,573		
Provision for bad debts	-	(616,640)		
Deposits	600	600		
VAT	374,461	150,441		
DTI Grant	1,000	-		
Prepayments	-	50,266		
Staff loans	92,732	34,750		
	<b>557,159</b>	<b>1,009,385</b>		
<b>7. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Cash on hand	6,153	4,201		
Bank balances	5,458,194	8,188,655		
	<b>5,464,347</b>	<b>8,192,856</b>		
<b>8. Provision for leave pay</b>				
<b>Reconciliation of provision for leave pay - 2009</b>				
	Opening Balance	Additions	Reversed during the year	Total
Provision for leave pay	72,802	87,905	(72,802)	87,905
<b>Reconciliation of provision for leave pay - 2008</b>				
	Opening Balance	Additions	Reversed during the year	Total
Provision for leave pay	80,630	72,802	(80,630)	72,802
<b>9. Trade and other payables</b>				
Trade payables	903,861	1,108,082		
Amounts received in advance	6,457	6,457		
Accrued expenses	(62,887)	36,617		
Unallocated deposits	500	500		
	<b>847,931</b>	<b>1,151,656</b>		
<b>10. Revenue</b>				
Sale of goods	28,003	49,225		
Membership fees	3,402,217	6,396,658		
Sponsorship	9,074,160	3,402,000		
Sundry Income	18,946	105,355		

## Proudly South African

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Financial Statements for the year ended 31 March 2009

### Notes to the Financial Statements

Figures in Rand	2009	2008
<b>10. Revenue (continued)</b>		
	<b>12,523,326</b>	<b>9,953,238</b>
<b>11. Operating loss</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	457,350	415,200
Equipment		
• Contractual amounts	396,331	303,624
	<b>853,681</b>	<b>718,824</b>
Depreciation on property, plant and equipment	302,669	342,620
Employee costs	6,673,627	5,913,695
<b>12. Investment income</b>		
Interest received	548,032	572,793
	-	-
	<b>548,032</b>	<b>572,793</b>
Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to R - (2008: R -).		
Interest income on impaired financial assets amounted to R - (2008: R -).		
<b>13. Finance cost</b>		
Interest paid on bank overdraft and others	913	2,171
Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to R - (2008: R -).		
<b>14. Auditors' remuneration</b>		
Fees	203,105	147,214
<b>15. Cash (used in) generated from operations</b>		
Loss before taxation	(3,181,091)	(4,055,267)
<b>Adjustments for:</b>		
Depreciation and amortisation	302,669	342,620
Interest received	(548,032)	(572,793)
Finance cost	913	2,171
Movements in provisions	15,103	(7,828)
Movement in payment of reversal of expenditure to prior period	-	-
<b>Changes in working capital:</b>		
Inventories	76,214	181,683
Trade and other receivables	452,226	11,664,581
Prepayments	(20,973)	-
Trade and other payables	(303,723)	(2,539,866)
Other liability 1	-	-
	<b>(3,206,694)</b>	<b>5,015,301</b>

**Proudly South African**

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Financial Statements for the year ended 31 March 2009

**Notes to the Financial Statements**

Figures in Rand	2009	2008
<b>15. Cash (used in) generated from operations (continued)</b>		
<b>16. Commitments</b>		
<b>Operating leases – as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	189,828	334,897
- in second to fifth year inclusive	302,880	455,105
	<b>492,708</b>	<b>790,002</b>

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

## Proudly South African

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Financial Statements for the year ended 31 March 2009

### Notes to the Financial Statements

Figures in Rand	2009	2008
<b>17. Related parties</b>		
Relationships		
Proudly South African was a project initiated by NEDLAC		
<b>Related party balances</b>		
Amount included in Trade Payables owing to NEDLAC	879,911	800,761
<b>Related party transactions</b>		
Rent paid to NEDLAC	378,200	408,000
<b>18. Directors' emoluments</b>		
<b>Executive</b>		
2009	Pension paid or receivable	Total
Salaries - CEO	809,923	-
2008	Pension paid or receivable	Total
Salaries - CEO	844,584	-



## Proudly South African

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Financial Statements for the year ended 31 March 2009

### Detailed Income statement

Figures in Rand	Note(s)	2009	2008
<b>Revenue</b>			
Sale of goods		28,003	49,225
Sundry Income		18,946	105,355
Membership fees		3,402,217	6,396,658
Sponsorships		9,074,160	3,402,000
	10	<b>12,523,326</b>	<b>9,953,238</b>
<b>Cost of sales</b>			
Opening stock		(302,866)	(484,549)
Purchases		39,775	75,918
Closing stock		226,652	302,866
		<b>(36,439)</b>	<b>(105,765)</b>
		12,523,326	9,953,238
		(36,439)	(105,765)
		<b>12,486,887</b>	<b>9,847,473</b>
<b>Gross profit</b>			
<b>Other income</b>			
Bad debts recovered		-	1,496
Interest received	12	548,032	572,793
		<b>548,032</b>	<b>574,289</b>
<b>Operating expenses</b>			
Advertising post and tenders		(250)	(28,912)
Auditors remuneration	14	(203,105)	(147,214)
Bad debts		(329,313)	(429,091)
Bank charges		(44,553)	(32,782)
Commission paid		(315,456)	(335,600)
Depreciation, amortisation and impairments		(302,669)	(342,620)
Employee costs		(6,673,627)	(5,913,695)
Entertainment		(8,351)	(38,457)
IT expenses		(221,590)	(608,505)
Insurance		(84,624)	(73,861)
Lease rentals on operating lease		(853,681)	(718,824)
Legal expenses		(944,479)	(225,523)
Marketing expenses		(4,676,932)	(3,182,759)
Membership marketing costs		(49,354)	(700,065)
PSA Home grown awards		(240,003)	(705,962)
Photocopier costs		(17,842)	(23,549)
Postage and courier		(20,927)	(146,654)
Printing and stationery		(219,383)	(80,711)
Repairs and maintenance		(33,293)	(45,451)
Staff training		(104,549)	(66,889)
Staff welfare		(18,089)	(21,196)
Subscriptions		(4,407)	(3,532)
Sundry expenses		(73,917)	-
Telephone and fax		(256,573)	(345,186)
Travel - Overseas		(1,305)	(24,482)
Travel - local		(506,382)	(218,249)
Workshops and seminars		(10,443)	(15,089)
		<b>(16,215,097)</b>	<b>(14,474,858)</b>
		12,486,887	9,847,473
		548,032	574,289

The supplementary information presented does not form part of the financial statements and is unaudited

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Financial Statements for the year ended 31 March 2009

**Detailed Income statement**

Figures in Rand	Note(s)	2009	2008
		(16,215,097)	(14,474,858)
<b>Operating loss</b>	11	<b>(3,180,178)</b>	<b>(4,053,096)</b>
Finance cost	13	(913)	(2,171)
Profit (loss) before taxation		(3,181,091)	(4,055,267)
Taxation		-	-
<b>Loss for the year</b>		<b>(3,181,091)</b>	<b>(4,055,267)</b>

The supplementary information presented does not form part of the financial statements and is unaudited