

# Annual Report 2007/8

# ANNUAL REPORT for the year ended 31 MARCH 2008



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# The Chairperson's Report

As Chairperson of the seda Technology Programme's Board Committee, it is a great privilege for me to share key features of this Programme and what it has achieved in the 2007/8 Financial Year.

As a special ring-fenced Programme of **the dti** housed within seda, **stp** continues to operate under the **governance** of the **stp** Board Committee and the seda Board.

Anchoring the Programme's vision and mission is the strategic plan that the Board Committee set out aligning the work of this Programme to government's key policy priorities and national strategy for enterprise development and the passion that the **stp** staff and Board Committee have extended to their work.

**Stp** is delivering successfully on the **dti's** objective of promoting the increased use, and greater effectiveness of use of technology in supporting national economic development objectives. Through the work of **stp**, technology is increasingly becoming an enabler of small business development, entrepreneurs in both the formal and informal economy are realising their competitive edge into the mainstream economy.

The incorporation of the technology transfer activities of the Technology for Women in Business Programme (TWIB) into **stp** was finalised in 2007.



**Mandisa Manjezi**

Chairperson: seda Technology Board Committee  
(Chief Director: Enterprise Development the dti)

Further, preparations for the transfer of all SMME – support activities of the South African Quality Institute (SAQI) and personnel to **stp** by April 2008 started. This reinforces the **dti's** decision to rationalize and integrate the number of institutions and public entities involved in the provision of technology transfer and business incubation services for small enterprise support and development. Further, this creates an opportunity for **stp** to affirm its position not only as a technology support and incubation vehicle but as well as a key role player for the implementation of enterprise quality support programmes and Women in business empowerment.

Past performance has resulted in 23 technology support and incubation centres providing support to 642 enterprises and contributing to the creation and sustenance of 6115 jobs. Working with our partner organisations, in particular the Department of Science and Technology's Tshumisano Trust and various Tertiary Education Institutions, **stp** is leveraging the resources of those institutions to increase its reach within SA.

Under instruction from the Auditor General, the financial management and finances of **stp** have been audited as part of the external audit of seda, no separate external audit of **stp** has therefore been undertaken, and consequently no audited Financial Statements are presented in this document. Instead, the financial report as submitted to the auditors and as incorporated in the seda financial statements have been inserted in this report for validation of the financial records of the Programme for the financial year.

The projected outputs of the Programme for 2008/9 and beyond, indicate that **stp** is therefore becoming a key instrument in **the dti's** "toolbox" to contribute to the deepening and strengthening of the department's efforts to transform the SA economy.

I am grateful to all for your commitment and hard work in supporting the activities of the Programme over the past year and in shaping the future of **stp** and I particularly acknowledge **the dti** as the programme main sponsor, the seda Board and the **stp** Board Committee Members, the seda CEO, Mrs Wawa Damane, the **stp** Programme Executive Manager, Mr Charles Wyeth and all staff members of **stp** as well as all partners that have supported the Programme to its achievements to date. I am certain that this collective effort has made a positive difference to enterprises that have been reached by this Programme.



## The Executive Manager's Report

Two of the main objectives of the National Industrial Policy Framework (NIPF) are:

- The promotion of a broader-based industrialisation path characterised by increased participation of historically disadvantaged people and marginalised regions in the mainstream of the industrial economy
- The promotion of a more labour absorbing industrialisation path with a particular emphasis on tradable labour – absorbing goods and services and economic linkages that catalyze employment creation

**Stp** is responding to these objectives by using technology as an enabler of small business development within targeted sectors. It is through the effective deployment and use of technology that **stp** has been able to bring survivalist and 'lower level' entrepreneurs in both the formal and informal economy into the mainstream economy.

**Stp** has also sought to develop closer alignment between its activities and the priority focus areas reflected in the NIPF, and currently supports Technology Business Centres (TBCs) in the following (priority) sectors:

- Automotive
- Chemicals
- Stainless Steel
- Aluminium
- Mineral, metal and mining beneficiation
- Agro-processing
- Forestry and Furniture
- ICT

The performance of the seda Technology programme during the 2007/8 financial year is proving the effectiveness of technology transfer and business incubation as successful tools in supporting the growth and development of small

enterprises. In a business environment where people with limited educational qualifications and limited business skills are being encouraged to establish and operate small businesses, business incubation is proving to be the most effective tool to achieve accelerated growth and sustainable development of those newly established business enterprises.

During 2007/8, **stp** received an amount of R83.36 million from **the dti**, where a total of R72.3 million was transferred to centres and for Technology Transfer Interventions, to achieve the outputs/targets that are reported on in this report. These achievements reflect the growing contribution of business incubation and technology transfer to the objectives of **the dti**.



*“The performance of the seda Technology programme during the 2007/8 financial year is proving the effectiveness of technology transfer and business incubation as successful tools in supporting the growth and development of small enterprises”*

Through the structured support and intensive hand-holding provided by **stp** supported TBCs, and the technology transfer interventions supported by **stp**, during the 2007/8 Financial Year, 642 clients (mainly SMMEs) have been assisted to create a total of 6115 jobs. In addition, the total turnover of small enterprises supported by the TBCs increased from R67,889,751 to R105,206,118. This represents a 55% growth in turnover of businesses supported from the start of the financial year. Clearly, **stp** is embracing **the dti's** challenge of supporting economic growth, facilitating greater equity in the economy, and creating more employment opportunities for all.

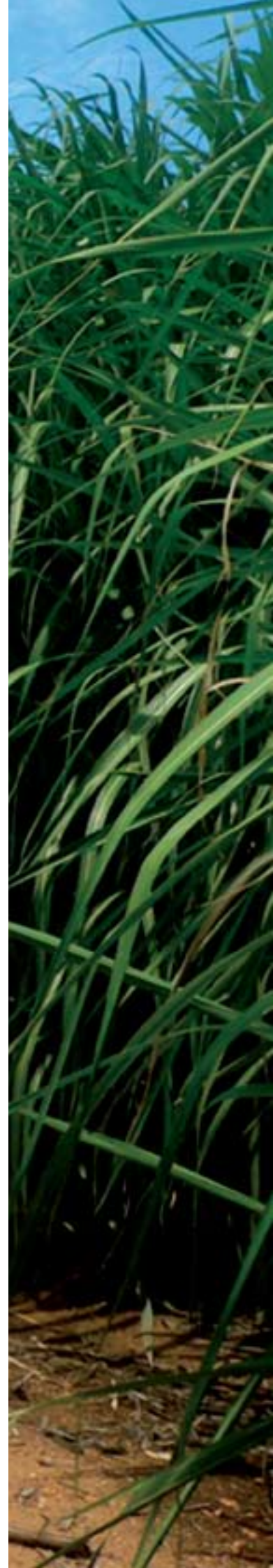
2007 also saw the first recorded 'sale' of a business graduated from one of the Incubators – iSlices, an Egoli BIO client, where the owner, Kerryne Krause, sold 25% of her business to the Women's Private Equity Fund for R7 million. This represents a market valuation of her business of R28 million. This transaction is a success not only for women entrepreneurs, but for all South African small business owners, and is an achievement **stp** would like to replicate in all our other interventions.

Whilst the sale or Initial Public Offering (IPO) represents the main goal of business incubators in developed countries, **stp** is developing a South African business incubation model that is based on a "learn-by-doing" philosophy. This model allows TBCs supported by the Programme to provide individuals with limited education and narrow natural entrepreneurial flare, to establish and manage viable and sustainable small enterprises. This philosophy is based on providing individuals with the right attitude and passion with all the necessary tools that they need to merge their dreams and aspirations with the support of the seda Technology Programme into viable small enterprises. This South African model is allowing **stp** to fast-track the migration of entrepreneurs operating in the second economy and on the distant fringes of the first economy into healthier, profitable small enterprises.

In addition to the staff of **stp**, I would like to thank **the dti** and the **stp** Board Committee members for their passion and commitment to promoting technology as an enabler of small business development within the South African Economy.



**Charles Anthony Wyeth**  
Executive Manager





## Background to the **seda** Technology Programme

On 1 April 2006, the **seda** Technology Programme (**stp**) was created through the merger of the activities of the GODISA Trust, the National Technology Transfer Centre (NTTC), and **the dti's** Technology Advisory Centre (TAC). During 2007, the technology transfer activities of **the dti's** Technology for Women in Business Programme (TWIB), were also incorporated into **stp**, further increasing the level of integration of small programmes and entities into a single, stronger delivery vehicle of technology support services for small enterprises. This process will be further strengthened on the 1st of April 2008, when SMME support services of the South African Quality Institute (SAQI), will also be incorporated into **stp**. The creation of **stp** therefore stems from a strategic decision of government to consolidate and integrate the activities of identified small enterprise support interventions across different government agencies.

Government has therefore specifically created **stp** as the national Programme responsible for a broad array of technology transfer and business incubation services and support for small enterprises.

**Stp** supports science, engineering and technology (SET), Technology Business Centres (TBC) development and technology transfer focussed on addressing the technology and business development needs of participating small enterprises.

**Stp** is currently housed on the 2nd floor of the G-Block of **the dti** Campus in Pretoria

*Turning 8 in 10 Business Failures  
into 8 in 10 Successes*

## Stp Board Committee Members

**Stp** reports through its Board Committee to the seda Board and ultimately to the Minister of Trade and Industry, the honourable Mandisi Mphahla. The Board Committee Members have overall responsibility for the affairs of **stp**, and currently consists of nine representatives, four representing **the dti**, three representing seda, and one representing the DST. The board committee members as at 31 March 2008 are as follows:

### stp BOARD COMMITTEE MEMBERS



Ms M Manjezi



Dr J Potgieter



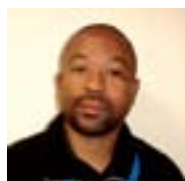
Mrs A Damane



Ms N Dinie



Prof N Faull



Mr V Zondi



Mr D Mtsweni



Mr R Baloyi



## The stp Team

As a programme that fills a primarily Programme Management Function (PMU) for **the dti** in the monitoring of the various TBCs located throughout South Africa, the **stp** team is characterised by a small national/head office team, supported by centre staff located at the various centres. **Stp** has 24 staff members at its office in Pretoria, and they are supported by 106 additional "staff" members located at the various centres supported by **stp**.



The Current Team (March 2008)

STAFF CATEGORY	Black		White	
	Male	Female	Male	Female
Management	6	2	1	
Specialist	4	1		
Support	6	3		
<b>TOTAL</b>	<b>16</b>	<b>6</b>	<b>1</b>	<b>1</b>



## The year at a glance

This is the second Annual Report submitted by the seda Technology programme (stp), reporting on the activities of the programme. This report covers the period 1 April 2007 to 31 March 2008.

This annual report is undoubtedly re-affirming the fact that Business Incubation is one to the most effective, albeit expensive tools for supporting small enterprise development. The benefits of designing a support intervention around the intensive hand-holding of a few companies is clearly proving its worth as an effective business development intervention.

In the 2007/8 financial year **stp** surpassed all its core KPIs, especially with regard to small enterprise establishment, job creation, and creating real wealth for the owners of the businesses supported. During this year, **stp** supported the creation/ establishment of 126 small enterprises, provided business development support services to 642 enterprises, and through its centres, directly assisted in the creation of 6115 jobs. Equally impressive, is the fact that **stp**-centres assisted in increasing the turnover of companies supported by the programme by of 55%. In fact, the total turnover of the companies supported through the programme increased from R67 889 751 at the start of the financial year to R105 206 118 at the end of the financial year. This phenomenal increase in total turnover of the companies supported through the programme, can be directly attributed to the relevant services and support being provided by the **stp**-supported TBCs.

**Stp** has faced considerable challenges during the financial year, the most drastic being the large number of vacancies that have not been filled. Uncertainties regarding the future of the Programme resulted in vacant posts not being filled, but the decrease in "administrative/operational" efficiency of the programme necessitated the appointment of new staff in the first quarter of the 2008/09 financial year. The lack of staff in **stp** has resulted in the programme not delivering on a number of secondary KPIs, which has affected the ability of the programme to truly function as a Centre of Competence.

This setback in the development of the Programme as a Centre of Competence will be proactively addressed in the next financial year, to ensure that the Programme becomes a world-class supporter of small business development.

Highlights for the 2007-2008 financial year were:

- **Stp** received confirmation of funding in December 2007 to establish 5 centres, these centres will be established during the 2008/9 financial year
- The Seda Aluwani Agri Incubator (SAAI) was launched on the 21st of August 2007
- Three Centres are in the process of being set-up ie Furntech Gauteng, Seda Manufacturing Technology Demonstration Centre in Soshanguve, Pretoria and the Furntech Mthatha Furniture Incubator
- 6115 Jobs were created
- Total SMME turnover amounted to R105 206 118.00
- The launch of the Knowledge Management Division
- 34 TT Applications were approved amounting to R12 838 038.00
- As a special guest of the World Bank's Infodev Programme, the **stp** Executive Manager did a presentation at the Global Knowledge Conference in Kuala Lumpur in December 2007, on Business Incubation in South Africa.
- 74% of all SMMEs supported by 'stp TBCs' survived their first year of operations, and 83% survived their second year. (This is a phenomenal achievement, given the high failure rate of SMMEs in South Africa)





## Strategic focus areas

**Stp** was created by the South African Government to provide technology and business development support services to small enterprises as an integral part of its mandate to drive the national technology transfer and business incubation agenda.

**Stp's** aim is to stimulate economic growth and development through facilitating technological innovation, increasing the accessibility to, and utility of, technologies and technical support for small enterprises, whilst at the same time improving the sustainability and international competitiveness of small enterprises supported through the programme.

The vision of **stp** is to be an internationally recognized Centre of Competence that develops innovative technology – based platforms for the creation and support of sustainable, globally competitive SMMEs.

The mission statement supports this vision by reaffirming **stp's** vision to become an internationally recognised Centre of Competence that develops innovative technology – based platforms that result in the creation and growth of sustainable, globally competitive SMMEs, that can contribute towards the accelerating growth of our economy.

### The Mandate of **stp** is to:

- Increase accessibility to, and utility of, technologies and management support for small enterprises
- Facilitate the acquisition and transfer of technology to small enterprises, particularly those operating in the second economy
- Replace outdated technology used by targeted small enterprises
- Improve small enterprise performance and productivity
- Enhance small enterprise profitability and growth
- Improve small enterprise competitiveness
- Reduce small enterprise failure rates
- To promote the establishment and development of sustainable, innovative technology – based platforms that will contribute to the country's economic growth
- To enhance innovation, technology development and technology transfer through advice and technical support for small businesses
- To create and support best practices in the development of technology – based platforms for creating small enterprises throughout Africa
- To promote a unique team culture based on passion, integrity and reliability, to deliver on government's mandate to stimulate growth in the economy
- To provide administrative and secretarial support to Adjudicating Panels and the **stp** Board committee.

The MOA between **the dti** and **seda** concerning the mandate and strategic focus areas for the **seda** technology programme, as well as the Programme management team's additions, lists a number of key objectives for **stp**; which were revised during 2006/07, and are currently as follows:

# The growing stp network

## SEDA Aluwani Agri Incubator Capacitates Mpumalanga

During 2007/08, **stp** launched one 'new' centre as a stp-supported TBC. Even though the centre had been established as a training facility in 2005, the Mpumalanga Agri-Skills During Development and Training (MASD&T) Centre's reputation as an elite training service provider grew by acquiring the necessary accreditation with different Quality Assurance Institutions and the necessary government departments. Through the number of successes it had with its training component, the Board and stakeholders felt that the time was ripe to expand their portfolio. They needed to evolve from an institution providing training to a "One Stop Centre" for SMME development in the Agricultural sector. The Incubation model was then identified as the only structured model that would meet with the company's new mandate. MASD&T status was then changed from a PTY (LTD) company into a Section 21 not for profit company in 2007.

Hosted at the Makulu Manzi Restaurant in Nelspruit, the SEDA Aluwani Agri Incubator (SAAI) was launched on the 21st of August 2007, Dr Mathews Phosa, Chairperson of SAAI reiterated the importance of having an organisation like SAAI in Mpumalanga that would be the key instrument in providing the necessary skills development training and business incubation support to capacitate the previously disadvantaged and resource poor farmers into sustainable farmers contributing to the local economy.

The General Manager Adv. Geraldine Khoza confirmed that the Incubator's mission is to provide a quality training and enterprise development service in agriculture; more specifically, to provide production, technology and marketing skills to the previously disadvantaged communities and agriculture entrepreneurs for the purpose of supporting the establishment and growth of sustainable small enterprises.

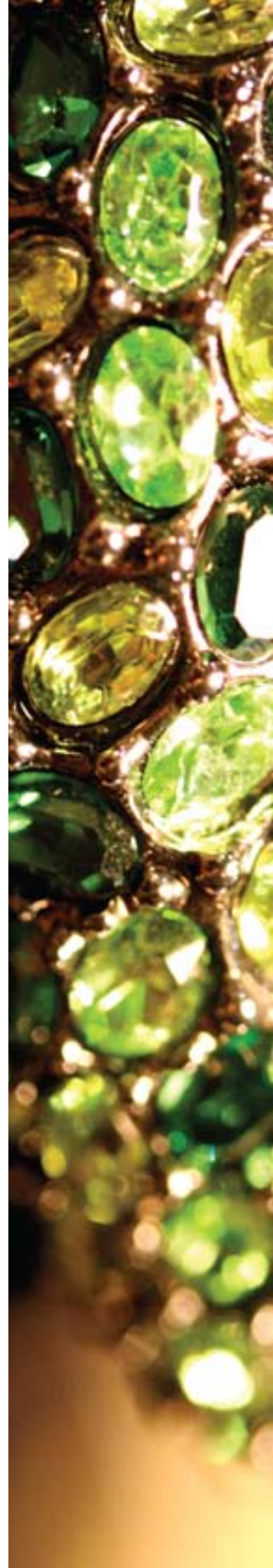
With the relevant stakeholders and board members lending a supporting hand to the Seda Aluwani Agri Incubator, the SMMEs should soon boast their bountiful yields of successes.



Ishmael Mmbadi and Jayesh Ravjee of Stp share a joke with Dr. Mathews Phosa –Chairperson of SAAI



Staff and Board Members of SAAI



# The stp footprint

The primary instrument through which **stp** supports small enterprises is by means of a number of Technology Business Centres (TBCs) located throughout South Africa. The term "TBC" is a collective term used by **stp** to define one of three different models supported by the Programme. These are: Business Incubators, Technology Demonstration Centres and Hybrid Centres. The map below provides a geographic representation of the location of the various centres supported by **stp**:



- |  |                                 |
|--|---------------------------------|
| 1. Acorn - Life Sciences Incubator                               | - Cape Town (Western Cape)      |
| 2. SoftstartBTI - ICT & Electronics Incubator                    | - Midrand (Gauteng)             |
| 3. EgoliBio - Biotechnology Incubator                            | - Modderfontein (Gauteng)       |
| 4. Zenzele - Small Scale Mining Technology Demonstration Centre  | - Randburg (Gauteng)            |
| 5. Seda Ethekeweni Construction Incubator                        | - Durban (Kwazulu)              |
| 6. Makhura Maphura Incubator - Biodiesel Incubator               | - Marble Hall (Limpopo)         |
| 7. Eastern Cape Information Technology Initiative                | - East London (Eastern Cape)    |
| 8. Chemin - Chemicals Industry Incubator                         | - Port Elizabeth (Eastern Cape) |
| 9. Timbali - Floriculture Incubator                              | - Nelspruit (Mpumalanga)        |
| 10. Seda Automotive Technology Centre                            | - Rosslyn (Gauteng)             |
| 11. Seda Ekurheleni Base Metals Incubator - Metals Processing    | - Springs (Gauteng)             |
| 12. Seda Platinum Incubator - Mineral Processing & Jewellery     | - Rustenburg (North West)       |
| 13. Seda Essential Oils Incubator - Agro-Processing              | - Pretoria (Gauteng)            |
| 14. Downstream Aluminium Centre of Technology - Metal Processing | - Richards Bay (Kwazulu)        |
| 15. Mpumalanga Stainless Initiative - Metals Processing          | - Middleburg (Mpumalanga)       |
| 16. Furntech HQ - Furniture & Wood Processing                    | - Cape Town (Western Cape)      |
| 17. Furntech   | - George (Western Cape)         |
| 18. Furntech   | - White River (Mpumalanga)      |
| 19. Furntech   | - Umzimkhulu (Kwazulu)          |
| 20. Furntech   | - Durban (Kwazulu)              |
| 21. Eastern Cape Information Technology Initiative               | - Port Elizabeth (Eastern Cape) |
| 22. Sugar Cane Incubator   | - Malelane (Mpumalanga)         |
| 23. Mpumalanga Agri-Skills Development and Training              | - Nelspruit (Mpumalanga)        |

Although the three new Centres listed below were established during the 2007/8 financial year, the Centres will only be launched during the 2008/9 financial year. Based on Lessons Learnt, the new centres will have the proper infrastructure in place ensuring the Centres performance will be at its optimum right from its inception.

- |  |   |         |
|--|---|---------|
| 24. Furntech   | - | Gauteng |
| 25. Furntech   | - | Umtata  |
| 26. Seda Manufacturing Technology Demonstration Centre |   |         |

# Technology Transfer Interventions supported by stp

Through the provision of a grant to small enterprises operating in the second economy, **stp** supports the acquisition of technology that can improve the productivity, profitability and accelerated growth of those enterprises.



TT NO:	COMPANY NAME	AMOUNT APPROVED	PROVINCE	Town
TT08-01	SAWEN CC T/A CONOCHE COSMETICS	R 471,254.51	MPUMALANGA	WHITE RIVER
TT08-03	ORCA BATHS SA	R 499,149.00	WESTERN CAPE	PARROW
TT08-05	KGABO YA SETSO CC	R 500,000.00	GAUTENG	PRETORIA
TT08-09	UBUHLE BE AFRIKA FASHION AND DÉCOR	R 257,408.09	GAUTENG	PRETORIA
TT08-11	NGUNI JUICE CC	R 499,149.00	GAUTENG	JOHANNESBURG
TT08-12	MISTY SEA TRADING 291 (PTY)	R 499,149.00	EASTERN CAPE	PORT ELIZABETH
TT08-13	BASADI MERAFOG GRANITES	R 499,268.70	GAUTENG	SOWETO
TT08-14	NATHI AND EMANUELLE IMPORT EXPORTS CC	R 497,300.10	KWAZULU-NATAL	DURBAN
TT08-16	SIPROMLU RETAILING CC	R 265,255.20	GAUTENG	WEST RAND
TT08-27	EBINTER-CHEMICALS CC	R 500,000.00	GAUTENG	JOHANNESBURG
TT08-28	NKURI CONCRETE CO-OPERATION	R 499,650.60	LIMPOPO	GIYANI
TT08-29	HT1007 TRADING CC	R 496,755.00	NORTH WEST	RYSMERBULT
TT08-30	LISEMELO GOLD-DIAMOND	R 490,770.00	GAUTENG	JOHANNESBURG
TT08-31	MASOTSHENI BEADS & POTTERY MANUFACTURERS CC	R 344,975.00	KWAZULU-NATAL	UMHLALI
TT08-32	MASOTSHENI BRICKS CC	R 275,788.80	KWAZULU-NATAL	UMHLALI
TT08-34	PHALABORWENE MARBLE AND GRANITE CC	R 499,500.35	LIMPOPO	POLOKWANE
TT08-35	MAPUVE CLAY CC	R 318,341.00	LIMPOPO	POLOKWANE
TT08-36	KUBONOKELE POTTERY	R 196,992.89	MPUMALANGA	GIYANI
TT08-37	KITSO BIOTEC	R 491,737.67	KWAZULU-NATAL	PIETRMARITZBURG
TT08-39B	FANATIC FILING	R 495,102.00	GAUTENG	GERMISTEN
TT08-49	SOCOCOLENE CC	R 329,589.96	FREE STATE	PHUTHADETJABA
TT08-51	ELAINE JONES PROPERTIES CC (T/A ELAINES CURRY DEN)	R 330,850.20	GAUTENG	PRETORIA
TT08-57	XCHEM CHEMICALS	R 500,000.00	GAUTENG	CENTURION
TT08-61	BAY BREEZE TRADING 75 CC	R 462,906.23	GAUTENG	PRETORIA
<b>Sugarcane applications</b>				
TT08-17	Hlala Boy Abraham -	R 261,714.47	MPUMALANGA	KOMATIPOORT
TT08-18	Mkhanga Mandla	R 261,714.47	MPUMALANGA	KOMATIPOORT
TT08-19	Mashwama Lidia	R 261,714.47	MPUMALANGA	KOMATIPOORT
TT08-20	Mahlalela John	R 261,714.47	MPUMALANGA	KOMATIPOORT
TT08-21	Makabela M Samaria	R 261,714.47	MPUMALANGA	KOMATIPOORT
TT08-22	Mhlanga M Welcome	R 261,714.47	MPUMALANGA	KOMATIPOORT
TT08-23	Mabila Evenlina	R 261,714.47	MPUMALANGA	KOMATIPOORT
TT08-24	Khosa M Elmon	R 261,714.47	MPUMALANGA	KOMATIPOORT
TT08-25	Khoza T Busisiwe	R 261,714.47	MPUMALANGA	KOMATIPOORT
TT08-26	Lubisi Ruth	R 261,714.47	MPUMALANGA	KOMATIPOORT

## Centres supported by **stp**



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technology programme

**Acorn Technologies**  
Tel: (021) 442-5385  
Fax: (021) 442-5380  
Website: www.acorn.org.za

Acorn Technologies is a biomedical, bio-engineering and biotechnology start-up business incubator based in Observatory, Cape Town. This Section 21 company facilitates access to technical and business expertise in the sector, as well as a variety of other business development support services for entrepreneurs and fledgling life science businesses.



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**ECITI**  
ECITI House, Dyer Street,  
Arcadia, East London  
Tel: (043) 704 5726  
E-mail: info@eciti.co.za www.eciti.co.za

The Eastern Cape IT Initiative is an independent, non profit company, promoting the development of the knowledge economy in the Eastern Cape. ECITI's mission is to develop and promote the Eastern Cape's ICT industry and to retain the province's human capital by developing a strong business development network to establish and grow the Eastern Cape ICT business potential. The initiative has two centres, one in Port Elizabeth and one in East London. Both incubators are responsible for the provision of office space, 'plug-and-play' offices and a variety of business development services for entrepreneurs and small enterprises supported through the programme



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**Chemin**  
Tel: (041) 503-6700  
Fax: (041) 503-6712  
Website: www.chemin.co.za

Chemin is a technology incubator specializing in supporting the start-up and growth of SMEs in the downstream chemical industry. Chemin is located in Port Elizabeth but operates nationally through various projects the centre is involved in.



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**eGoli Bio Life Sciences**  
Incubator  
Tel: (011) 605-2941  
Fax: (011) 605-2943  
Website: www.egolibio.co.za

Egoli Bio is a not-for-profit business incubator, created for the purpose of nurturing entrepreneurial life-sciences and biotechnology companies, helping them to survive and grow during the start-up phase, when they are most vulnerable. The incubator serves as a development conduit for the commercialization of bio-sciences research, products, services and technology platforms. It offers biotechnology entrepreneurs a unique opportunity to commercialize their products or services within a business incubator.



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**Downstream Aluminium  
Centre of Technology**  
Tel: (035) 797-1500  
Fax: (035) 797-3050  
E-mail: ella@dact.co.za

The Downstream Aluminium Centre of Technology is located in Richards Bay, focusing on training, skills development and incubation of potential entrepreneurs and small enterprises in the aluminium casting industry.



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**The Furniture Technology  
Centre Trust (Furntech)**  
Tel: (021) 510-0088  
Fax: (021)511-1349

The Furniture Sector Technology Incubator, Furntech, with five branches located across South Africa, has its headquarters in Cape Town, and focuses on the provision of training, skills development and business incubation support to potential entrepreneurs and small enterprises involved in furniture manufacturing. Furntech is an accredited training Service provider for the Furniture Industry, and provides training to over 600 people each year.



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**SATeC**  
Tel: (012) 564 5592  
Fax: 0866 072 832  
www.satec.co.za

Seda Automotive Technology Centre, SATEC, a Section 21 company based in Rosslyn, Pretoria, is a technology incubation centre focusing on the development of start-up's whose ultimate objective is to develop technology influenced products or services for the automotive industry. Through its partnership with the Tshwane University of Technology and the CSIR, the centre provides technical as well as business development support services to entrepreneurs and small enterprises.



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technology programme

**The Mpumalanga Stainless Initiative**  
Tel: (013) 246-1528  
Fax: (013) 246-1641  
Website: www.mpstainless.co.za

The Mpumalanga Stainless Steel Initiative, MSI, located in Middleburg, in the Mpumalanga Province, provides entrepreneurs from previously disadvantaged backgrounds the opportunity to enter the stainless steel industry. This centre embraces the environment where new and emerging enterprises are able to set-up business, and with professional support and development, become sustainable in the long term



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technology programme

**CONTACT**  
Tel: (011) 695 4800  
E-mail: info@sbti.co.za  
Website: www.sbti.co.za

Softstart Business and Technology Incubator, SBTi, located in Midrand (Gauteng), was borne out of the merger of Softstart, a real estate incubator which assisted innovative, early stage "ICT" entrepreneurs with mentoring and support in the strategy and practice of growing a sustainable business, and Bodibeng Technology Incubator, a virtual and real estate incubator which supported high-tech entrepreneurs in starting and growing their businesses by offering innovative products and services. SBTi now offers state of the art 'plug-and-play' offices with high-speed internet access as well as other business support services to entrepreneurs and small enterprises.






**seda**  
Small Enterprise Development Agency  
a member of the dsb group  
technology programme

**Lepharo**  
Tel: (011) 360 3989  
Fax: (011) 360 3682

Seda Ekurhuleni Base Metals Incubator trading as Lepharo was established as a joint initiative between stp, the Ekurhuleni Municipality, Gauteng Enterprises Propeller and Impala Platinum (Kumba Resources), to provide an environment for the training and development of entrepreneurs and small enterprises in the casting of zinc, copper and brass. The centre not only provides training, mentoring and coaching for the entrepreneurs, but also a variety of other business development support services.



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technology programme

**Seda Technology Programme**  
Ndwakhulu Makhufhi  
Tel: (012) 548 2534  
Website: www.seobi.co.za

The seda Essential Oils Business Incubator, SEOBI, a Section 21 company, focuses on empowering emerging farmers to produce and in some instances, process high value essential oils. The incubator focuses on transferring appropriate technologies to emerging farmers in order to facilitate starting or increasing commercially viable essential oil production.



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**Ethekwini Contractors Incubator**  
127 Alice Street, Durban, 4001  
Tel: (031) 309 4940/2/3  
Fax: (031) 309 4946

The seda Ethekwini Contractors Incubator, SECI, is based in Alice Street, in Durban, and has been created to provide business support services, office infrastructure and other resources to eligible business in the construction sector. It stems from an identified lack of capacity presented with abundant opportunities and demand for services in this particular sector. The centre focuses specifically on the development of small contracting firms classified under the Construction Industries Development Board (CIDB) as grade 3, and provides them with the necessary support to grow their businesses to grade 4 and 5 within a designated period of time.



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**Mapfura-Makhura Incubator**  
Tel: (013) 268 9300  
Fax: (013) 268 9305  
E-mail: derrickm@biodieselmmi.org.za

The Seda Maphura-Makhura Incubator (SMMI) is a Limpopo - based Training and Technology Demonstration Incubator (TDI), which trains local farmers in planting of sunflower and Soya beans for the production of Biodiesel.



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technology programme

**SEDA Platinum Incubator**  
Tel: (014) 597 0736  
Fax: 086 679 3800  
E-mail: info@spi.org.za

Seda Platinum Incubator, SPI, a platinum beneficiation and jewellery training and manufacturing incubator based in Rustenburg, aims to create an internationally recognized centre of platinum beneficiation excellence and is dedicated to the advancement of skills in the beneficiation of Platinum Group Metals.





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Small Enterprise Development Agency  
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technology programme

**Timbali Technology Incubator**  
Tel: (013) 753-7148  
Fax: (013) 752-5954  
Website: www.timbali.co.za

The Timbali Technology Incubator is situated in Nelspruit in the Mpumalanga Province. The centre was established to create a centre for the establishment and support of emerging farmers in the cut flower market. The centre provides technical, business as well as marketing and other business development support services for entrepreneurs to grow and develop their floriculture businesses.



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Small Enterprise Development Agency  
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technology programme

**MASD&T**  
Tel: (013) 754 1163  
Fax: (013) 754 3485

The Mpumalanga Agri Skills Incubator was established to promote sustainable agricultural empowerment, development and entrepreneurship of primarily previously disadvantaged individuals and communities in Mpumalanga and possibly throughout the entire country. The main objective of MASI is to create sustainable small agricultural enterprises and lower the risk of financiers, thereby making funding more accessible to small scale farmers.



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technology programme

**Zenzele Technology**  
Demonstration Centre  
Tel: (011) 709-4674  
Fax: (011) 709-4625

The Zenzele Technology Demonstration Centre is based at the Mintek Campus in Randburg (Gauteng). The centre provides technical and research support to small-scale mining and mineral-related enterprises, with the aim of nurturing accelerated growth, skills development, job creation and assisting enterprises to successfully compete in their markets. Zenzele provides a range of services to small scale miners across South Africa, and has a satellite office in the Northern Cape Province, from which it supports various community development projects.



**seda**   
Small Enterprise Development Agency  
a member of the dsb group  
technology programme

**SESUCI Sugar Cane Incubator**  
Cel: 083 305 4815  
Fax: 086 664 4815  
E-mail: jamesvf@agriwiz.org.za

Seda Sugar Cane Incubator (SESUCI) is located in Eastern Mpumalanga and its mission is to develop internationally competitive previously disadvantaged entrepreneurs in the South African Sugar Cane industry through the process of Agricultural Business Incubation.





## Incubation division report

### Reflecting on an industrious year.....

Through our structured business support to SMMEs, the Incubation division is becoming a significant contributor to economic and social upliftment. Our 23 Incubation Centres across the Country provide a wide range of intensive business support services such as entrepreneur training, business advice, facilitating access to finance and technology support. One of the most important criteria in Incubation is graduations i.e. "letting the SMMEs fly on their own", normally after 3 years of incubation, we are glad to report that a total 59 SMMEs graduated in the 2007/8 financial year.

Although some of our Incubators experienced operating and governance challenges during the year, most of our Incubators contributed to the overall outstanding performance recorded in terms of SMMEs created and supported, increase in turnover growth but even more noticeable was the number of jobs created. The division has also gained in-depth insights into the operations and governance of its Incubators, and will be reviewing the "way" we support our Incubators in the next financial year.

The division also experienced a strain in human resources with the existing team being stretched and assigned to 25 Centres and thus the need for additional capacity and admin support was motivated to ensure smooth internal functioning for the provision of effective support to all Centres.

### SMME Growth really UP

For the first time since the inception of the programme, the collective turnover of all the SMMEs directly supported by the division significantly increased to R105,206,118 driven mainly by our seda Construction Incubator. At least 10% of the turnover of certain SMMEs amounting to R 10,576,388, was from exports to mainly the UK and Mozambique.

Over the last few years the construction sector in South Africa has managed to grow at an impressive rate, considering that GDP of South Africa for Q1 2008 was a paltry 2.1%. The shining star for the same period, was the construction sector, at 14.9%. This benefit could be seen immediately on the performance of our SMMEs in the seda Construction Incubator (SCI) whereby their collective turnover was nearly R 55 000 000. The SCI SMMEs are well positioned in this sector for continuing growth now and in the future. Incubation was key to their success, as the higher grading the SMMEs received whilst they were in the intense incubation programme ensured that they were able to tender for high value contracts.

**Stp** Incubation Centres, have also assisted their clients to raise a total of R 25,44 million in non-stp funds for their activities - creating 126 new enterprises of which 82% were black owned, of a total base of 608 clients serviced by our Centres. **Stp** also subscribes to Government's call for gender empowerment, ensuring that the 41% of all new enterprises created were women owned. The most noticeable achievement of the Programme was the fact that a total of 6115 jobs were created, of which 4009 were casual jobs - mainly in the agricultural sector.



# Goals and Objectives for 2007/8

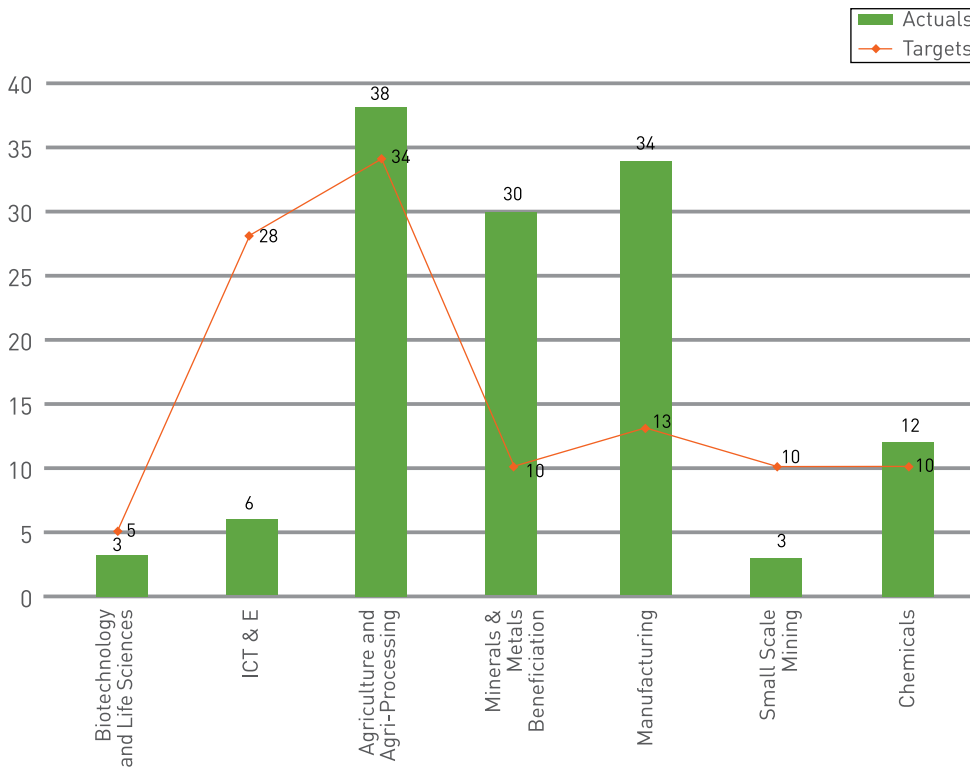
The Business Plan for **stp** for 2007/8 listed a number of goals and objectives for the incubation division, some of which are reported on herein:

- Identify, develop and implement the necessary interventions and support services to optimise and enhance the capacity and outputs of the various incubators supported by the programme
- Foster Networking activities between **stp** and other role players in the national small enterprise support arena
- Facilitate and/or provide incubation training and capacity building for centre managers and staff
- Facilitate effective mentoring and coaching support to Centre Managers
- Continuous assessments of centres ensuring targets that agreed upon are met
- Development of a concise management systems to ensure optimal services and support for TBCs supported through the programme
- 88% survival rate of graduated businesses
- Develop and maintain international relationships to ensure the exchange of best practices for the promotion of enterprise creation through incubation and technology transfer in Africa

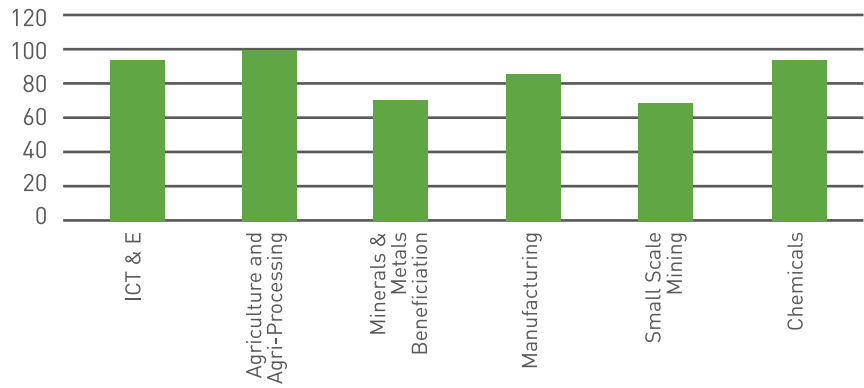
There are a number of specific KPIs that were also listed in the Business Plan for 2007/8 and these are reflected on later in this annual report.

## Key outcomes of the programme for 2007/8

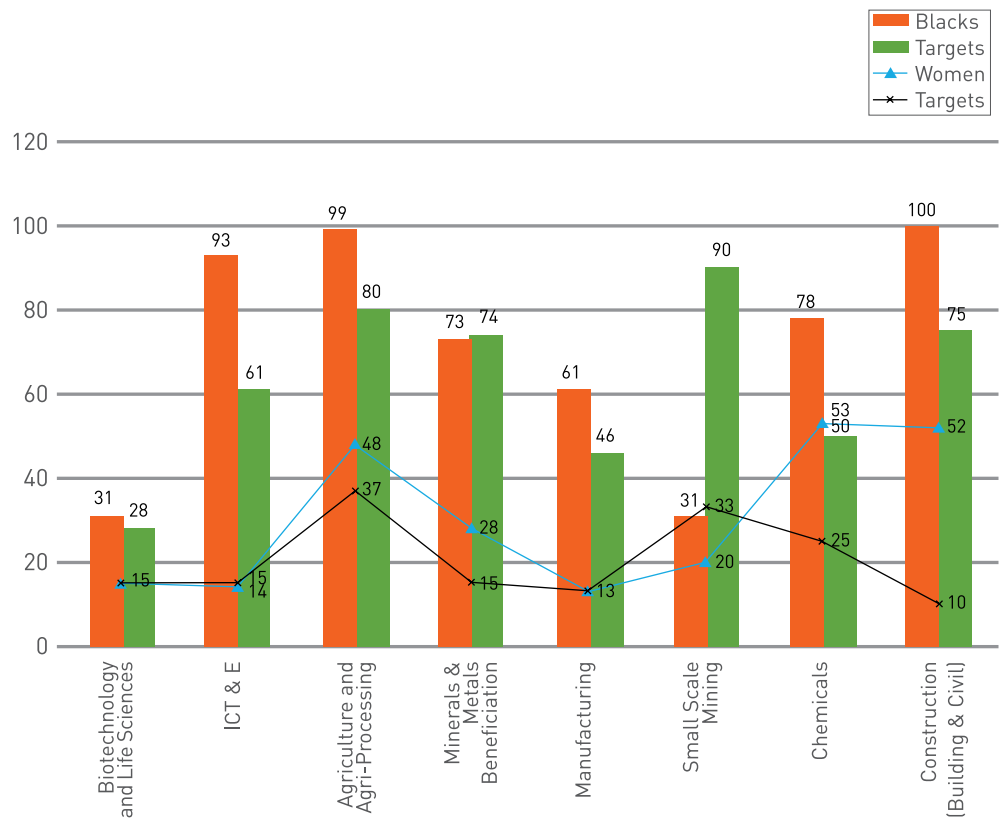
**Number of new SMMEs Established (YTD 126)**



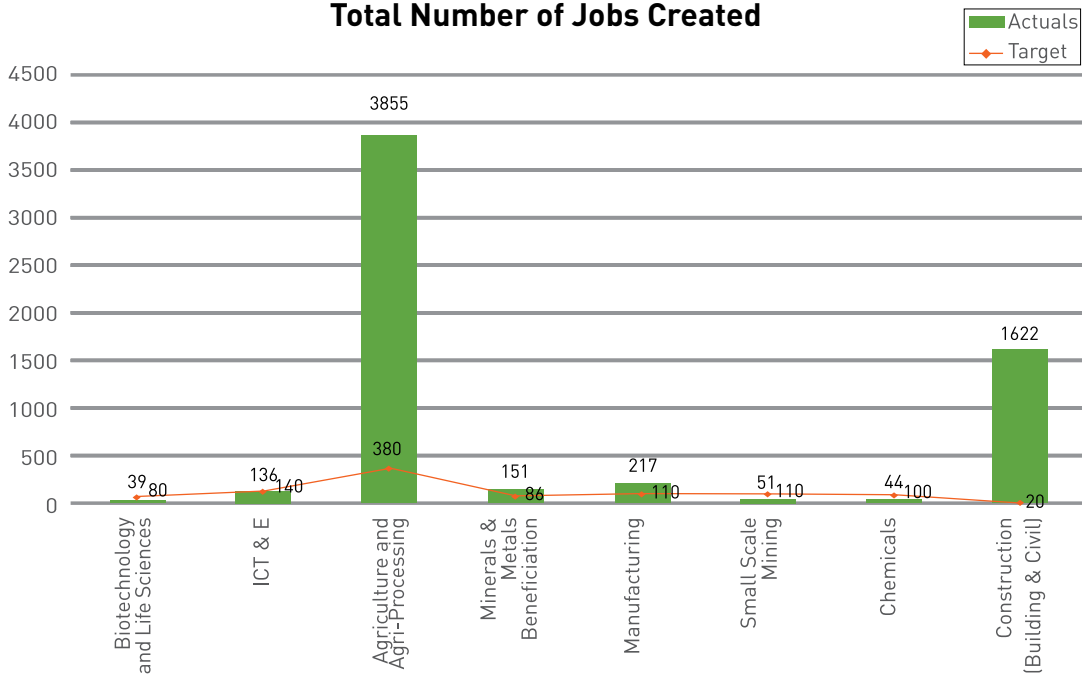
### % Black owned SMMEs Established (YTD Total = 82%)



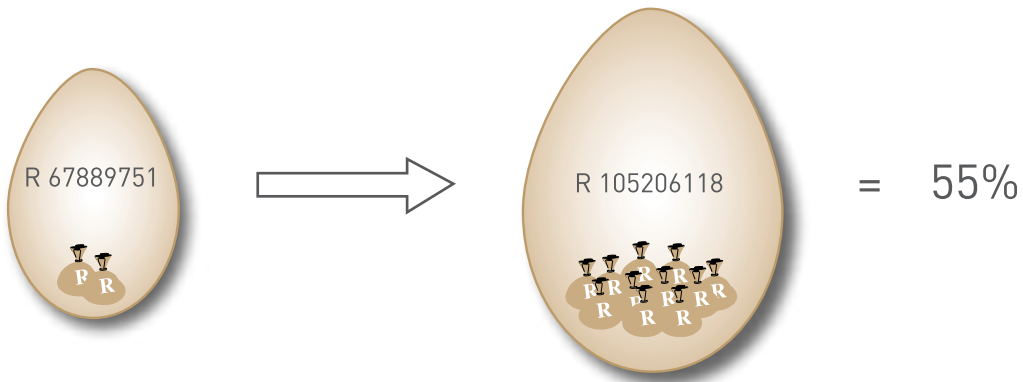
### PDI Support: % Companies in Centre Portfolio



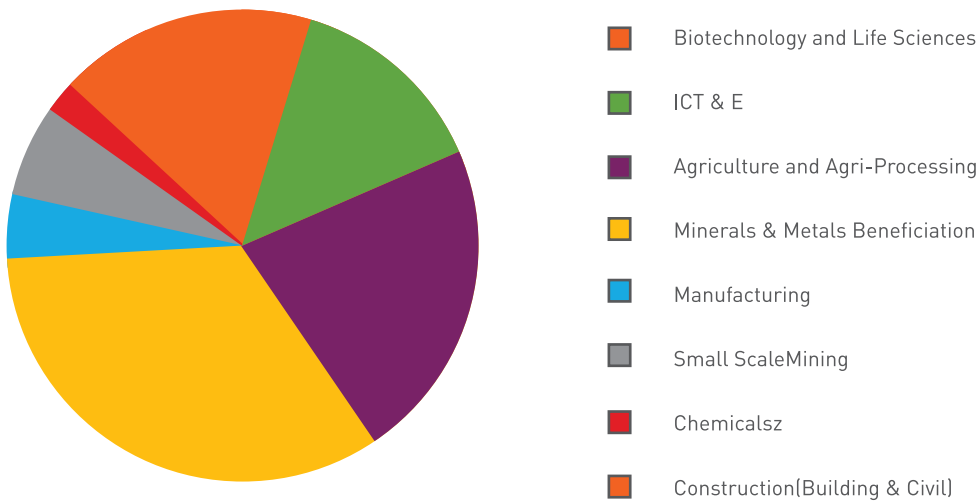
## Total Number of Jobs Created



## Growth in Turnover



## 462 New Prospects entering the Pipeline



## Technology Transfer division

Many theorists would explain Technology Transfer as a process of sharing of skills, knowledge, technologies, methods of manufacturing and facilities among firms, industries, universities, governments and other institutions. This is done to ensure that scientific and technological developments are accessible to a wider range of users who can then further develop and exploit the technology into new products, processes, applications, materials or services.

In South Africa, with an acknowledged structural division between the 1st and 2nd economy, technology transfer opportunities are diverse and vast; the client base is rapidly expanding and thus there is excellent potential for good technology transfer initiatives to fundamentally impact on sustainable economic development.

The Technology Transfer Fund (TTF) was introduced by the Department of Trade and Industry and has been managed by the **stp** since 2006. The fund makes available grants to the maximum value of R500 000 to Small, Medium and Micro Enterprises (SMMEs), that wish to upgrade their current manufacturing processes with the introduction of market ready technologies and training programmes. The fund particularly targets SMMEs functioning in the 2nd economy and has a special focus on women owned enterprises.

Applications are received from SMMEs throughout the country. The applications are evaluated by an Adjudication Panel comprised of members with varied expertise and affiliations to industry, government and academia. All applications must adhere to the pre-scripts of the Technology Transfer Fund policy, and be technically and financially viable. Only the best initiatives are funded within the available resources.

### Activities for 2007/08

During the 2007/08 financial year 58 applications were processed for the Technology Transfer Fund. The Adjudication Panel held 5 meetings and approved a total of 34 applications. R14 million was made available to the fund on 21 December 2007. A total of R12 838 038 was allocated to 34 different projects up to 31 March 2008.

Of the applications funded, 26% were wholly women-owned enterprises, 20% were male owned business-

es and the remainder had mixed shareholder participation. 91% of the applications approved, were black economically empowered enterprises.

Whilst the biggest component of spending for all projects was allocated for the purchase of capital equipment, training and skills development also play an important role in all TTF initiatives. Beneficiaries of the TTF enjoy access to a technology support network in various industrial sectors through both government and non-governmental institutions. Interactions with specialist institutions contribute towards strengthening the technology transfer initiative and improving the sustainability of the enterprise. The technology transfer institutions that have partnered with **stp** in implementing particularly the technical training and mentoring aspects of the 2007/08 projects included Tshumisano Technology Stations Programmes, Mintek, and the **stp** Technology Business Centres i.e Zenzele and SESUCI.

### Technology Transfer for Women

The Technology for Women in Business (TWIB) programme was transferred from the CSIR to **the dti** with effect from 1 June 2007, with its functions being split between **stp** and the Gender & Women Empowerment unit (GWE). **Stp** would focus on the technology transfer activities, while GWE would be responsible for the annual TWIB Awards, promotion of "Women's Entrepreneurship" and youth initiatives.

**Stp** was therefore responsible for implementation of the following objectives of the former TWIB programme:

1. Facilitating access to information and technology for women's enterprise development.
2. Facilitating the unlocking of constraints to innovation and technology diffusion encountered by women entrepreneurs.
3. Accelerating women empowerment and the development of women owned enterprises through technology access.

The Technology Transfer Fund was the primary tool used to deliver against these objectives in 2007/08. Fourteen women owned businesses were supported through the Technology Transfer Fund in 2007/08.

Kgabo Ya Setso owned and managed by Kgabo Maria Mashiane is one such enterprise. The company manufactures cleaning chemicals such as dishwashing liquids, fabric softeners and bubble bath. The TTF assisted the company to purchase automated mixing,

filling and packaging equipment. Through the intervention, the overall product quality and packaging quality will improve thereby improving marketability. The company also has close links with the Tshumisano Technology Station in Chemicals and the South African Quality Institute to ensure that there will be continuous technical improvements and learning.

Busisiwe Khosa, Evenlina Mabila and Ruth Lubisi are incubatees in the SEDA Sugarcane Incubator. They received TTF grants this year to improve the irrigation infrastructure on their farms. This will allow for precision irrigation and fertigation of the crop during critical growth phases. With rising costs of agricultural inputs, these improved agronomic techniques will significantly contribute to the profitability and sustainability of these farming enterprises.

Other women owned projects that were funded included ceramics manufacture, food processing and manufacture of unique textile items for interior decorating and the fashion industry. The funded projects reflect the rich diversity of talent and excellent technical capability of South African women.

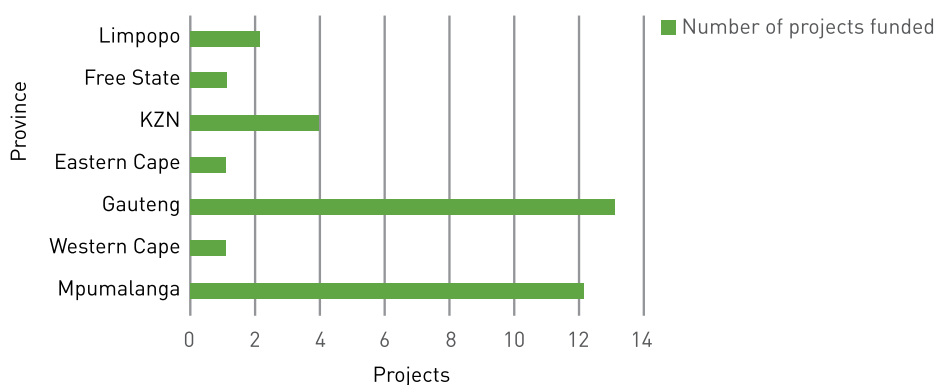
During the 2007/08 financial year the TTD experienced severe staff shortages with the resignation of the Senior Manager: Technology Transfer, Technology for Women Manager and the TTF: Manager. During February 2008 the TTF: Manager post was filled. The Senior Manager: TTD and 2 project officer posts will be filled during 2008. This will facilitate improved service delivery and an expansion of the division's responsibilities for the future.

During the 2008/09 financial the Technology Transfer Fund Policy year will be revised and submitted for approval to the Board Committee. The policy which currently restricts funding to manufacturing enterprises will be extended to enable funding of technology intensive service businesses as well. The value of the grant will be increased to a maximum of R600 000. The Division will be revising some of the application processes to make it more user-friendly and enable applicants to benefit from a variety of available advisory services. The TTD will also develop concept documents facilitating access to technology for SMME's and establishment of appropriate monitoring and evaluation systems for beneficiaries of TTD activities.

## Paving the way forward

Manufacturing Sector	Number of Projects Approved	Funds Approved
Mining, Quarrying and Processing	6	R 2,815,534.61
Ceramics	3	R 860,308.89
Bricks and Blocks	1	R 275,788.80
Furniture	2	R 958,008.23
Specialist Bath Manufacture	1	R 499,149.00
Agriculture and Agro-processing	12	R 3,608,031.37
Cosmetics	2	R 968,554.61
Chemical	3	R 1,500,000.00
Textiles	1	R 257,408.09
Metals Fabrication	1	R 265,255.20
Food Processing	2	R 829,999.20
<b>Totals</b>	<b>34</b>	<b>R 12,838,038.00</b>

Number of Projects funded per Province



## New SMMEs created by stp-supported Centres

Center	Name of SMME	Registration no.	Sector
<b>Zenzele</b>	HT1007 Trading	2003/023874/23	Small scale Mining
	Lisemelo Precious Metals	2006/030145/23	Small scale Mining
	N and O Copper Processors	2002/067488/23	Small scale Mining
<b>MSI</b>	Thembalombuso Stainless sign	2007/207825/23	Minerals & Metals beneficiation
	Modoshane Trading Enterprise	2008/043202/23	Minerals & Metals beneficiation
	Msiko Dot Net Trading	2006/05450/23	Minerals & Metals beneficiation
	Makua's Pro Steel Manufactures	2008/058959/23	Minerals & Metals beneficiation
	Inyanda Stainless Production	2008/058961/23	Minerals & Metals beneficiation
	Ruby's Steel works Engineering	2008/045940/23	Minerals & Metals beneficiation
	MSPE	2008/065601/23	Minerals & Metals beneficiation
	Themba amd Tsekiso Trading	2008/010316/23	Minerals & Metals beneficiation
	New version of Staineless steel	2007/033925/23	Minerals & Metals beneficiation
Abel SDP Construction	2007/193565/23	Minerals & Metals beneficiation	
<b>SPI</b>	Aumor Jewellery	Sole proprietor	Minerals & Metals beneficiation
	Forever bright	Sole proprietor	Minerals & Metals beneficiation
	Linki van Zyl Art Jewellery	Sole proprietor	Minerals & Metals beneficiation
	Xolani Myikana	Sole proprietor	Minerals & Metals beneficiation
	Platarex	Sole proprietor	Minerals & Metals beneficiation
	Desert Star Trading 551	Sole proprietor	Minerals & Metals beneficiation
	Living Jewellery Art	Sole proprietor	Minerals & Metals beneficiation
	Ingelosi Trading 588	2008/003837/23	Minerals & Metals beneficiation
	Nefftec	2008/069480/23	Minerals & Metals beneficiation
	Wolf Jewellery Design & Manufactures	2007/027659/07	Minerals & Metals beneficiation
	Joyce Coetzee	Sole proprietor	Minerals & Metals beneficiation
Studio T Manufactures	2007/251968/23	Minerals & Metals beneficiation	
<b>DACT</b>	Manyelela Aluminium Prod	2007/117008/23	Minerals & Metals beneficiation
	Nkombiso Aluminium Foundry	2007/102459/23	Minerals & Metals beneficiation
	Day and Night Aluminium Centre	2007/102488/23	Minerals & Metals beneficiation
	Sifiso Sezwe Aluminium	2007/102454/23	Minerals & Metals beneficiation
	Sihle aluminium	2007/102469/23	Minerals & Metals beneficiation
	Mtheku Aluminium Products	2007/110018/23	Minerals & Metals beneficiation
	Alumtech Castings	2007/234023/23	Minerals & Metals beneficiation
	Bris alu and metal works	2007/218842/23	Minerals & Metals beneficiation
<b>SEOBI</b>	Dyseldorp United Trust	25/05/2007	Agriculture & Agri-processing
	Ya Rona	IT91/2004	Agriculture & Agri-processing
	Vukuzenzele	Sole proprietor	Agriculture & Agri-processing
	Mayibuye Works	2007/008634/07	Agriculture & Agri-processing
	Rinono Green Garden	I Trust 2294/06	Agriculture & Agri-processing
	Fanyakazi Dira tiro agricultural cooperative	2007/001190/24	Agriculture & Agri-processing
	Maluba	2006/008111/07	Agriculture & Agri-processing
<b>Timbali</b>	Wawewe Trading cc	2008/002442/23	Agriculture & Agri-processing
	Magewu Trading	2008/002423/23	Agriculture & Agri-processing
	Ndlayeni Trading	2008/002423/23	Agriculture & Agri-processing
	Mr Lightblue Tradinmg	2008/002444/23	Agriculture & Agri-processing
	Tryphina Sababo Trading	2008/006751/23	Agriculture & Agri-processing
	Sam and Flora Trading	2008/002430/23	Agriculture & Agri-processing
	Fisokuhle Trading	2008/005041/23	Agriculture & Agri-processing
	Ndumiso Sabelo Trading	2008/002428/23	Agriculture & Agri-processing
	Thulani Devine Trading	2008/002441/23	Agriculture & Agri-processing
	Vukani Maswatini Trading	2008/002432/23	Agriculture & Agri-processing
	Sebenzile Trading	2008/002432/23	Agriculture & Agri-processing
	Thuthukani Devine Trading	2008/002432/23	Agriculture & Agri-processing
	Kwasakwasa Trading	2008/006752/23	Agriculture & Agri-processing
	Mandla Petros Trading	2008/007730/23	Agriculture & Agri-processing
	His and Hers future trading	2008/063948/23	Agriculture & Agri-processing
	Pelse Trading	2008/064342/23	Agriculture & Agri-processing
	Lukhakhanyi Trading	2008/070236/23	Agriculture & Agri-processing
	Inkunzi Emnyama Trading	2008/064351/23	Agriculture & Agri-processing
	Ihlanhla Yethu Trading	2008/0720236/23	Agriculture & Agri-processing
	Lithendele Lasuka Kucala Trading	2008/063939/23	Agriculture & Agri-processing
Khoza Jeramiah Nhlanhla	Sole Proprietor	Agriculture & Agri-processing	
Lindowokuhle Trading	2008/06395/23	Agriculture & Agri-processing	



	Awushemi Trading	2008/059524/23	Agriculture & Agri-processing
	Sifiso Sethu Flower Grower	2008/063947/23	Agriculture & Agri-processing
	Sithanda Impilo Trading	2008/059378/23	Agriculture & Agri-processing
	Mkhawayi Trading	2008/002433/23	Agriculture & Agri-processing
	Mveza Trading	2008/002426/23	Agriculture & Agri-processing
	Mnle and Za Trading	2008/0642051/23	Agriculture & Agri-processing
	Annette Janse van Rensburg	Sole Proprietor	Agriculture & Agri-processing
	Alida Maria Alberts	Sole Proprietor	Agriculture & Agri-processing
<b>SESUCI</b>	Thembile Martha Ngomane	Sole Proprietor	Agriculture & Agri-processing
<b>Egolibio</b>	Rosa Organics	88/019791/23	Bio & Life Sciences
	Sylvean	2005/034421/07	Bio & Life Sciences
<b>Acorn</b>	Gknonomix	2007/009898/07	Bio & Life Sciences
<b>Sofstartbti</b>	Impetus	2007/2246662/23	ICT
	Redwood Falls Investment	2008/058129/23	ICT
	Peach Telecom	2008/0414440/23	ICT
	The code company	2007/022628/07	ICT
<b>ECITI-EL</b>	Blaqberrie	2006/015851/23	ICT
<b>ECITI-PE</b>	Britespark	2006/180650/23	ICT
<b>Furntech</b>	SMS Coffin Manufactures	2007/155497/23	Manufacturing
	Free Hand Furniture	Sole Proprietor	Manufacturing
	Phingo Furniture manufacturers	2003/096450/23	Manufacturing
	Bosa Wood Manufacturers	2007/045104/23	Manufacturing
	Naledi Yashehaba Cooperative	2007/000107/24	Manufacturing
	intokozo Yethu cooperative	2007/000455/24	Manufacturing
	New Harvest	2007/155480/23	Manufacturing
	MQ Thatch	2006/051440/23	Manufacturing
	B and N Furniture Manufacturers	2007/175716/23	Manufacturing
	Maipie Trading	2005/032864/23	Manufacturing
	Best Quality Trading	2006/214323/23	Manufacturing
	Dupper Meubels	2007/226836/23	Manufacturing
	Maza Furniture Design	2005/098635/23	Manufacturing
	Cupboard Joy	Sole Proprietor	Manufacturing
	Miko Air Investments	2005/172993/23	Manufacturing
	Qualfern Furniture Manufacturer	2006/1441105/23	Manufacturing
	KMPG Manufacturing	2006/200152/23	Manufacturing
	Tag Laser Design	2007/240983/23	Manufacturing
	Mahlambazi Business Enterprise	2002/055487/23	Manufacturing
	Injiya Interior Décor	2006/009907/23	Manufacturing
	Ezimqewane Trading	2007/152645/23	Manufacturing
	Really Wood and Board Services	2007/207988/23	Manufacturing
	RL Wood Work and Joinery	2007/158337/23	Manufacturing
	Lum's Handcraft Furniture	2007/2198186/23	Manufacturing
	Big Brothers Furnitures	2008/068608/23	Manufacturing
	Shove Wood Finishes	2008/010176/23	Manufacturing
	MIB Woodwork	2008/051986/23	Manufacturing
	Ubuciko Artland CC	2001/011535/23	Manufacturing
	Usiba Marketing Supply	2001/069066/23	Manufacturing
	Pat n Afro	2008/103572/23	Manufacturing
	Umzimkulu Carpenters	2008/073728/23	Manufacturing
	Siaykhula Furnishers	2008/073549/23	Manufacturing
	Nqolo Trading	2006/084836/23	Manufacturing
	Grees Construction	2007/173262/23	Manufacturing
<b>CHEMIN</b>	S&P Carbon Kareedaw	2000/013979/07	Chemicals
	Otima	Sole proprietor	Chemicals
	Brutaliyoz cleaning products	2007/23232905/23	Chemicals
	Luvo Cleaning Chemicals	2007/234752/23	Chemicals
	Tutu Cleaning Chemicas	2007/234472/23	Chemicals
	Havenly Products	2007/232861/23	Chemicals
	Sinolima Trading	2007/218868/23	Chemicals
	Inqwebe Cleaning Chemicals	2007/152035/23	Chemicals
	Zwelakhe Beauty Products	2006/077088/23	Chemicals
	Simawo General Trading	2007/232584/23	Chemicals
	Sinovuyo Hygiene Services	2006/170320/23	Chemicals
	Mabulli Cleaning Products	2007/248401/23	Chemicals





## Networking in Africa

### Sub-Saharan Africa receives Incubator training

When the call for invitations to attend an Incubator Management Course in Mauritius was issued by co-funders; InfoDev and the National Computer Board in Mauritius, **stp** decided it was definitely going to capitalize on the opportunity to send key Incubation staff to attend the conference to witness the rich exchange of information, ideas and current international trends allowing Africans to grasp the concepts and adapt it to better manage incubators in the African continent.

Incubator managers from 15 countries across Sub-Saharan Africa attended training on incubator management, from 8- 12 October. The aim of the training was to provide senior incubator staff, or those in the final stages of establishing an incubator, with an overview of the key principles and concept of incubator management. Since all participants were members of the Africa Incubator Network, the exchange of ideas and lessons learned flowed easily.

#### Main themes of training included:

- Understanding small enterprises and the role of incubation in supporting them: the SME in the economy, growth enterprise financing needs and gaps, how an incubator adds finance to an enterprise
- Business incubation basics: principles, concept , and international good practice
- Design of a business incubator: case studies, feasibility study and planning, designing sustainable business models
- Mission, governance and objectives: organizational structures, management and Public-Private Partnerships (PPPs), critical issues for small island Developing states
- Marketing and client selection: strategic and tactical marketing, market intelligence and segmentation, market evaluation, mechanics of attracting good clients
- Developing mentoring & coaching programs in incubators: mentoring relationships theory, finding and screening mentors and coaches, implementing a mentoring program
- Monitoring, evaluation and benchmarking: introduction to benchmarking and international benchmarking systems, infoDev framework, improving operations

## Using International partnerships to improve stp- technology offerings

In February 2008 **stp** staff members undertook a mission to it's IBSA-partner in Brazil, SEBRAE, to gain a better understanding of the SEBRAE "access to technology and innovation" offerings, with the objective of developing a new package of "access to technology" offerings for **Stp** for small enterprises in SA.

SEBRAE have extensive "technology support" tools, products and service for small businesses and has an extensive network of 'service point'; it has 750 points of delivery throughout the country with over 4000 staff, and it utilises over 9000 external consultants and also has a extensive network, and leverages other organisations – incubators, universities, technology centres, financial institutions and others. This increases the reach and impact of the organisation way beyond its own branches and 'service points'. It is this extensive reach at **stp** is keen to replicate.

Based on the information gathered during the mission, **stp** is developing a new package of (technology) services, which will include the following items:

- Establishment of a Technology Clinic
- Hosting of technology-based forums
- Establishment of a Food Technology "Incubator"
- Development of a "technology" data-base and information bank

## Knowledge Management Systems

One of the key strategic thrusts of **stp** is to transform the organisation / programme into a business enterprise that truly operates as an experiential learning organisation. In this regard, **stp** has completed a process of developing policies and procedures manual for governing the operations of the various Technology Business Centres supported by the programme.

## Knowledge Management Forum

The principle objective of the forum is to create an institution that has an experiential learning and knowledge management culture that effectively captures and transfers knowledge within the broader national incubation and technology domain.

## Fundman Internet Programme

The Acorn Incubator originally designed a website, known as 'Fundman' that listed funding programmes and details of these.

**Stp** has taken over the programme and is in the process of gathering information on funding programmes so as to update 'Fundman' and also to find a suitable service provider for the website.

Fundman will greatly assist SMMEs, incubators, **stp** and other institutions to assist small enterprises and entrepreneurs to find appropriate funding.

institutions

- Low skills level of entrepreneurs to effectively manage their businesses
- Strict regulatory environment for innovators
- Barriers to entry of export sector
- Branding and Marketing of their businesses
- Development of prototypes
- Product development

The SMMEs ranged from Start-ups, Early Development, Growth or Expansion and Established businesses. Possible remedies were given in accordance to the need as each query is unique and demands a unique solution.

## Technology Advisory Centre

The Technology Advisory Centre (TAC) was part of the merger that resulted in the creation of **stp**. This stems from a strategic decision of government to consolidate small enterprise support interventions across different government departments and government agencies. The TAC provides both advisory and referral services to small businesses that need assistance in accessing appropriate funds and services for their businesses.

## Activities in TAC

During 2007/8 the TAC received a variety of queries from a range of businesses and entrepreneurs. The number of queries that were received was over 200. The percentage breakdown of how the queries were received is as follows:

Telephonically	- 50%
E-mail	- 30%
Walk in Clients	- 20%

The majority of queries were received telephonically as many of the entrepreneurs will either have no access to an e-mail facility or perhaps are situated a long distance from the **stp** offices.

The following were common constraints that SMMEs who approached the TAC experienced:

- Lack of Access to Markets and Procurement
- Lack of Access to Information relevant to their respective Industries
- Difficult Access to Finance for starting or expanding their businesses
- Lack of Effective Business Support from various

*Turning 8 in 10 Business Failures  
into 8 in 10 Successes*



## Stp benefits from the South-South agreement Between Brazil, India and South Africa

During the latter half of 2006, **stp** management discussed the concept of a 'Mixed Manufacturing Technology Demonstration Centre' (MMTDC) for the purpose of establishing and fast tracking the development of selected product-based small enterprises with technology, machines and equipment sourced primarily from South African manufacturers and if needed, from India and/or Brazil.

In early 2007, it was discovered that the NSIC in India had developed a similar concept and established what they term: 'Incubators for Small Enterprise Establishment' (ISEE). From the Indian experience it was ascertained that within the first year of having established the first MMTDC or ISEE, the Indian Government having noticed the benefits of such a facility provided the NSIC, and agreed to transfer significant additional funding to roll-out the ISEEs throughout India.



Having examined the Indian Model and realising that if we could "borrow" the concept from the Indians and tweak the model to suit the South African economy, there would be no need to reinvent the wheel, thus capitalising on their lessons learnt, a visit to India was arranged to investigate the implementation and operations of their manufacturing incubator. **Stp** is currently in the process of establishing a Manufacturing Technology Demonstration Centre in partnership with the Tshwane University of Technology in Soshanguve, Pretoria.

Entrepreneurs that would participate in the pilot project would be housed within the SMTDC, and would go through an intense training and development programme. Over and above the technical training the entrepreneurs would receive, the following business training skills would also be part of the curriculum:

1. Entrepreneur business skill development
2. Entrepreneur quality and motivation
3. Product and project (equipment) selection and opportunity guidance
4. Business laws
5. Accounting and book keeping and banking procedures
6. Working capital and cash flow management
7. Hands on operations training
8. Product costing, pricing and packaging

**Stp** and TUT have identified a site on the South Campus of the University in Soshanguve, and plan to launch the new centre in the next financial year.

Buildings to the left donated by TUT for the Mixed Manufacturing Technology Demonstration Centre.





## Chem-Fresh looks forward to a sparkling future

Edward Moshole started out by investing R68 to manufacture household cleaning aids and chemical supplies in a shack in Ivory Park near Pretoria. The products were sold during the day by Edward and his partner, who would walk the township streets to market and distribute their products. The money from the sales went back into buying more supplies.

In 2006 Edwards's Company, Ebinter, trading as Chem-Fresh, received support from the Technology Transfer Fund to purchase, mixing and filling equipment and raw materials. This intervention has helped to significantly improve the productivity of the company. In the past they produced only 200 litres of dish-washing liquid per day, but are now able to produce up to 8 tons per day. Mr Moshole and his staff also received training and assistance to improve manufacturing systems. The result has been a dramatic decrease in wastage and improved product quality.

The Chem-Fresh product range increased from 18 to an impressive 34 different products. From Fabric softeners to shoe polish, the Chem-Fresh brand has a visible and growing presence on the shelves of popular retailers like Pick 'n Pay. The company also has contracts with the City of Johannesburg and the ICC to supply various products.

*"The Chem-Fresh product range increased from 18 to an impressive 34 different products"*

The company has an ever improving financial record. Turnover increased from R45 000 per month to R100 000. Mr Moshole says that cash flow is a serious constraint to his business and he screens potential clients thoroughly before offering them a credit option. He also indicates that small companies like his cannot attract the same discounts from suppliers that larger companies receive. Mr Moshole therefore plans to access working capital from financial institutions to expand operations and grow his business.

## Women's Private Equity Fund (WPEF) takes 25% stake in I-Slices

The Women's Private Equity Fund (WPEF) has approved an investment of R7 million (25% of shareholding) into I-Slices SA to finance the further growth of this high potential company. The WPEF is a groundbreaking fund in South Africa, that focuses on the empowerment of women in business. Glenhove Fund Managers (GFM) an independent, Black-owned, South African private equity fund manager, Leonard Fine (Chief Executive) & Alun Frost (executive director) have teamed up with Wendy Luhabe (Non-executive partner) and a consortium of Black businesswomen to manage the Fund.

The WPEF is committed to eyeSlices® and sees the business as having above-average growth prospects in both the domestic and international markets.

Kerryne Krause-Neufeldt, CEO of I-Slices SA Pty (Ltd) is proud to be partnering with WPEF and looks forward to taking eyeSlices® to new soaring heights in 2008.

The sale of 25% of the business to WPEF effective values the company at R28 million, which is a significant achievement for a company that had only graduated from the EgoBio Incubator 10 months earlier.



## Best performing Technology Transfer Intervention wins recognition within Industry

Shonaquip is a community-needs driven company, committed to improving the quality of life for people with severe disabilities. Shona McDonald started the Cape Town-based company to design, manufacture and market customised seating support and positioning equipment for people with disabilities.

In 2005 the company received Technology Transfer Funding to purchase a Pressure Mapping System. This has enabled the company to quickly and accurately identify the correct prescriptions of wheelchairs and manufacture appropriate seat cushions for people with severe disabilities. In 2007, Shonaquip won **the dti** Technology Award for Best Performing Technology Transfer intervention.

The pressure mapping system sponsored by the Technology Transfer Fund has resulted in an innovative and new technical design and development project and Shona and her team of technicians are building a device to transform contour vacuum body moulds into custom made foam cut supports, using both a mobile moulding system and automated cutting systems.

Shona mentors students from a number of universities and colleges and this year two biomedical students from the Marquette University (Wisconsin, USA), are assisting with the development of part of this machine design and the more technically complicated parts are being developed with the support of a SPII grant. When finished and tested by the company's in house therapists, this will be made available to the national and international market.



Thandowethu, shown prior to assistance from Shonaquip.

The equipment is all locally made and maintained, and the company supports the Employment Equity Act by giving preferential employment to people with disabilities. Rising costs have been offset by improvements in efficiency, job creation and performance promotion. The number of employees has increased from 15 in 2005 to 45 at the start of 2008.

Shona is an advisor to the World Health Organisation (WHO) on the development of Guidelines for provision of wheelchairs in under-resourced countries. At Shonaquip a problem-solving approach to seating management is followed whilst applying the basic, internationally accepted principles of seating. Therapists need to be trained and experienced in the process of prescription and fitting, as the wrong seating/posture device can have serious implications for both the short- and long-term health of the user. Due to the company's extensive training programs and innovative product development Shonaquip continues to experience exciting product development and resulting sales turnover increases which 2007 exceeded R12million.

The company has secured tenders with the National Department of Education and Department of Health and has a Public Private Partnership with Western Cape Provincial Government where it provides a unique mobile seating clinic service, providing professional services to a wide range of wheelchair users in urban, peri urban and rural areas.

Shona and her staff's personal drive and dedication to each individual clients' needs drives their success.



Thandowethu is shown in his customised buggy which gives him much greater comfort and utility



## Support from Sesuci yields sweet success

During the first six months of operation, the seda Sugar Cane Incubator has incorporated 32 sugar cane producing SMME's which collectively produced 20 124 tonnes of sugar cane sold for R3 910 522. Reports indicate that 44 direct and 3170 casual jobs have been created over the same period. AgriWiz, the company responsible for the implementation of the SESUCI Incubator, also assisted 55 dormant sugar cane farmers who now achieve a collective turn-over of over R 8 million. This has only become possible because of the funding provided by the European Union's SWEEEP Programme through stp.

As a value add technology intervention, AgriWiz has produced a software package that allows farmers to determine optimal irrigation and fertilizer regimes, horticultural practices and financial modelling of their farms for more effective and efficient decision-making. To operate this software package, the farmer must simply learn to operate a computer mouse and have rudimentary arithmetic and literacy skills. They are also in the process of developing a further comprehensive training package. Graphic and video-intensive interfacing is used to provide all the critical information the farmers require to get the job done. The farmers then learn by actually viewing examples and demonstrations to provide them with the tools they will require to excel in the sugar cane production industry. Technology has clearly been the defining factor in improving the yields of the sugar cane farmers in achieving outputs significantly above the industry norms.



These Farms are supported by SESUCI.

During 2008/09, **stp** will launch at least five new centres further increasing its reach and impact in the South African SMME Arena.

## New kid on the block attains 40% above market average

Zodwa Mahole is a 27-year old flower grower. She grew up in Nyongane Trust in the Hazyview area of Mpumalanga where she attended both primary and secondary school. She is currently participating in Timbali's ABET Programme in the hope of improving her communication skills and would eventually like to write her exams at NQF 4 (equivalent to Matric level).

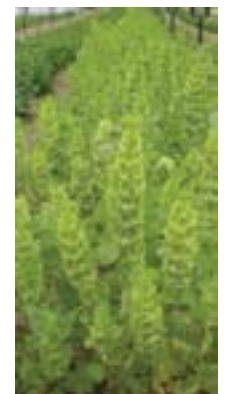
Irish Bells (*Molucelle laevis*) is just one of the products cultivated by Zodwa. *Molucelle laevis* is very popular with floral designers as it is extremely versatile. This flower, in fact, carries its flowers inside the green bells, hence the name Irish Bells.

After her first crop was decimated by *Cercospora* (a fungal infection producing brown markings on the flowers and making them unmarketable), Zodwa persisted, and was able to harvest her second crop in June 2007. She received training on hydroponic management, intensive high-tech flower cultivation and post-harvest management to ensure that the highest quality flower production is maintained.

The stems were sold on the open market and have consistently obtained prices far higher than the market average. In June 2007 she obtained an average of 44% higher than the Multiflora Flower Market average for this crop.

Zodwa's business has attained a turnover of R 132 064.71 during the 18 month period of her incubation at Timbali. Her highest turnover was R33 268.98 and her lowest turnover was R2575.46, which is considerable if you take into account her salary was just R650.00 before starting at Timbali.

Once Zodwa has completed her training at Timbali Technology Incubator, she aspires to move on to the newly-developed flower Estate and eventually own her own farm.



Zodwa Mahole



## Mpumalanga Cluster Enclosures Pty. Ltd. Locking in success for 2008/09

In a developing country with ever increasing growth and energy demands, electricity supply and distribution plays a key role. This is the target area for Mpumalanga Cluster Enclosures, a stainless steel manufacturing company formed in March 2007 in conjunction with the Mpumalanga Stainless Initiative. Mpumalanga Cluster Enclosures manufactures stainless steel electrical enclosures (meter readers, pole mounts, stubbies, kiosks etc.). To the man on the street they make "electrical boxes". This is quite a lucrative yet flooded market in Southern Africa, it seems like a very basic product but experience and understanding is vital.

Vusi Mohlamme and Sam Silinda together own 60% of the company, and the remaining 40% owned by the incubator. Both are ex-employees of Aluex Naledi.

Since inception "Cluster" has created 9 permanent jobs and 2 casual jobs, permanent jobs are expected to grow to 15 in financial year 2008/9. Their turnover has increased from R30 000 per month to R90 000 per month i.e. growth percentage of 33.3%.

### Highlights:

- Mpumalanga Cluster Enclosures has formed a partnership with Xavier security services. Xavier has developed an anti-vandalism locking mechanism for electrical boxes. A contract has been negotiated with Eskom to install these in all existing electrical boxes in Gauteng and North West. Mpumalanga Cluster Enclosures will manufacture all doors for the new locking mechanism. The order is estimated at R800 000.



- Mpumalanga Cluster Enclosures has also won a tender to manufacture lockers for Columbus's change rooms. Order value R350 000

- MSI has also secured a grant of R650 000 on behalf of Mpumalanga Cluster Enclosures, from the Eskom Foundation. The grant money will be used to purchase machinery and equipment that will further develop the company's capacity to secure ever increasing contracts.

*"2008 is going to be a great year for us, we are planning to increase our order book to R180 000 per month, and we are also planning to graduate from the incubator by the end of this financial year" says Vusi Mohlamme Managing Director of Mpumalanga Cluster.*



SEDA TECHNOLOGY PROGRAMME

## **Financial Report**

31 March 2008

DETAILED FINANCIAL REPORT FOR THE YEAR ENDING  
**31 March 2008**

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## SEDA TECHNOLOGY PROGRAMME

# Management Comments

for the year ended 31 March 2008

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During 2007/8, **stp** received an amount of R83 360 000 from **the dti**, where a total of R72 252 586 was transferred to Centres and for Technology Transfer Interventions, to achieve the outputs/targets that are reported on in this report. These achievements reflect the growing contribution of business incubation and technology transfer to the objectives of **the dti**.

For Seda to comply with its audit requirements for the Auditor General, the Seda Technology Programme's (**stp**) finances have been audited as part of the audit of Seda for 2007/2008.

No separate audited financial statement for **stp** for 2007/8 therefore exists, and the audit opinion of **stp** therefore falls under the Seda audit opinion.

The Financial Report is a true reflection of the financial position of **stp** for 2007/8, and is reflective of a programme which has spent the funds entrusted to it on the various projects and interventions supported by **stp**.

It is the opinion of the **stp** management team that **stp** has complied with the terms of **the dti** funding for 2007/8, and would furthermore like to confirm that future funding of the programme is meritorious, based on the achievements of the programme for 2007/2008.



Acting Chief Financial Officer – Seda



C Wyeth  
Executive Manager – STP

## SEDA TECHNOLOGY PROGRAMME

# Financial Review

for the year ended 31 March 2008

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Seda Technology Programme has effectively, efficiently, economically and transparently spent the funds allocated to it on the various centres, projects and interventions supported by it.

### Total Revenue

The total revenue decreased by 23.3% to R84, 9 million (2007 R104, 7 million) in the year ended 31 March 2008, primarily due to the DST withdrawal of its funding to concentrate on its core business, even though **the dti** has increased its funding to **stp**.

### Personnel Expenses

The personnel expenses increased by 20.2% to R6,09 million (2007 R5,07 million) in the year ended 31 March 2008 due to the salary adjustment for Medical aid and Provident fund benefits which were in line with all Seda staff.

### Balance Sheet

The operating performance has retained its strength with the increase in net assets by 1.5% to R15, 3 million (2007 R15, 1 million) in the year 31 March 2008, due the decrease in net working capital.

An amount of R83 360 000 was received by STP from the DTI for the financial year 2007/2008 plus other income of R1 588 698 received from interest and external sources. Of the R84 948 698 total revenue received, STP managed to spend R69 567 037 which resulted in the surplus or unspent funds of R15 381 661.

The unspent funds of R15 381 661 was the result of late approvals of Technology Transfer Interventions applications by the Adjudication Committee and cost benefit analysis by the BAC during March 2008, these unspent funds are commitment for 2007/2008 financial year.

The accumulated surplus or unspent funds were allocated as follows:

- R13 826 757 are committed funds for Technology Transfer Interventions and cost benefit analysis, STP would through the DTI seek permission from the National Treasurer to retain these funds in terms of section 53(3) of the Public Management Act, but these funds would be treated as contingent liabilities pending the approval by the National Treasurer.
- The R1 554 904 is uncommitted funds in the form of interest. According to paragraph 6.8 of the MOA between the DTI and SEDA regarding STP, funds not committed during a financial year cannot be rolled over to the next financial year. Interest earned on all funds will be considered as part of uncommitted funds and must be repaid to the DTI within five months of the financial year end, together with any uncommitted funds.

The **stp** can therefore with confidence confirm that the accumulated surplus of R15 153 133 for 2006/2007 was utilized according to its allocations. Uncommitted funds of R1 894 401 will be repaid to **the dti** and committed funds of R13 258 732 paid to the relevant service providers.

The Detailed Financial Report is disclosed as from page 38 to 47.

SEDA TECHNOLOGY PROGRAMME

## Statements of Financial Performance

for the year ended 31 March 2008

	Notes	2008 R	2007 R
<b>Revenue</b>			
Transfer from other government entities		83 360 000	86 747 000
External earnings		33 794	16 619 878
Investment Income		1 554 904	1 348 762
<b>Total revenue</b>	<b>2</b>	<b>84 948 698</b>	<b>104 715 640</b>
<b>Expenses</b>			
Personnel		(6 092 559)	(5 067 024)
Administrative and other expenses		(78 416 012)	(96 947 392)
Impairment		-	-
Depreciation		(211 599)	(195 641)
Finance costs		-	-
<b>Total expenses</b>		<b>(84 720 170)</b>	<b>(102 210 057)</b>
Profit (loss) on sale of plant and equipment		-	-
<b>Net surplus for the period</b>	<b>3</b>	<b>228 528</b>	<b>2 505 583</b>

SEDA TECHNOLOGY PROGRAMME

# Statements of Financial position

as at 31 March 2008

	Notes	2008 R	2007 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	17 798 334	16 484 582
Receivables		25 000 062	20 779
Current tax receivable		0	7 491 598
<b>Non current assets</b>			
Property, Plant and equipment	5	254 724	396 405
<b>Total assets</b>		<b>43 053 120</b>	<b>24 393 363</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables		2 671 459	9 202 791
Deferred Income	6	25 000 000	0
Taxation liability	7	0	37 439
<b>Total liabilities</b>		<b>27 671 459</b>	<b>9 240 230</b>
<b>Net assets</b>		<b>15 381 661</b>	<b>15 153 133</b>
<b>Accumulated surplus</b>		15 381 661	15 153 133
<b>Total net assets</b>		<b>15 381 661</b>	<b>15 153 133</b>

SEDA TECHNOLOGY PROGRAMME

Statements of changes in net assets

for the year ended 31 March 2008

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	<b>Accumulated surplus 2008</b>
	<b>R</b>
Opening balance at 1 April 2006	12 647 550
Surplus for the year	2 505 583
<b>Balance at 31 March 2007</b>	<b>15 153 133</b>
Surplus for the year	228 528
<b>Balance at 31 March 2008</b>	<b>15 381 661</b>

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SEDA TECHNOLOGY PROGRAMME

# Cash flow Statement

for the year ended 31 March 2008

	Notes	2008 R	2007 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts			
Sales of goods and services		33 974	16 619 878
Grants		83 360 000	86 747 000
Interest received		1 554 904	1 348 762
Payments			
Employee costs		(6 092 559)	(5 067 024)
Suppliers		(77 417 248)	(82 855 884)
Interest paid		-	-
Tax Paid		(55 402)	-
<b>Net cash flows from operating activities</b>		<b>1 383 669</b>	<b>16 792 732</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of owned equipment		(69 918)	(316 831)
Proceeds from sale of plant and equipment		-	-
<b>Net cash flows from / (used in) from investing activities</b>		<b>(69 918)</b>	<b>(316 831)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase / (decrease) in finance lease obligations		-	-
<b>Net cash flows from (used in) financing activities</b>		<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents		1 313 751	16 475 901
Cash and cash equivalents at beginning of the year		16 484 582	8 681
<b>Cash and cash equivalents at end of the year</b>	<b>4</b>	<b>17 798 333</b>	<b>16 484 582</b>

SEDA TECHNOLOGY PROGRAMME

# Notes to the Financial Report

for the year ended 31 March 2008

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	2008 R	2007 R	2006 R
<b>2 REVENUE</b>			
Parliamentary grants	83 360 000	86 747 000	53 798 000
External earnings	33 794	16 619 878	9 530 492
Interest received	1 554 904	1 348 762	1 024 846
	<u>84 948 698</u>	<u>104 715 640</u>	<u>64 353 338</u>

## SEDA TECHNOLOGY PROGRAMME

# Notes to the Financial Report

for the year ended 31 March 2008

	2008 R	2007 R
<b>3 NET SURPLUS FOR THE YEAR</b>		
Net surplus for the year is arrived at after taking into Account the following		
<b>Depreciation</b>	<b>211 599</b>	<b>195 641</b>
- Equipment	93 085	41 394
- Office furniture	2 465	128
- Motor Vehicle	18 280	18 280
- Computer Equipment	86 241	104 020
- Computer Software	11 528	31 819
	-	-
<b>4 CASH AND CASH EQUIVALENTS</b>		
- Call Account	-	-
- Current Account	17 797 695	16 481 313
- Petty Cash	638	3269
	<b>17 798 333</b>	<b>16 484 582</b>
<b>6 DEFERRED INCOME</b>		
- SWEEEP Funds	25 000 000	0
SWEEEP funds allocation for 2007/2008 not yet received by year-end		
<b>7 TAX LIABILITY</b>		
Opening balance	37 439	40 794
Repayments	(37 439)	(3 355)
Closing balance	-	<b>37 439</b>

## 5. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Office Furniture	Motor Vehicles	Computer Equipment	Computer Software	Leasehold Improvements	Leased Office Furniture	Leased Security Equipment	Total
31 March 2007	R	R	R	R	R		R	R	R
<b>Carrying amount:</b>									
<b>Opening balance</b>	145 828	7 523	50 270	182 452	10 332	-	-	-	396 405
Cost -	146 577	7 651	91 400	229 482	10 332	-	-	-	485 442
Accumulated depreciation	(749)	(128)	(41 130)	(47 030)	-	-	-	-	(89 037)
Cost on transfer of entities									
Additions at cost	9 999	23 620	-	31 511	4 788				69 918
Disposals at carrying amount	-	-	-	-	-				
Reclassification of assets @ carrying amount	-	-	-	-	-				
Write-offs	-	-	-	-	-				
Depreciation for the year	(93 084)	(2 465)	(18 280)	(86 241)	(11 519)				(211 599)
Closing balance	62 743	28 678	31 990	127 722	3 591				254 724
Cost -	156 576	31 271	91 400	260 993	4 788				545 028
Accumulated depreciation	(93 833)	(2593)	(59 410)	(133 271)	(1 197)				(290 304)
Useful lives	6 - 7 years	6 - 7 years	4 - 6 years	3 - 5 years	2 years	15 years	6 - 7 years	6 - 7 years	

SEDA TECHNOLOGY PROGRAMME  
**Notes to the Financial Report**  
for the year ended 31 March 2008

5. PROPERTY, PLANT AND EQUIPMENT

31 March 2007

	Equipment		Office Furniture		Motor Vehicles		Computer Equipment		Computer Software		Leased Office Furniture		Leased Security Equipment		Total	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Carrying amount:</b>																
<b>Opening balance</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost on transfer of entities	176 134	113 077	91 400	163 595	105 786	649 992										
Accumulated depreciation on transfer of entities	(68 601)	(113 077)	(22 850)	(106 615)	(21 073)	(374 777)										
Additions at cost	79 689	7 651	-	229 492	-	316 832										
Impairment at carrying amount	-	-	-	-	-	-										
Disposals at carrying amount	-	-	-	-	-	-										
Depreciation for the period	(41 394)	(128)	(18 280)	(104 020)	(31 819)	(195 641)										
<b>Closing balance</b>	<b>145 828</b>	<b>7 523</b>	<b>570 270</b>	<b>182 452</b>	<b>10 332</b>	<b>396 405</b>										
Cost	255 823	120 728	91 400	393 087	105 785	966 823										
Accumulated depreciation	(109 995)	(113 205)	(41 130)	(210 635)	(95 453)	(570 418)										
Useful lives	6 – 7 years	6 – 7 years	4 – 6 years	3 – 5 years	2 years	15 years	15 years									

## SEDA TECHNOLOGY PROGRAMME

# Notes to the Financial Report

for the year ended 31 March 2008

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	2008	2007
<b>8 CONTINGENT LIABILITIES</b>		
There are contingent liabilities in respect of:		
Committed funds	13 826 757	13 258 732
Uncommitted fund	1 554 904	1 894 401
	-	-
Accumulated surplus funds	<b>15 381 661</b>	<b>15 153 133</b>

According to paragraph 6.8 of MOA between the DTI and SEDA regarding STP, funds not committed during a financial year cannot be rolled over to the next financial year. Interest earned on all funds will be considered as part of uncommitted funds and must be repaid to the DTI within five months of the financial year end, together with any uncommitted funds. The interest amount is R 1 554 904

## SEDA TECHNOLOGY PROGRAMME

# Notes to the Financial Report

for the year ended 31 March 2008

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### 9 NOTES TO THE CASH FLOW STATEMENT

Reconciliation of net surplus to net cash flows from operating activities.

	<b>31/03/2008</b>	<b>31/03/2007</b>
	<b>R</b>	<b>R</b>
<b>Net surplus for the period</b>	<b>2 122 929</b>	<b>2 610 623</b>
Non-cash movements:		
Depreciation	211 599	195 641
Impairment	-	-
Increase/ (Decrease) in provisions	-	-
Loss on sale of plant and equipment	-	-
Increase/ (decrease) in payables	(6 500 172)	8 822 038
Decrease in tax liability	-	-
Decrease/ (Increase) in inventories	-	-
Increase in receivables	5 549 313	5 164 430
Smoothing effect of operating lease	-	-
Net cash flows from operating activities	<b>1 383 669</b>	<b>16 792 732</b>











