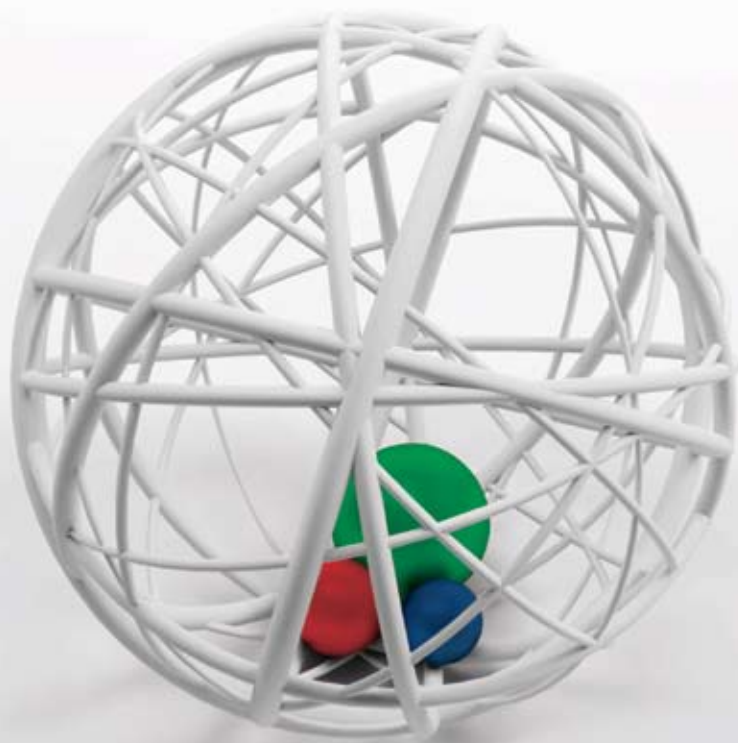


innovation

ANNUAL REPORT



Support Programme
for Industrial Innovation

an initiative of **the dti**

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foreword

Mr Siphon Zikode

Foreword by the Acting Deputy Director-General: Empowerment and Enterprise Development Division (EEDD) – the dti

The Department of Trade and Industry (**the dti**) recognises the key role of innovation as a driver of economic growth and development. The importance of innovation, especially at the national level, has achieved prominence on the South African industrial policy agenda. One of the cross-cutting interventions identified in the Industrial Policy Action Plan (IPAP) is the need for greater support for innovation and technology, in order to contribute to the national target of increasing and sustaining R&D expenditure to 1 percent of GDP. This Annual Report evaluates the progress of one of **the dti's** key support programmes for innovation and technology development.

The worldwide economic downswing brought uncertainties and challenges. For this reason, SPII experienced some difficulties in meeting some of its targets. In the financial year ending 31 March 2010, 57 projects (2008/09: 70 projects) were supported, with 84% (2008/09: 94%) of the project approvals being for companies with total assets of less than R10 million for all the SPII schemes. Another major challenge for small, micro and medium enterprises (SMMEs) is the retrospective disbursement of funds for approved projects, which leads to

significant delays in the projects as these companies often have limited financial resources. SPII is piloting a direct subcontractor payment scheme to alleviate some of the financial burden. Despite these challenges, SPII has continued to demonstrate its relevance and effectiveness. SPII increased the value of approvals from R56.1 million in 2008/09 to R100.9 million in 2009/10. This was partly due to the increased grant amounts for Product Process Development (PPD), Matching and Partnership Schemes.

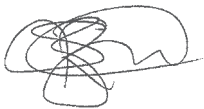
SPII is increasing its drive to broaden participation by BEE companies, women and people with disabilities in the programme. One of the ways in which SPII is encouraging participation by these groups is through the incentives offered to these groups. SPII's contribution varies from 50% to 85% of the total qualifying costs, depending on shareholding by BEE, women and/or people with disabilities. There was a marginal decline in participation by BEE-empowered companies from the previous financial year due to the reduced number of applications received. A total of 22 applications (2008/09: 28 applications) from BEE-empowered companies were approved, equating to 39% of total approvals by number (2008/09: 40%)

foreword

and 30% by value (2008/09: 37%). The number of projects approved for women-controlled companies amounted to 11% in number (2008/09: 11%) and 7% in value (2008/09: 9%).

In terms of approvals by sector, electronics and software accounted for 52.6% (2008/09: 34.3%) of total approvals, miscellaneous manufacturing for 19.3%, chemicals and pharmaceuticals sector for 5.3%, motor industry for 7.0%, foodstuffs for 5.3%, and others accounted for 11.5% of total approvals.

There is still much that needs to be done in terms of increasing awareness about SPII; encouraging greater collaboration between industry, academia and government, and increasing participation by BEE, women-controlled companies and people with disabilities. However, despite these challenges, SPII has made great strides in increasing the level of innovation and technological advancement, and it continues to make significant contribution to economic growth and development in South Africa.



Mr Siphon Zikode
Acting Deputy Director-General, EEDD – the dti

vision

The vision of the Support Programme for Industrial Innovation (SPII) is to promote technology development and commercialisation in South Africa.

mission

The mission of SPII is to provide financial assistance for the development of commercially viable, innovative products and/or processes and facilitate commercialisation of such technologies.

background

The South African Government, through the Department of Trade and Industry (**the dti**), has always placed a premium on the development of new technologies as part of an important thrust to strengthen South Africa's competitiveness globally. In 1989, the Innovation Support for Electronics (ISE) forum was established for the sole purpose of supporting the development of the electronics industry and its related industries in the Small and Medium Enterprise sector.

the dti appointed the Industrial Development Corporation (IDC) as administrator of the ISE on its behalf. The IDC, as an implementing partner, is a renowned development funding institution ideal to manage a programme of this nature.

In April 1993, the ISE was restructured to focus its development efforts across all sectors of the South African economy and, as a result, the programme was renamed the Support Programme for Industrial Innovation (SPII). Since then, the programme has undergone a number of improvements in order to streamline the processes and improve access to the schemes by South African entities, as well as citizens in general.

In 1999, **the dti** launched the Partnership Scheme to fund large projects undertaken by large corporate entities.

In 2004, **the dti** established the Black Economic Empowerment (BEE) scheme as a sub-scheme of the SPII Matching Scheme in order to encourage participation by BEE companies. In 2005, the BEE Scheme was renamed the Product Process Development (PPD) Scheme and the mandate was broadened to include support to small, very small and micro-enterprises that could not be accommodated by the SPII Matching Scheme.

The SPII offers two schemes, namely the:

- SPII Matching Scheme (which includes the SPII PPD Scheme);
and
- SPII Partnership Scheme.

The SPII Matching Scheme (including the SPII Product Process Development (PPD) Scheme)

The SPII Matching Scheme is primarily for Small and Medium Enterprises (SMEs). Small, Micro- and Medium Enterprises (SMMEs) with global-centric innovative projects whose project costs are too large for the PPD Scheme are encouraged to apply for the Matching Scheme grant. A SME is, according to the National Small Business Amendment Act 2003, as amended, and as per the definition for the manufacturing sector; a medium enterprise where there are fewer than 200 employees, turnover is less than R51 million, and total assets (excluding fixed property) are less than R19 million.

Financial assistance under the Matching Scheme is provided in the form of a non-repayable grant of between 50% and 75% (depending on the shareholding by BEE, women and people with disabilities) of the qualifying costs incurred during the technical development stage, up to a maximum grant amount of three-million rand (R3 000 000) per project.


For enterprises with less than 25% BEE shareholding, the grant is 50%; for enterprises with greater than 25% but less than 50% BEE shareholding or greater than 50% shareholding by women or people with disabilities, the grant is 65% and for enterprises with BEE shareholding of greater than 50%, the grant is 75%.

As of August 2009, large companies, being companies that do not satisfy the criteria of a medium-sized enterprise for the manufacturing sector as defined in the National Small Business Amendment Act 2003 as amended, may also qualify for the Matching Scheme, but such companies only qualify for a grant of 50% of qualifying costs.

If a company is majority-controlled by; or wholly-owned subsidiaries of; or if significant shareholders are, a large company/ies, then the applicant will or may be viewed as a large company.

The PPD Scheme, included in the Matching Scheme, provides financial assistance for SMMEs as defined in the National Small Business Amendment Act of 2003, as amended, as being companies whose total assets (excluding fixed property) are below R5 million; have a turnover of less than R13 million and have fewer than 50 employees.

The financial assistance provided is in the form of a non-repayable grant of between 50% and 85% (depending on the shareholding by BEE, women and people with disabilities) of the qualifying costs incurred during the technical development stage with a maximum grant amount of one-million rand (R1 000 000) per project.



For enterprises with less than 25% BEE shareholding, the grant is 50%; for enterprises with greater than 25% but less than 50% BEE shareholding, or greater than 50% shareholding by women or people with disabilities, the grant is 75% and for enterprises with BEE shareholding of greater than 50%, the grant is 85%.

The SPII Partnership Scheme

SPII support under the Partnership Scheme is mainly targeted at large companies, although SMEs may also apply for SPII funding under the Partnership Scheme if the project for development requires larger funding than would not be catered for under the Matching Scheme. Large companies may only qualify for support in instances where SPII support is used as leverage to unlock the project, or where the project impacts on the second economy / facilitates poverty alleviation.

Financial support under the Partnership Scheme is provided in the form of a conditionally repayable grant of 50% of the qualifying costs incurred in the development activity, repayable on successful commercialisation of the project. Repayment is generally in the form of a levy based on a percentage of sales generated from the project over a time period defined at the time of the award. Government will therefore share in the risks and returns of technologically innovative projects supported by the scheme. Intellectual property rights developed as a result of the project are co-owned by **the dti** or IDC for the duration of the agreement.

The mechanics of the SPII process are illustrated in Annexure I.

SPII evaluation panel

1. **Mr Christo Fourie**
(Chairperson)
2. **Mr Sicelo Sikakane**
(Alternative Chairperson)
3. **Ms Meryl Mamathuba**
(IDC Representative)
4. **Mr Ephraim Baloyi**
(the dti Representative)
5. **Dr Ntokozo Mthembu**
(SPII Champion)
6. **Mr Mandla Khoza**
(the dti Representative)
7. **Ms Mosibudi Mokoale**
(the dti Representative)
8. **Mr Moroasereme Ntsoane**
(IDC Technical Representative)
9. **Mr Nelis Geyer**
(Alternate IDC Technical Representative)
10. **Mr Joy Balepile**
(IDC Representative)
11. **Ms Sanguita Popatlal**
(IDC Legal Representative)
12. **Mr Tebogo Modiba**
(Science and Technology Representative)
13. **Dr David Phaho**
(TIA Representative)
14. **Ms Sithembile Bagopi**
(IDC Representative)
15. **Ms Paula Mokwena**
(IDC Representative)





Fund Manager's Review

Dr Ntokozi Mthembu, Pr Eng
SII Champion

SII Governance

The overall policy and strategic direction of the SII is determined by **the dti**. The SII Evaluation Panel operates within this framework and executes decisions in line with this policy. The SII Evaluation Panel comprises members from **the dti**, IDC and **science and technology**.

The following changes to the composition of the SII Evaluation Panel were made in the year under review:

Resignations:

Ms Sithembile Bagopi resigned in March 2010.

Appointments:

Dr David Phaho of the Technology and Innovation Agency (**dst**) was appointed to the Panel in January 2010.

Currently, the following individuals serve as members of the SII Evaluation Panel:

- **the dti** representatives:

Mr Ephraim Baloyi
Mr Mandla Khoza
Ms Mosibudi Mokoelle

- **science and technology** representatives:

Mr Tebogo Modiba (science and technology representative)
Dr David Phaho (Technology Innovation Agency representative)

SPII governance

- **IDC** representatives:

Mr Christo Fourie	(Chairman - SPII Panel)
Mr Sicelo Sikakane	(Alternative Chairman - SPII Panel)
Ms Meryl Mamathuba	(IDC representative)
Ms Sanguita Popatlal	(IDC Legal representative)
Mr Joy Balepile	(IDC Financial representative)
Mr Moroasereme Ntsoane	(IDC Technical representative)
Mr Nelis Geyer	(Alternative IDC Technical representative)

- **SPII Administration** representatives:

Dr Ntokozo Mthembu	(SPII Champion)
Ms Sithembile Bagopi	(Fund Manager)
Ms Paula Mokwena	(Senior Business Analyst)

SPII Administration

Ms Sithembile Bagopi

Fund Manager

Ms Paula Mokwena

Senior Business Analyst

Ms Sinikiwe Malindi-Gwaze

Fund Administrator

Ms Brenda Human

Fund Administrator

Ms Dorcus Tsotetsi

Fund Administrator

Dr Ntokozo Mthembu, the SPII Champion, is responsible for the overall management of the SPII fund and is assisted by Ms Sithembile Bagopi and Ms Paula Mokwena. Ms Sinikiwe Malindi-Gwaze, Ms Brenda Human and Ms Dorcus Tsotetsi are responsible for all administrative aspects of the SPII schemes.

Evaluation and disbursement auditing activities are outsourced to independent consultants and auditors. The majority of these are BEE consultants or individuals.

The IDC's procurement, internal accounts, legal, treasury and cash management departments provide administrative support to the SPII.

overview of SPII

The year at a glance

Since its inception, SPII has continually made a concerted effort to promote and attract innovative ideas to develop new products and processes by investing in companies. During the 2010 year, the SPII received 86 applications compared to the 103 applications received last year. Of the 86 applications received, 57 projects were approved compared to the 70 projects approved in 2009. The decline in the number of applications received is attributed to the prevailing negative macroeconomic climate.

In terms of funding activity, SPII, through its Matching Scheme (which includes the Product Process Development (PPD) Scheme) and the Partnership Scheme, invested R100.9 million for the year ended 31 March 2010. During the previous year, R56.1 million was invested. The main reason for the substantial increase in funds allocated is the allocation of R33.7 million to one Partnership Scheme project in 2010. Another reason was the 100% increase in the maximum grant amounts during the year under review to R3 million (R1.5 million up to 2009) and R1 million (R500 000 up to 2009) for the Matching and PPD Schemes respectively.

There were 54 Matching Scheme (including PPD Scheme) approved projects compared to 68 Matching Scheme (including PPD Scheme) approved projects in 2009. Three Partnership Scheme projects were approved compared to two approved in the previous year.

The key activities SPII focused on this year included:

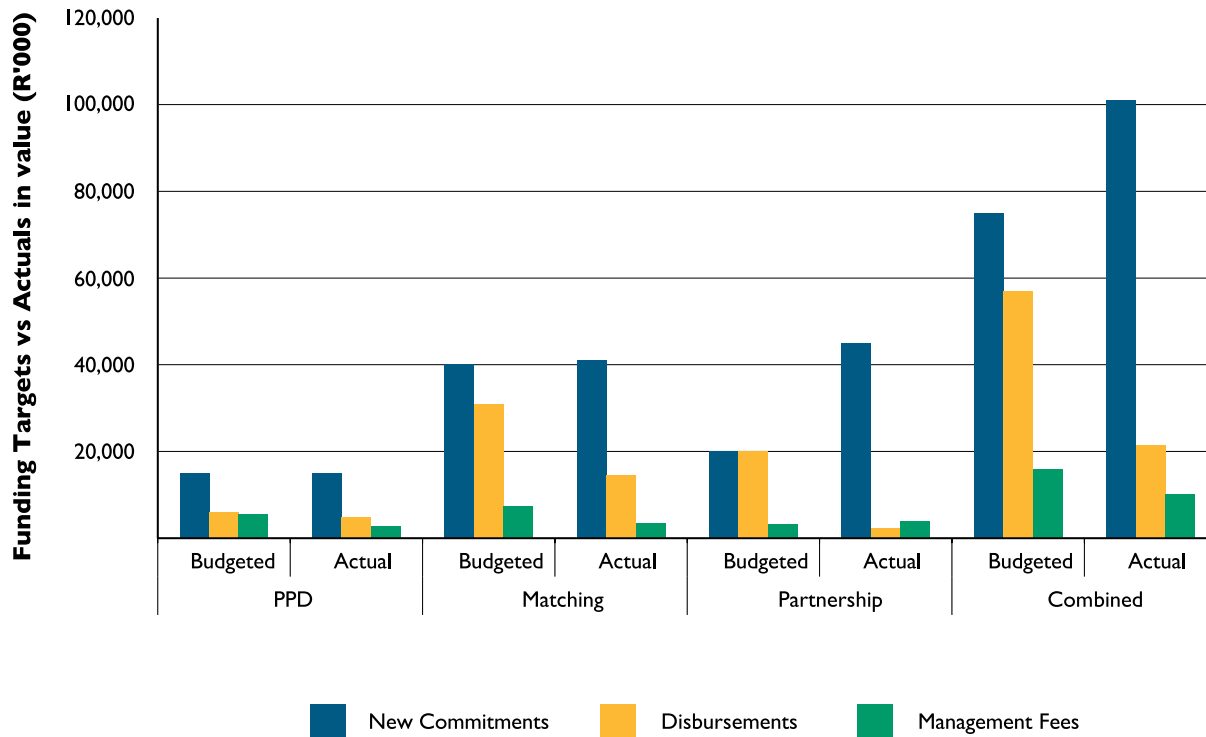
- a proactive approach to address underperforming projects;
- continued monitoring of projects approved and disbursements; and
- refinement, at the administrative level, to improve service delivery.

SPII, as a programme, remains a key intervention within **the dti's** national industrial policy framework. Technology development will remain a key driver in the industrial strategy and delivery of the country's economic infrastructure and will therefore always be a main focus area for SPII.

Budget for funding activity

In the year under review the “funding targets” or budget for the combined SPII schemes, based on the key performance indicators agreed upon between **the dti** and the IDC, was a total of R75.0 million. Approved projects amounting to R100.9 million exceeded the budgeted amount by 35%.

SPII Funding Targets vs SPII Funding Actuals for 1 April 2009 to 31 March 2010



Disbursement challenges

The total value of disbursements made during the year amounted to R21.5 million, compared to R24.9 million disbursed in 2009. The decline in disbursements compared with 2009 is indicative of the challenge of slippage in project schedules, which in turn leads to delays in milestone claims and project completions. The fact that the disbursements are retrospective ensures prudent allocation of funds, but creates an inevitable delay when payments are linked to milestone deliverable and project delivery.

BEE and women-controlled

During the year under review, increased marketing efforts were directed at BEE and women-controlled companies.

The results are summarised below:

BEE companies:

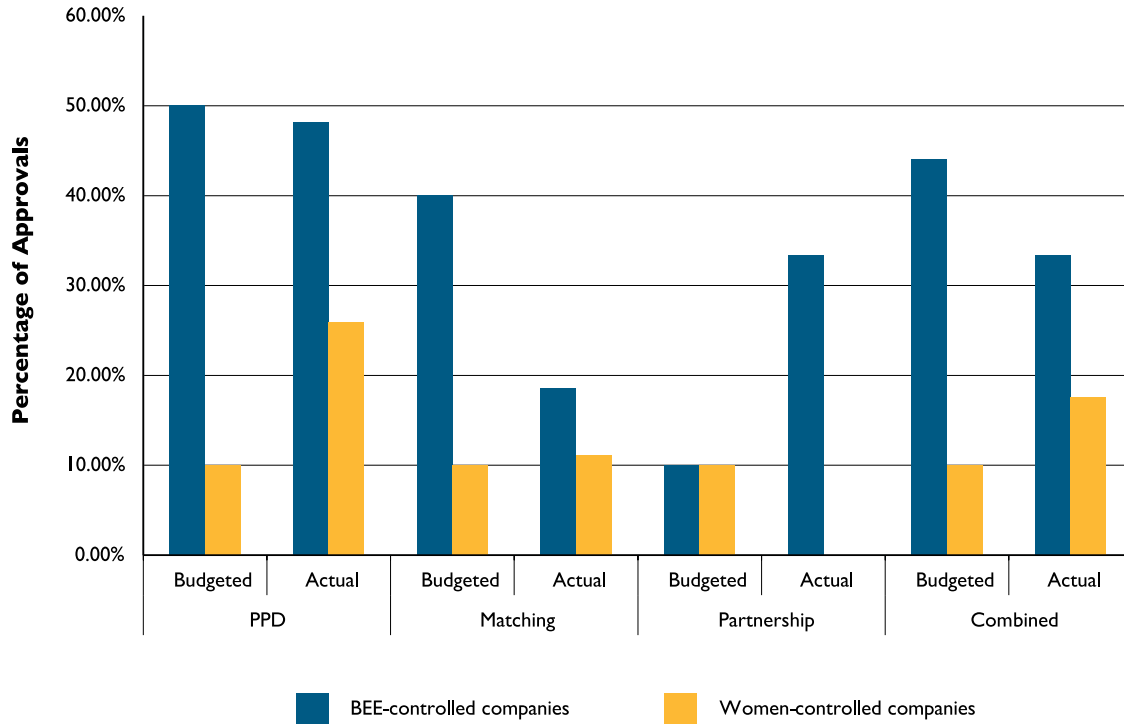
Description	31 March 2010	31 March 2009
Number of approved projects from BEE-empowered companies	22	28
Total number of approved projects	57	70
% Approved projects from BEE-empowered companies: total approved projects	39%	40%
Value of approved projects from BEE-empowered companies	R29.8 million	R21.0 million
Total value of approved projects	R100.9 million	R56.1 million
% of total value of approved projects	30%	37%

Women-controlled companies

Description	31 March 2010	31 March 2009
Number of approved projects from women-controlled companies	10	8
Total number of approved projects	57	70
% Approved projects from women-controlled companies: total approved projects	17.5%	11.4%
Value of approved projects from women-controlled companies	R9.2 million	R5.1 million
Total value of approved projects	R100.9	R56.1 million
% of total value of approved projects	9.1%	9.1%

This performance reflects the continued positive intervention to encourage potential applicants to migrate to the first economy.

BEE and Women-Controlled Companies as a percentage of Approvals



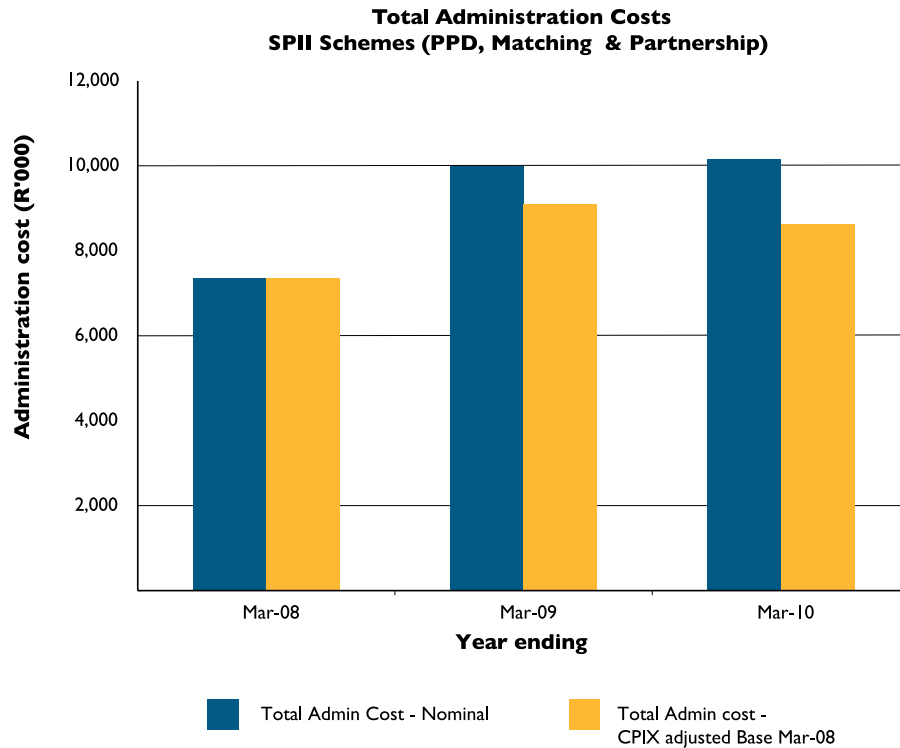
Administration costs

The total administration costs for the Matching Scheme (including the PPD Scheme) and the Partnership Scheme increased to R10.1 million (2009: R10.0 million). The administration costs as a percentage of the value of approved projects decreased to 10.1% compared to 2009's administration costs as a percentage of value of approved projects being 17.8%. For the year under review, the CPIX adjusted administration costs amounted to R8.6 million (2009: R9.0 million).

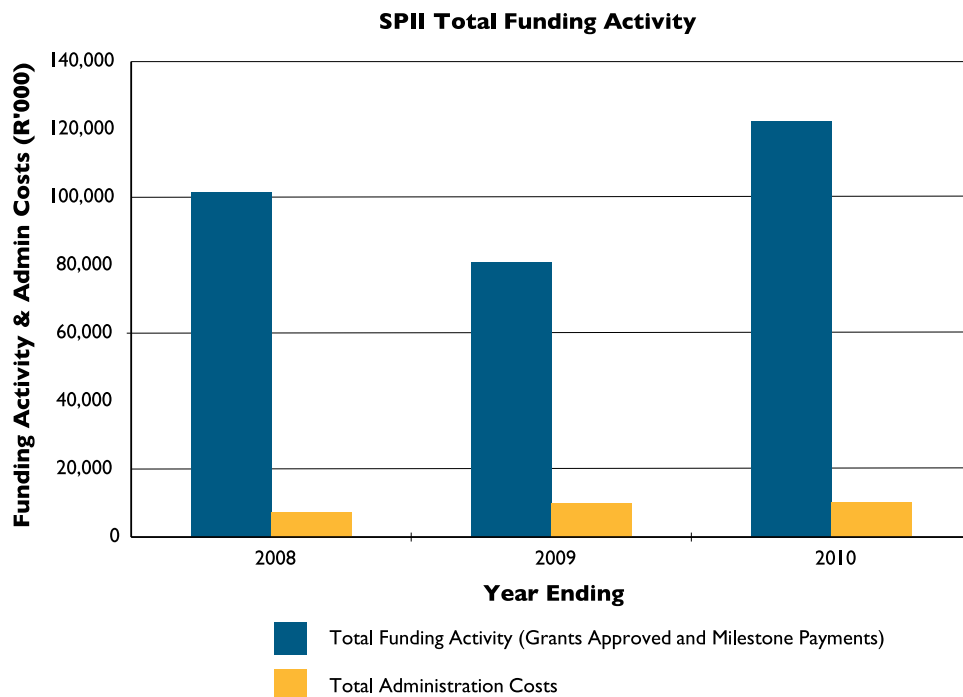
The fact that administration costs have remained virtually unchanged, before CPIX adjustment, despite the lower number of approvals, can be attributed to the number of applications received from start-up companies resulting in:

- Increased PPD support processing in application evaluations;
- Increased support in processing milestone claims;
- Increased assistance in business and project support for processing milestone claims.

The decrease in administration costs as a percentage of the value of approvals is attributed to the higher average grant value in 2010 of R1 770 258 compared with the average grant value of R800 920 in 2009.



Total administration costs are in proportion to the total funding activity of the SPII schemes. The administration costs include costs associated with processing applications received for approval or rejection, as well as costs associated with auditing and processing the claims for reimbursement against spent project costs for approved projects.




During the year under review, the SPII continued with its concerted effort to address underperforming and dormant projects. This, together with projects cancelled at the initiative of grant recipients, resulted in R34.8 million being reallocated to the fund from forty-four projects compared to R11.4 million reallocated to the fund from 8 projects in 2009.

The SPII prides itself on being conservative when evaluating projects before approving funds to these projects. In some instances the SPII tries to assist applicants by providing “in-principle” guidelines for specific project applications. This does not preclude such applications being rejected once these have been thoroughly evaluated.

SPII Awards

The annual SPII Awards are firstly, aimed at promoting the SPII and innovation in general throughout South Africa and secondly, at recognising companies that have successfully commercialised SPII-supported projects. The SPII Awards are a highlight for SPII participants. **the dti** Technology Awards, which includes the SPII Awards, were held on 22 October 2009 in Somerset West, Cape Town.



Projects completed in the last two years were evaluated in terms of their successful commercialisation and development impact. Three winners, one in each of the small, medium and large company categories, were selected from ten finalists. The awards were presented to:

- **Large company category:** Welfit Oddy (Pty) Limited for the development of the Super Insulated Tank Container project.
- **Medium company category:** Smart Edge (Pty) Limited for the development of the Continuous Moulded Edge Boards project.
- **Small company category:** Ikusasa Chemicals (Pty) Limited, a BEE recipient of a PPD Scheme grant, for the development of the Multi-Purpose Membrane Plant project.
- **BEE Emerging Entrepreneur Award:** Tiisetso Development Solutions CC, for the development of the Electric Power Circuit Sentry Project.

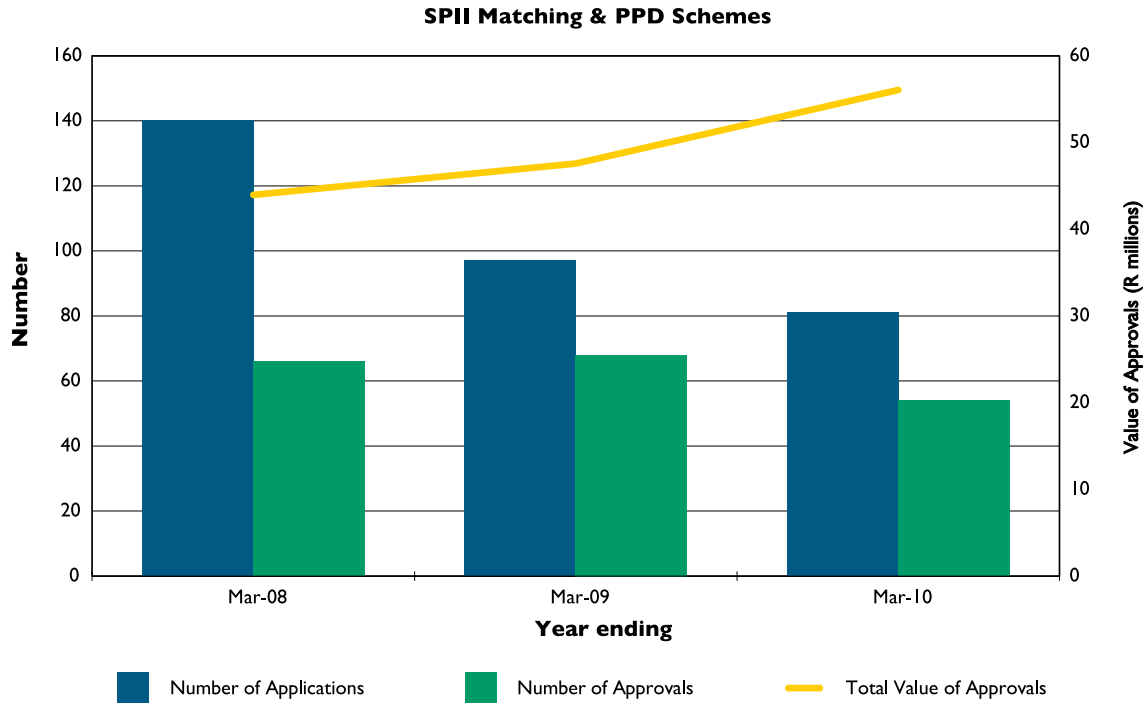
SPII matching scheme (including the SPII PPD scheme)

Funding activity

The funding activity of the Matching Scheme, including the PPD Scheme, is summarised as follows:

Description	31 March 2010	31 March 2009
Applications received	81	97
Approved projects	54	68
% Approved projects to applications received	67	70
Value of approved projects	R56.1 million	R47.6 million
Average grant amount (per grant)	R1 038 285	R699 500

The increase in the average grant amount per approved project is in the main due to the maximum grant amount being increased during August 2009 from R1 million to R3 million for the Matching Scheme and from R500 000 to R1 million for the PPD Scheme.



Whereas previously support in terms of the Matching Scheme was only available to SME companies where the majority shareholder/s is/are also classified as SMEs; since August 2009, large companies are also eligible for support. Companies (and majority shareholders) are only eligible for one SPII scheme at any given time. Consequently, a company (or majority shareholder) that has received a SPII grant may only apply for a subsequent grant on completion of the previous project.

Budget for funding activity

The Matching Scheme, including the PPD Scheme, was allocated a total budget of R55.0 million. The Matching Scheme approved grants of R44.1 million and the PPD Scheme R14.9 million, which equates to a utilisation ratio of 107% of the budget.

BEE activity

The results of approved projects for BEE-empowered companies, under the Matching Scheme (including the PPD Scheme), are summarised below:

Description	31 March 2010	31 March 2009
Approved projects	21	27
- The Matching Scheme	8	10
- The PPD Scheme	13	17
Value of approved projects	R21.2 million	R18.7 million
≤ 50% but > 25% BEE shareholding	R5.9 million	R3.9 million
- The Matching Scheme	R5.9 million	R3.1 million
- The PPD Scheme	R0	R0.8 million
> 50% BEE shareholding	R15.3 million	R14.8 million
- The Matching Scheme	R7.4 million	R9.4 million
- The PPD Scheme	R7.9 million	R5.4 million

Women-owned enterprises

The Matching Scheme, including the PPD Scheme, is also focused on attracting women-controlled enterprises. The results are summarised below:

Description	31 March 2010	31 March 2009
Approved projects	10	8
- The Matching Scheme	3	2
- The PPD Scheme	7	6
Value of approved projects	R10.7 million	R10.1 million
≤ 50% but > 25% women-owned shareholding	R1.5 million	R5.0 million
> 50% women-owned shareholding	R9.2 million	R5.1 million



Administration costs

The total administration costs for the Matching Scheme, which includes the PPD Scheme, decreased to R6.2 million (2009: R7.2 million). The Matching and PPD Schemes' administration costs, as a percentage of the value of approved projects, decreased to 11.1% compared 15.1% for the 2009 financial year.

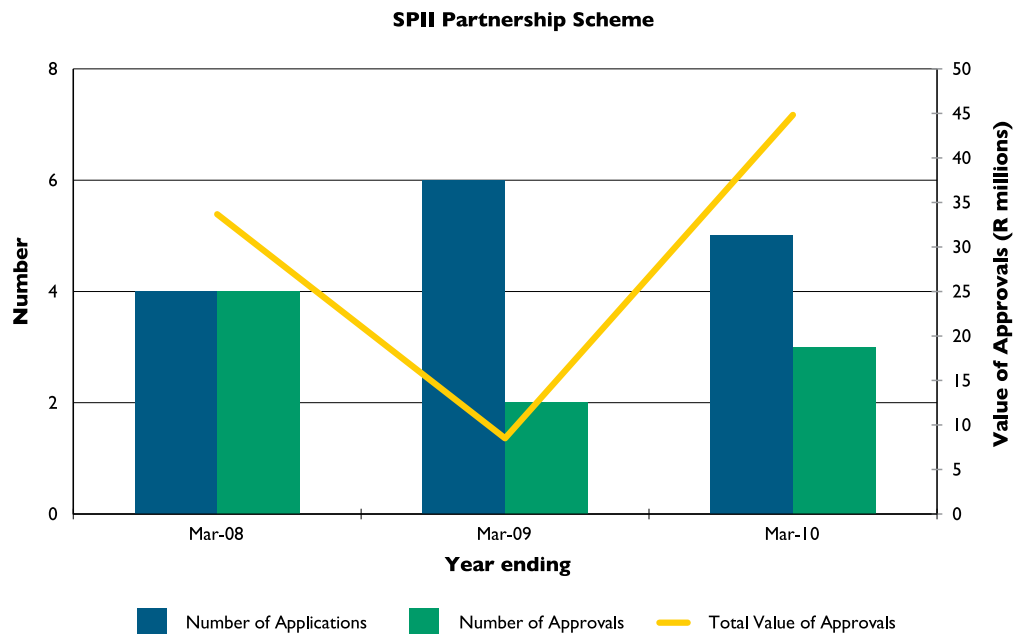
The decrease in administration costs as a percentage of the value of approvals can be attributed to a decrease in the Matching Scheme and PPD Scheme applications received.

SPII partnership scheme

Funding activity

The funding activity of the Partnership Scheme is summarised as follows:

Description	31 March 2010	31 March 2009
Applications received	5	6
Approved projects	3	2
% Approved projects to applications received	67%	33%
Value of approved projects	R44.8 million	R8.5 million
Average grant amount (per grant)	R14.9 million	R4.25 million



Budget for funding activity

The Partnership Scheme was allocated a budget of R20.0 million. The amount approved at R44.8 million exceeded this as a result of the approval of a grant to one project of R33 million.

It is believed that a reason for the low utilisation of the Partnership Scheme is that the projects are large and complex in nature, with generally longer lead times to come to fruition. Companies embarking on such projects often have access to alternative means of funding. Since the Partnership Scheme is of the nature of a risk-sharing scheme, the eventual effective cost of funds increases with increasing success as measured by actual future sales. It is probable that some companies, who have a very optimistic view of future sales, could regard the possible eventual cost of funding as being too high.

BEE activity

The Partnership Scheme's BEE activity results are summarised below:

Description	31 March 2010	31 March 2009
Value of approved projects from BEE-empowered companies	R8.6 million	R2.3 million
% Approved projects from BEE-empowered companies to total approved projects	19.2%	26.8%

Administration costs

The total administration costs for the Partnership Scheme increased to R3.9 million for 2010 from R2.8 million for 2009. The Partnership Scheme administration costs as a percentage of the value of approved projects decreased to 8.8% for the year under review compared to only 33.2% for the previous financial year. The reason for the decrease is attributed to the higher average approved grant value of R14.9 million in 2010 compared with R4.25 million in 2009.

Prospects

The SPII's focus for the financial year ahead will be to continue to:

- Achieve meaningful increase in the number of innovative products and processes developed in South Africa;
- Achieve meaningful improvement of the competitiveness and commercialisation of supported technologies;
- Achieve increased and balanced participation;
- Strengthen the implementation of the SPII marketing strategy and deployment plan;
- Facilitate the development of a framework for commercialisation of SPII-supported projects;
- Develop a blueprint for expanding the mandate of the Partnership Scheme to include the development of technology platforms in order to increase its overall impact in the economy;
- Increase SPII strategic cooperation with other sister technology organisations within the ambit of **the dti** and government such as:
 - Seda Technology Transfer (**stp**),
 - Technology Innovation Agency (TIA),
 - Tshumisano Technology Stations under TIA,
 - Technology and Human Resources for Industry Programme (THRIP),
 - The Innovation Hub,
 - The SABS Design Institute,
 - Information and Communications Technology (ICT) forums in different provinces; research institutes including institutions of higher learning.

We are more than satisfied with SPII's performance this past year given the continued challenging economic environment. SPII still plays an important role in the development of techno-entrepreneurs in the South African industry and we continue to strive to ensure that our vision to promote and support innovative technologies, products and processes remains the key driver when assessing new applications.

Appreciation

It is the combination of dedication, teamwork and passion of every SPII employee that allows us to consistently deliver solid results and for this I thank each of you and wish you well for the year ahead.



Dr Ntokozo Mthembu
SPII Champion

SPII Matching Scheme

Fund Administrator's Report

The annual financial statements of the SPII Matching Scheme for the year ended 31 March 2010 as set out in this report were approved by the SPII Evaluation Panel at its meeting on 30 March 2010. The SPII Evaluation Panel is of the opinion that the SPII Matching Scheme is financially sound and is meeting its aims and objectives in an adequate manner.

We acknowledge management's responsibility for the fair presentation in the annual financial statements of the financial position, results of operations and cash flow information in conformity with South African Statements of Generally Accepted Accounting Practice.

These statements are signed on behalf of the SPII Evaluation Panel by:



Mr Christo Fourie
SPII Panel Chairman



Dr Ntokozo Mthembu
SPII Champion

30 August 2010
Sandton

Report of the Independent Auditors to the Administrators of the SPII Matching Scheme

We have audited the annual financial statements of the SPII Matching Scheme, which comprise the balance sheet at 31 March 2010, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

The Administrators are responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation

of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

KPMG Inc.
Registered Auditor



per PM MacDonald
Chartered Accountant (SA)
Registered Auditor
Director

30 August 2010



SPII Matching Scheme

Balance Sheet

As at 31 March 2010

	Notes	2010	2009
		R	R
ASSETS			
Current assets			
Funds invested in money market	2	22,154,302	10,947,975
Accounts receivable	3	124,387	95,059
Bank		2,040	1,696
		22,280,729	11,044,730
FUNDS AND LIABILITIES			
Funds			
Fund balance		17,708,865	9,318,645
Current liabilities			
Accounts payable	4	4,571,864	1,726,085
		22,280,729	11,044,730

Statement of Changes in Funds

For the year ended 31 March 2010

	2010	2009
	R	R
Balance at the beginning of the year	9,318,645	39,843,347
Current year profit/(loss)	8,390,220	(30,524,702)
Balance at the end of the year	17,708,865	9,318,645

SPII Matching Scheme

Statement of Comprehensive Income

For the year ended 31 March 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		R	R
INCOME		29,175,579	2,883,389
Interest earned	5	1,139,695	2,883,389
Funds received from the dti		28,035,884	-
EXPENDITURE		20,785,359	33,408,091
Auditor's remuneration:			
- Fees for audit		3,075	5,175
Consultation fees		2,198,622	2,927,776
Travel expenses		114,261	173,696
Management fees		1,160,233	1,422,996
Bank charges		795	827
Seminars and Training		250	-
Postage, printing and stationery		300	14,234
Marketing	6	(24,138)	70,966
Amounts paid to approved recipients		14,448,572	24,707,357
Amount repaid to the dti		2,883,389	4,085,064
Net profit/(loss) for the year		8,390,220	(30,524,702)

SPII Matching Scheme

Cash Flow Statement

For the year ended 31 March 2010

Notes	2010	2009
	R	R
Cash flows from operating activities		
Net profit/(loss) for the year	8,390,220	(30,524,702)
Adjustments for:		
Interest received	(1,139,695)	(2,883,389)
	7,250,525	(33,408,091)
Working capital changes	7	1,367,660
Cash generated by operations	10,066,975	32,040,431
Interest received	1,139,695	2,883,389
Net cash inflow/(outflow) from operating activities	11,206,670	(29,157,042)
Net increase/(decrease) in cash and cash equivalents	11,206,670	(29,157,042)
Cash and cash equivalents at the beginning of the year	10,949,671	40,106,713
Cash and cash equivalents at the end of the year	8	10,949,671

Notes to the Annual Financial Statements

For the year ended 31 March 2010

	2010	2009
	R	R
I ACCOUNTING POLICIES		
The annual financial statements are prepared on the historical cost basis in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements incorporate the following principal accounting policy, which has been consistently applied.		
1.1 Recognition of income and expenses		
Income and expenses are recognised on the accrual basis.		
1.2 Recognition of government grants		
The grants received from the dti are recognised through the statement of comprehensive income as revenue.		
1.3 Interest earned		
Interest earned is expensed in the year in which it is incurred.		
1.4 Financial assets and liabilities		
Financial assets comprise accounts receivable, bank and funds invested in money markets.		
Financial liabilities comprise accounts payable.		
These instruments are measured at amortised cost using the effective interest method.		
2 FUNDS INVESTED IN MONEY MARKET ADMINISTERED BY THE IDC	22,154,302	10,947,975
3 ACCOUNTS RECEIVABLE	124,387	95,059
4 ACCOUNTS PAYABLE	4,571,864	1,726,085
Audit fees - Audit	60,000	56,925
Other expenses	4,511,864	1,669,160
5 INTEREST EARNED		
Income from funds invested in the money market on call and on deposit and other interest	1,139,695	2,883,389
6 MARKETING EXPENSES		
All marketing expenses for the SPII were allocated to the Matching Scheme.	(24,138)	70,966

7 NOTE TO CASH FLOW STATEMENT

Working capital changes

(Increase)/decrease in accounts receivable
Increase in accounts payable

2010	2009
R	R
2,816,450	1,367,660
(29,329)	270,014
2,845,779	1,097,646

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise deposits held on call and investments in money market instruments.

Cash and cash equivalents

Funds invested in money market on call and on deposits.

Bank account

22,156,341	10,949,671
22,154,301	10,947,975
2,040	1,696

9 COMMITMENTS

Commitments in respect of grants approved by the committee but not yet drawn-down by recipients. These commitments will be funded out of internal funds, and by guarantees given by **the dti**.

166,137,283	158,856,599
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SPII product process development scheme

Fund Administrator's Report

The annual financial statements of the SPII Product Process Development Scheme for the year ended 31 March 2010 as set out in this report were approved by the SPII Evaluation Panel at its meeting on 30 March 2010. The SPII Evaluation Panel is of the opinion that the SPII Product Process Development Scheme is financially sound and is meeting its aims and objectives in an adequate manner.

We acknowledge management's responsibility for the fair presentation in the financial statements of the financial position, results of operations and cash flow information in conformity with South African Statements of Generally Accepted Accounting Practice.

These statements are signed on behalf of the SPII Evaluation Panel by:



Mr Christo Fourie
SPII Panel Chairman



Dr Ntokozo Mthembu
SPII Champion

30 August 2010
Sandton

Report of the Independent Auditors to the Administrators of the SPII Product Process Development Scheme

We have audited the annual financial statements of the SPII Product Process Development Scheme, which comprise the balance sheet at 31 March 2010, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

The Administrators are responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements,

whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In our opinion, these annual financial statements present fairly, in all material respects, the financial position of the SPII Product Process Development Scheme, its financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor



per PM MacDonald
Chartered Accountant (SA)
Registered Auditor
Director

30 August 2010



SPII Product Process Development Scheme

Balance Sheet

As at 31 March 2010

	Notes	2010	2009
		R	R
ASSETS			
Current assets			
Funds invested in money market	2	7,287,141	3,357,782
Accounts receivable	3	46,325	36,449
		7,333,466	3,394,231
FUNDS AND LIABILITIES			
Funds			
Fund balance		6,865,249	3,251,209
Current liabilities			
Accounts payable	4	468,217	143,022
		7,333,466	3,394,231

Statement of Changes in Funds

For the year ended 31 March 2010

	2010	2009
	R	R
Balance at the beginning of the year	3,251,209	7,037,577
Current year profit/(loss)	3,614,040	(3,786,368)
Balance at the end of the year	6,865,249	3,251,209

SPII Product Process Development Scheme

Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010	2009
		R	R
INCOME		11,595,345	5,448,217
Interest earned	5	380,994	448,217
Funds received from the dti		11,214,351	5,000,000
EXPENDITURE		7,981,305	9,234,585
Auditor's remuneration:			
- Fees for audit		5,500	14,500
Consultation fees		1,563,904	1,325,663
Travel expenses		70,826	83,724
Marketing costs		650	52,745
Management fees		1,126,728	1,346,075
Amounts paid to approved recipients		4,765,480	6,009,150
Amount paid to the dti		448,217	402,728
Net profit/(loss) for the year		3,614,040	(3,786,368)

SPII Product Process Development Scheme

Cash Flow Statement

For the year ended 31 March 2010

Notes	2010	2009
	R	R
Cash flows from operating activities		
Net profit/(loss) for the year	3,614,040	(3,786,368)
Adjustments for:		
Interest received	(380,994)	(448,217)
	3,233,046	(4,234,585)
Working capital changes	6 315,319	164,978
Cash generated from operations	3,548,365	(4,069,607)
Interest received	380,994	448,217
Net cash inflow/(outflow) from operating activities	3,929,359	(3,621,390)
Net increase/(decrease) in cash and cash equivalents	3,929,359	(3,621,390)
Cash and cash equivalents at the beginning of the year	3,357,782	6,979,172
Cash and cash equivalents at the end of the year	7 7,287,141	3,357,782

Notes to the Annual Financial Statements

For the year ended 31 March 2010

	2010	2009
	R	R
I ACCOUNTING POLICIES		
The annual financial statements are prepared on the historical cost basis in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements incorporate the following principal accounting policy, which has been consistently applied.		
1.1 Recognition of income and expenses Income and expenses are recognised on the accrual basis.		
1.2 Recognition of government grants The grants received from the dti are recognised through the statement of comprehensive income as revenue.		
1.3 Interest earned Interest earned is expensed in the year in which it was incurred.		
1.4 Financial assets and liabilities Financial assets comprise accounts receivable, bank and funds invested in money markets. Financial liabilities comprise accounts payable. These instruments are measured at amortised cost using the effective interest method.		
2 FUNDS INVESTED IN MONEY MARKET ADMINISTERED BY THE IDC	7,287,141	3,357,782
3 ACCOUNTS RECEIVABLE		
Interest owing by financial institutions on money market investments	46,325	36,449
4 ACCOUNTS PAYABLE	468,217	143,022
Audit fees	20,000	14,500
Other expenses	448,217	128,522
5 INTEREST EARNED		
Income from funds invested in the money market on call and on deposit	380,994	448,217

2010	2009
R	R
315,319	164,978
(9,876)	27,706
325,195	137,272

6 NOTES TO CASH FLOW STATEMENT

Working capital changes

(Decrease)/increase in accounts receivable

Increase in accounts payable

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise deposits held on call and investments in money market instruments.

Funds invested in are money market on call and on deposit.

7,287,141

3,357,782

8 COMMITMENTS

Commitments in respect of grants approved by the Committee but not yet drawn-down by recipients. These commitments will be funded out of internal funds, and by guarantees given by **the dti**.

43,312,865

40,044,711

SPII partnership scheme

Fund Administrator's Report

The annual financial statements of the SPII Partnership Scheme for the year ended 31 March 2010 as set out in this report were approved by the SPII Evaluation Panel at its meeting on 30 March 2010. The SPII Evaluation Panel is of the opinion that the SPII Partnership Scheme is financially sound and is meeting its aims and objectives in an adequate manner.

We acknowledge management's responsibility for the fair presentation in the financial statements of the financial position, results of operations and cash flow information in conformity with South African Statements of Generally Accepted Accounting Practice.

These statements are signed on behalf of the SPII Evaluation Panel by:



Mr Christo Fourie
SPII Panel Chairman



Dr Ntokozo Mthembu
SPII Champion

30 March 2010
Sandton

Report of the Independent Auditors to the Administrators of the SPII Partnership Scheme

We have audited the annual financial statements of the SPII Partnership Scheme, which comprise the balance sheet at 31 March 2010, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

The Administrators are responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

KPMG Inc.
Registered Auditor



per PM MacDonald
Chartered Accountant (SA)
Registered Auditor
Director

30 August 2010



SPII Partnership Scheme

Balance Sheet

As at 31 March 2010

	Notes	2010	2009
		R	R
ASSETS			
Current assets			
Funds invested in money market	2	95,333,065	86,448,834
Accounts receivable	3	518,831	737,028
		95,851,896	87,185,862
FUNDS AND LIABILITIES			
Funds			
Fund balance		86,461,806	87,153,362
Current liabilities			
Accounts payable	4	9,390,090	32,500
		95,851,896	87,185,862

Statement of Changes in Funds

For the year ended 31 March 2010

	2010	2009
	R	R
Balance at the beginning of the year	87,153,362	85,627,754
Current year (loss)/profit	(691,556)	1,525,608
Balance at the end of the year	86,461,806	87,153,362

SPII Partnership Scheme

Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010	2009
		R	R
INCOME		14,880,095	9,355,090
Interest earned	5	6,469,330	9,355,090
Funds received from the dti		8,410,765	-
EXPENDITURE		15,571,651	7,829,482
Auditor's remuneration:			
- Fees for audit		2,500	32,500
Consultation fees		449,590	229,722
Travel expenses		21,204	7,543
Management fees		400,133	370,394
Postage, printing and stationery		49	48,445
Marketing costs		3,060,589	52,745
Amounts paid to approved recipients		2,282,496	451,986
Amount repaid to the dti		9,355,090	6,636,147
Net (loss)/profit for the year		(691,556)	1,525,608

SPII Partnership Scheme

Cash Flow Statement

For the year ended 31 March 2010

	Notes	2010	2009
		R	R
Cash flows from operating activities			
Net (loss)/profit for the year		(691,556)	1,525,608
Adjustments for:			
Interest received		(6,469,330)	(9,355,090)
		(7,160,886)	(7,829,482)
Working capital changes	6	9,575,787	9,296
Cash generated/(utilised) by operations		2,414,901	(7,820,186)
Interest received		6,469,330	9,355,090
Net cash inflow from operating activities		8,884,231	1,534,904
Net increase in cash and cash equivalents		8,884,231	1,534,904
Cash and cash equivalents at the beginning of the year		86,448,834	84,913,930
Cash and cash equivalents at the end of the year	7	95,333,065	86,448,834

Notes to the Annual Financial Statements
For the year ended 31 March 2010

	2010	2009
	R	R
I ACCOUNTING POLICIES		
The annual financial statements are prepared on the historical cost basis in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements incorporate the following principal accounting policy, which has been consistently applied.		
1.1 Recognition of income and expenses Income and expenses are recognised on the accrual basis.		
1.2 Recognition of government grants The grants received from the dti are recognised through the statement of comprehensive income as revenue.		
1.3 Interest earned Interest earned is expensed in the year in which it was incurred.		
1.4 Financial assets and liabilities Financial assets comprise accounts receivable, bank and funds invested in money markets. Financial liabilities comprise accounts payable. These instruments are measured at amortised cost using the effective interest method.		
2 FUNDS INVESTED IN MONEY MARKET ADMINISTERED BY THE IDC	95,333,065	86,448,834
3 ACCOUNTS RECEIVABLE		
Interest owing by financial institutions on money market investments	518,831	737,028
4 ACCOUNTS PAYABLE	9,390,090	32,500
Audit fees	35,000	32,500
Other expenses	9,355,090	-

	2010	2009
	R	R
5 INTEREST EARNED		
Income from funds invested in the money market on call and on deposit	6,469,330	9,355,090
6 NOTES TO CASH FLOW STATEMENT		
Working capital changes	9,575,787	9,296
Decrease in accounts receivable	218,197	2,671
Increase in accounts payable	9,357,590	6,625
7 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise deposits held on call and investments in money market instruments.		
Funds are invested in the money market on call and on deposit.		
	95,333,065	86,448,834
8 COMMITMENTS		
Commitments in respect of grants approved by the committee but not yet drawn-down by recipients. These commitments will be funded out of internal funds, and by guarantees given by the dti .	126,480,632	92,693,600

annexures

ANNEXURE I: GENERAL INFORMATION ON SPII

OPERATIONS

Through the provision of concessionary funding (grants), SPII supports the development of innovative technology and competitive products and processes. SPII's funding has evolved over the years to specifically focus on small and medium enterprises (SMEs) as defined by the National Small Business Amendment Act of 2003, as amended, as well as black economic empowerment (BEE), as defined by the Broad-Based Black Empowerment Act of 2003, as amended.

Enterprises registered in South Africa which are engaged in pre-competitive development activities focused on the commercialisation of a specific product, are also eligible for SPII assistance. Development activities must be in the fields of manufacturing and related industries, service industries or software development. In the case of companies and close corporations, South African individuals or companies need not necessarily hold the majority shareholding.

The SPII offers two schemes, namely the:

- SPII Matching Scheme (which includes the SPII Product Process Development (PPD) Scheme); and
- SPII Partnership Scheme.

Criteria for the SPII Schemes are as follows:

Scheme	Applicants	Scheme limit	0% - 25% BEE ownership	25% - 50% BEE ownership OR >50% ownership by women / disabled persons	>50% BEE ownership
Matching Scheme	<ul style="list-style-type: none"> Provides financial assistance to SMEs and individuals in the form of a non-repayable grant. A percentage of “qualifying” costs incurred in the development activities of a specified development project. Financial assistance to large companies is also provided, but this is limited to 50% of “qualifying” costs incurred. 	R3.0 million (maximum grant)	50% of “qualifying” costs incurred	65% of “qualifying” costs incurred	75% of “qualifying” costs incurred
PPD Scheme (included in the Matching Scheme)	<ul style="list-style-type: none"> Provides financial assistance to small, very small and micro-enterprises and individuals in the form of a non-repayable grant. A percentage of “qualifying” costs incurred in the pre-competitive development activities associated with a specific project. 	R1.0 million (maximum grant)	50% of “qualifying” costs incurred	75% of “qualifying” costs incurred	85% of “qualifying” costs incurred
Partnership Scheme	<ul style="list-style-type: none"> Provides financial assistance to large entities in the form of a repayable levy-based grant (loan). The levy-based grant is based on a percentage of sales over a fixed number of years. The levy percentage and repayment period are established at the time of the grant. 	R3.0 million (minimum contribution)	50% of “qualifying” costs incurred		

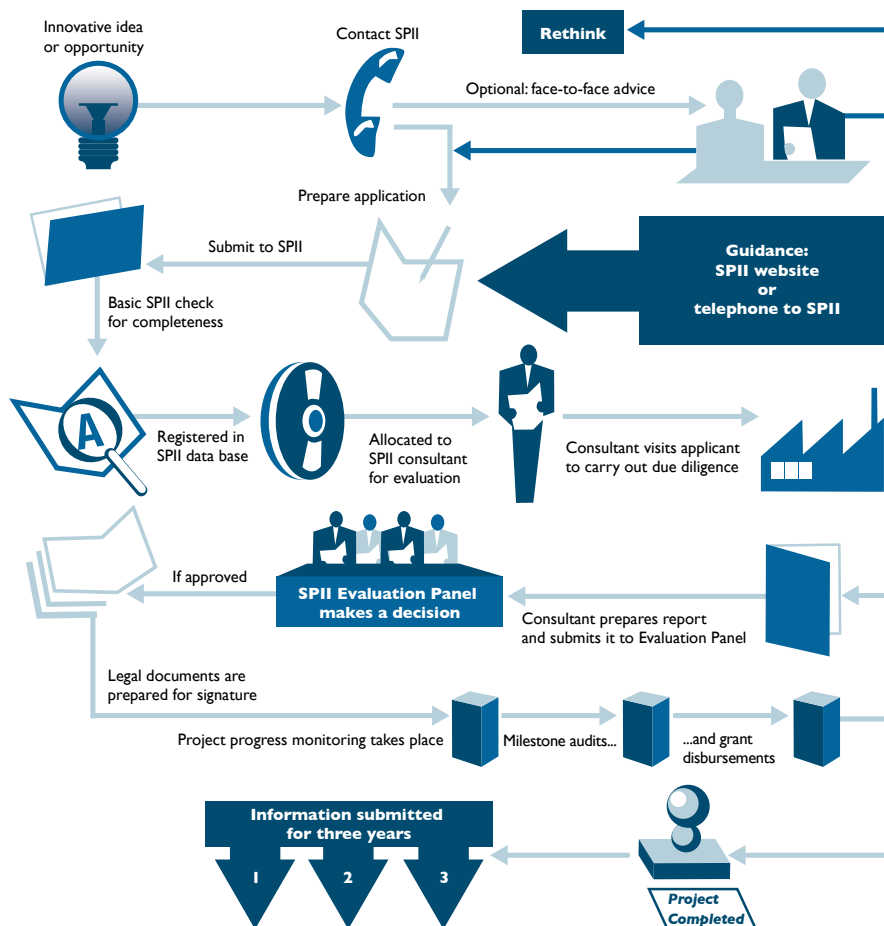
The two SPII schemes support similar goals and are complementary in nature. Apart from financial controls, the schemes are managed and marketed as a single entity by the IDC.

MECHANICS OF THE SPII SCHEMES

There are several preparatory steps before a new product or process idea can be commercialised, particularly where significant innovation is involved. These steps might involve basic research to confirm the validity of the underlying concept and to establish broad developmental parameters and confirm market demand. Once this is achieved, one or more pre-production prototypes could then be designed or developed. On successful completion of these phases, the project could be taken forward to manufacturing and finally, to marketing and distribution.

The SPII is focused specifically on the development phase, beginning at the conclusion of basic research and ending at the point when a satisfactory pre-production prototype has been produced.

The SPII Scheme application and evaluation processes are best illustrated as follows:



Profile of applicants

Enterprise type

In the last three years, there has been a concerted effort to make the programme more accessible to a wider range of applicants from micro-enterprises / individuals to large entities. As a result, a higher number of applications seeking seed capital and funding assistance has been received. The SPII has a stringent application evaluation process in place, which culminates in the consideration of the application by the SPII Evaluation Panel, and as a result, there are always a significant number of application withdrawals prior to completion of the application process. The quality and type of applications received from second economy applicants also suggest that the applicants require a different type of

intervention, including business support and mentoring, before they are ready to fully access the benefits from the SPII schemes. The SPII is presently investigating this aspect.

The Partnership Scheme which is specifically aimed at large companies, remains less attractive to potential applicants from a cost of funding approach, when compared to the Matching Scheme and the PPD Scheme, which are non-repayable grants.

Criteria for participation:

Scheme	Employees	Turnover	Assets
PPD Scheme	< 50	< R13 million	< R5 million
Matching Scheme	Between 50 - 200	Between R13 – R51 million	Between R5 – R19 million
Matching Scheme with grant fixed at 50% of “qualifying” costs incurred.	> 200	> R51 million	> R19 million
Partnership Scheme	> 200	> R51 million	> R19 million

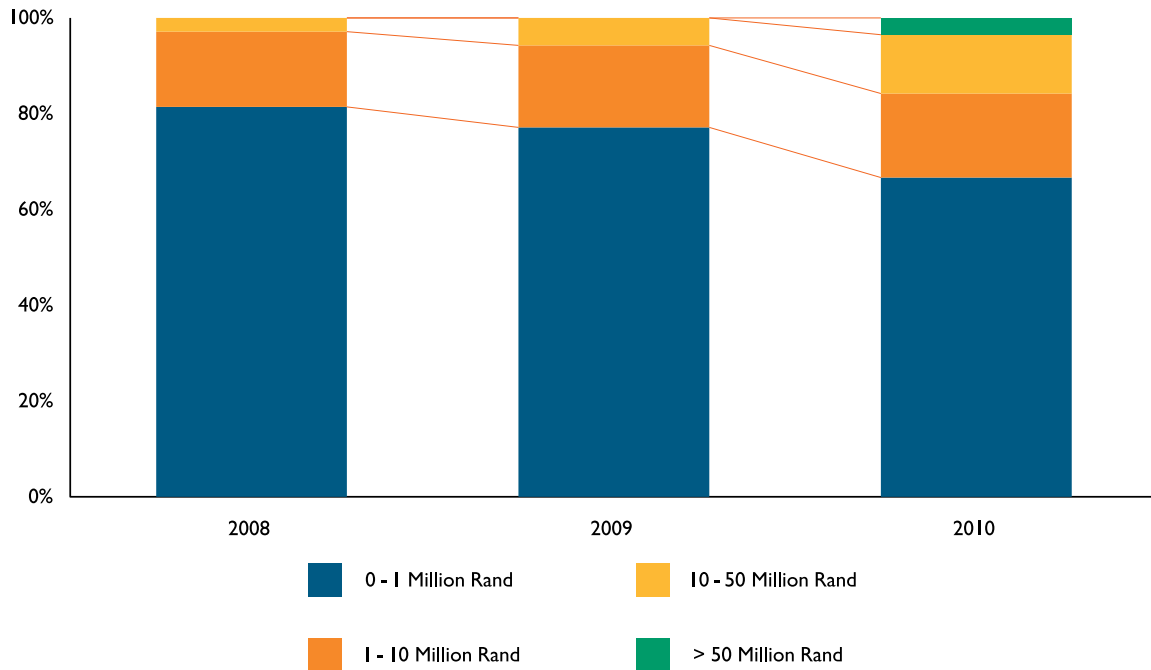
Enterprise size

In the year under review, the enterprise allocations were as follows:

Description	31 March 2010	31 March 2009
Assets < R10 million	84.2%	89.0%
Assets between R10 million and R50 million	12.3%	11.0%
Assets > R50 million	3.5%	-

Where applications showed significant potential, in-principle approvals were provided to very small companies and applicants could make use of such approvals to obtain additional funding from other non-government sources. Moreover, the SPII addressed managerial and technical deficiencies with the applicants in a constructive manner so as to facilitate innovative SME development, particularly under the PPD Scheme.

SPII Schemes Combined Funded Projects by Asset Size

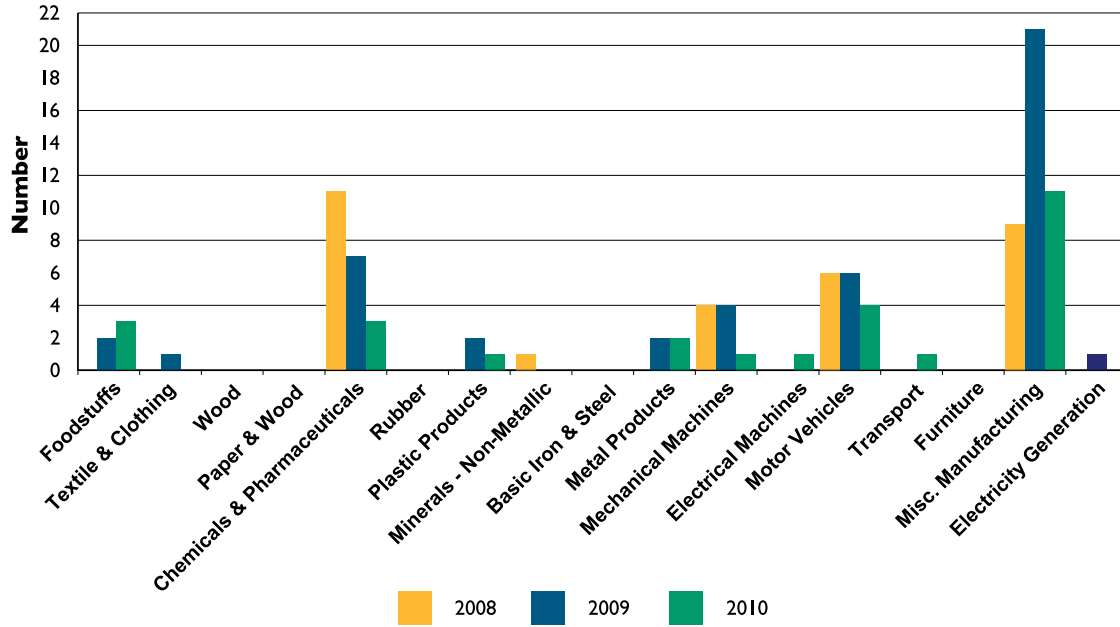


Industry Sectors

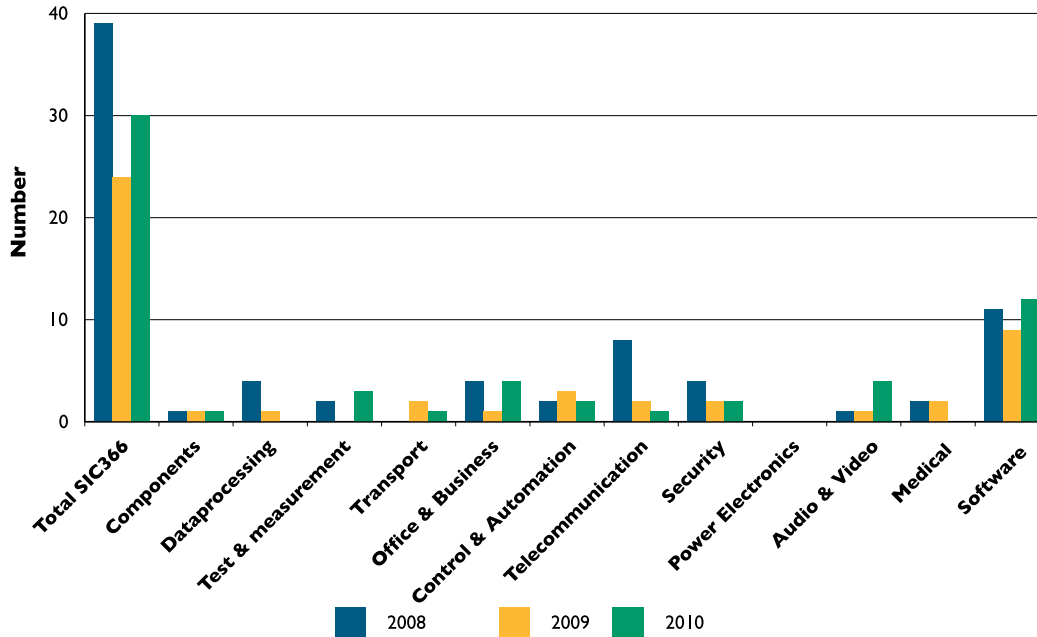
The SPII has broadened the sectors it will invest in. The electronics and software sector remains an important industry for SPII and out of the 57 approved projects, 30 approved projects (2009: 24 approved projects) were allocated to participants in this sector.

Projects in the manufacturing sector are strongly represented, as are chemical & pharmaceutical, foodstuffs and motor vehicle & parts sectors.

**SPII Schemes Combined - Approvals by Sector
(excluding SIC366 - Electronics & Software)**



**SPII Schemes Combined
Breakdown of SIC366 - Electronics and Software**



EVALUATION OF COMPLETED PROJECTS

Companies that have completed SPII projects need to provide post-completion data as specified by **the dti**. This is aimed at determining the SPII's impact on the South African economy. Data monitored includes:

- Local and export sales of SPII-supported products;
- Jobs created;
- Taxes paid; and
- Research and development expenditure as a percentage of the value of sales. Companies are required to submit this data annually for a period of three years after completion of the project.

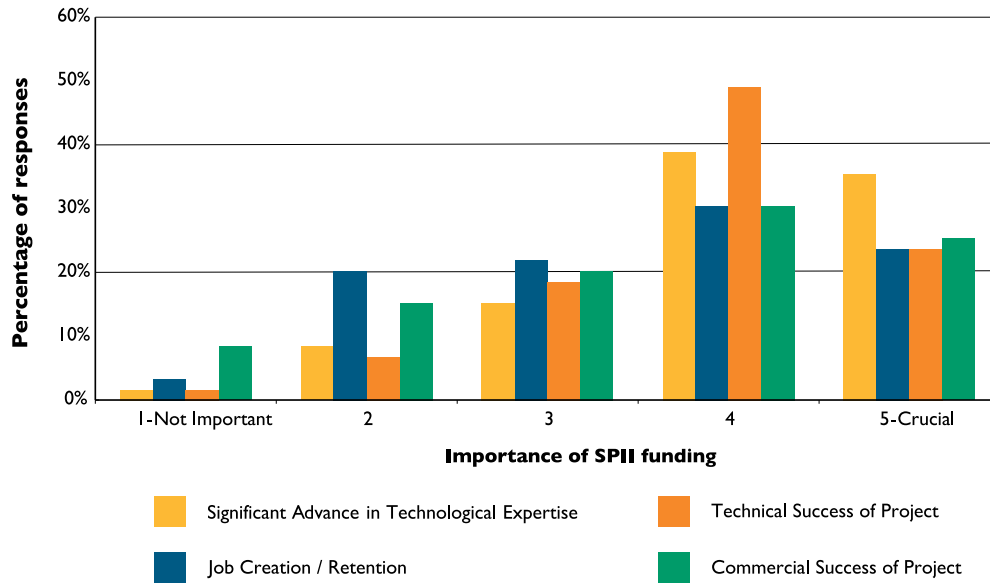
The SPII's impact on the South African economy through the promotion of technical innovation is particularly encouraging. This is demonstrated by local and export sales, taxes paid and shop floor jobs created from projects funded by the SPII. Reported export sales as a percentage of total sales were 50% compared with 44% in the previous year; indicating that although sales may have been affected by the current global economic downturn, export sales continued to grow relative to local sales.

Total funds advanced to completed and unsuccessful projects since the time of the SPII's inception to 31 March 2010 amounted to R552 million. This has resulted in approximately R6.66 billion in sales and R923.2 million in taxes paid to the South African National Treasury.

Performance Data	1 April 2009 to 31 March 2010	1 April 2008 to 31 March 2009	1 April 2007 to 31 March 2008
Total local sales	R79.6 million	R133.2 million	R173.6 million
Total export sales	R78.3 million	R103.8 million	R153.5 million
Total sales	R157.9 million	R237.0 million	R327.1 million
Taxes paid (company tax)	R6.2 million	R35.1 million	R149.3 million
Shop floor jobs created	637	877	1 284
Research and development as percent of sales	66.4%	61.6%	57.9%
Number of completed projects surveyed	110	91	116
Number of detailed responses received	60	64	83

Feedback, given by 60 respondents, depicts a positive view of the contribution to these economic and development objectives and is depicted graphically below.

**SPII contribution to key economic & development objectives
based on feedback from recipients - 2010**



ANNEXURE 2: APPROVED PROJECTS 2009/10

SPII Product Process Development Scheme

Recipient	Date approved	Approved grant (R)
Gabier Vision (Pty) Ltd ¹	26-May-09	399 024.00
PP Geza Bath Tent CC ¹	30-Mar-10	340 266.00
Molakalaka Tile Market CC ¹	30-Mar-10	500 000.00
Concrete Management Systems CC	30-Mar-10	207 987.00
Denstech CC ¹	30-Mar-10	471 325.00
Agama Biogas (Pty) Ltd	30-Jun-09	320 304.00
D&H Developments CC	30-Jun-09	222 777.00
Interlock Systems CC	30-Jun-09	66 599.00
Bhekitemba Investments CC	28-Jul-09	454 651.00
Lunar Blue Soft Drinks CC ¹	28-Jul-09	475 996.00
Trivalent Chrome CC ^{1 2}	25-Aug-09	291 890.00
Gknowmix (Pty) Ltd ²	24-Nov-09	487 725.00
i-Laundry Dri-Cleaning Management Solutions CC ^{1 2}	24-Nov-09	905 250.00
GWD Manufacturing Engineering Consultants CC	24-Nov-09	965 500.00
SKT Marketing CC ²	26-Jan-10	1 000 000.00
Dri Veg - Company to be formed	26-Jan-10	171 046.00
TMi Consultancy CC ¹	26-Jan-10	1 000 000.00
Kapema Manufacturing CC ²	26-Jan-10	967 767.00
Isikwaya Cleanlines CC ¹	23-Feb-10	857 265.00
Inventeq Technologies CC	23-Feb-10	100 815.00
Thebe Thebe Associates CC ¹	30-Mar-10	517 650.00
Silver Solutions 828 CC ^{1 2}	30-Mar-10	721 612.00
SEG-Data (Pty) Ltd	30-Mar-10	435 200.00
Quando Creations CC ^{1 2}	30-Mar-10	637 747.00
Fat-Man Electrical & Project Management CC ¹	30-Mar-10	759 617.00
Hygizone SA CC	30-Mar-10	749 141.00
CFAM Technologies (Pty) Ltd (to be confirmed)	30-Mar-10	909 930.00

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SPII Matching Scheme

Recipient	Date approved	Approved grant (R)
Technopark Automation and Control (Pty) Limited	26-May-09	1 500 000.00
Sukema Integrated Solutions (Pty) Limited	26-May-09	1 500 000.00
Black Stone Tek (Pty) Limited	30-Jun-09	1 500 000.00
Environmental & Remedial Technology Holdings (Pty) Limited	30-Jun-09	579 422.00
Pharmatrial Technologies (Pty) Limited	30-Jun-09	1 183 371.00
Novolibri CC	30-Jun-09	702 233.00
Raintop Instruments (Pty) Limited ¹	28-Jul-09	793 493.00
Riverwalk Trading 535 CC ¹	28-Jul-09	1 479 165.00
Business Intelligence for Peace & Development CC ^{1 2}	28-Jul-09	1 500 000.00
Riskflow (Pty) Limited	25-Aug-09	1 306 260.00
Nirph Digital (Pty) Limited	29-Sep-09	1 358 540.00
Heliostat Holdings (Pty) Limited	27-Oct-09	1 500 000.00
Bailey Edwards Cars (Pty) Limited	27-Oct-09	1 273 272.00
Intervigil Software Solutions (Pty) Limited	27-Oct-09	1 500 000.00
Kept International Database Systems (Pty) Limited	24-Nov-09	1 207 908.00
Nuangle Medical (Pty) Limited ¹	24-Nov-09	1 500 000.00
Welfit Oddy (Pty) Limited	24-Nov-09	830 090.00
LeatherVox CC ^{1 2}	24-Nov-09	1 482 075.00
Sonik Cleaning CC ²	26-Jan-10	1 171 235.00
Vastech (Pty) Limited	26-Jan-10	2 692 684.00
CSense Systems (Pty) Limited	26-Jan-10	2 986 819.00
EDGE Consulting (Pty) Limited ¹	26-Jan-10	2 999 939.00
Vaxisat Investments (Pty) Limited ¹	23-Feb-10	2 191 028.00
The Yuka Trust	30-Mar-10	1 288 055.00
KRB Thermal Solutions (Pty) Limited ¹	30-Mar-10	1 388 439.00
Cambrient Internet Applications (Pty) Limited	30-Mar-10	926 225.00
Mix Telematics International (Pty) Limited	30-Mar-10	2 790 035.00

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SPII Partnership Scheme

Recipient	Date approved	Approved grant (R)
Business Systems Group Africa (Pty) Limited	27-Oct-09	2 584 036.00
Tenderwise (Pty) Limited ¹	24-Nov-09	8 567 528.00
AHRLAC Holdings (Pty) Limited	30-Mar-10	33 685 750.00

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ANNEXURE 3: COMPLETED PROJECTS 2009/10

SPII PRODUCT PROCESS DEVELOPMENT SCHEME

Recipient	Industry Sector	Project Name / Description	Recipient Contact Details	Date Completed	Approved Grant (R)	Amount Paid (R)
TMI Consultancy CC ¹	Electronics & Software	Visualisation and Man-Machine Interface for Immersed Training System (VMMI-ITS) – A low-cost immersed training system to enhance the skills and experience of truck drivers. The modular design enables the simulator to be readily transported as a mobile unit for multiple training venues.	Mr T Moodley (012) 844 0310 tmoodley@ tmodynamatics.co.za	29 Jan 10	450 773.00	
JPL Trading CC ¹	Miscellaneous Manufacturing	Vacuum Mount Flag Holder – A Vacuum (suction cup) mount flag holder which is easily attachable/detachable from a motorcar body surface or window and which will remain in place while the vehicle is in motion without damaging the paintwork of the vehicle.	Mr P Mekwa (011) 447 7445 Papi.mekwa@adr- international.co.za	4 Sep 09	280 801.00	278 230.26
Lets Link Marketing & Networking CC ^{1 2}	Electronics & Software	Talking Book for Teaching Road Signs – An audio-visual learning-aid to make the learning of road signs easier and thereby improve learner-driver test success rates.	Ms A Monate (011) 935 2580 educellgugu@ananzi.co.za	8 Feb 10	229 542.00	229 528.10
Gknowmix (Pty) Limited ²	Electronics & Software	Integrating Genetic Knowledge – The automation of the interpretation of genetic test data and other medical information via algorithms to produce reports for diagnostic purposes and provision of personalised treatment plans.	Dr M Kotze (021) 919 5022 maritha@gknowmix.com	23 Jul 09	260 250.00	259 250.00

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SPII PRODUCT PROCESS DEVELOPMENT SCHEME (continued)

Recipient	Industry Sector	Project Name / Description	Recipient Contact Details	Date Completed	Approved Grant (R)	Amount Paid (R)
Nguni Juice CC ¹	Foodstuffs	Umviyo Liquor and Cider – The development of umviyo liquor and umviyo cider on a commercial scale using the fruits from the <i>vangueria infausta</i> tree.	Mr N Mpedi (082) 267 3053 umviyo@yahoo.co.uk	10 Nov 09	410 890.00	382 263.53
Cape Bio Land CC	Miscellaneous Manufacturing	Liquid Fish – The development of a unique local process for producing liquid fish hydrolysate fertiliser and animal feeds from fish by-catch and by-products. The products provide better fertiliser and animal feed properties than those produced from fish emulsions.	Mr G Kuhn (021) 852 3950 bioland@intekom.co.za	2 Mar 10	162 925.00	149 356.86
CMC Management Services CC ²	Electronics & Software	Self-Preservation Rating Scale – A psychometric test for use by corporations and individuals for identifying key areas for development in a person's life to be able to avoid and cope with stress. The test consists of a paper-based multiple-choice questionnaire with a computer-based rating scale providing a descriptive as well as a graphic score.	Ms J D Dry (011) 760 3442 jenny@lantic.net	18 Dec 09	109 170.00	90 406.88
Sitwala Technologies (Pty) Limited ¹	Electronics & Software	Pre-emptive Signalling System (PPS) – A two-way traffic light pre-emption system based on encrypted RF communication and GPS positioning for use by emergency vehicles.	Mr B Goemans (011) 293 0500 brian.goemans@sitwala.com	23 Jul 09	500 000.00	491 647.64

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SPII MATCHING SCHEME

Recipient	Industry Sector	Project Name / Description	Recipient Contact Details	Date Completed	Approved Grant (R)	Amount Paid (R)
Infantrust Parenting Solutions (Pty) Limited	Electronics & Software	Infant Apnoea Monitor – A small sealed plastic unit that is attached to the front of the infant’s nappy which measures changes in pressure between the infant’s tummy and the nappy and hence breathing effort. If breathing stops for too long the infant is stimulated gently by vibration. If this ineffective, an audible alarm sounds warning of an apnoeic event.	Mr H Pietersen (012) 667 2581 pietersen@mweb.co.za	26 May 09	96 115.00	25 701.50
Seasonal IT Solution CC ¹	Electronics & Software	Energy Conserving Stove Box – An electricity load demand control device that can be pre-installed on electric stoves and/or retro-fitted to existing electric stoves. The device sheds the geyser load when the electric stove is being used. This reduces the requirement for the utility company having to activate grid-wide switching of geysers.	Mr M Msiza (072) 586 3537 mosesmsiza@webmail.co.za	21 Dec 09	206 482.85	67 639.89
StratSmart (Pty) Limited	Electronics & Software	StratSmart.com Web-hosted Decision and Creativity Support Application – A product that aims to assist users in making decisions, solving problems, performing strategic planning etc. The application combines a number of formal decision analysis tools with creative-thinking techniques.	Dr W de Ru (082) 378 7612 Willem.DeRu@JT-Int.com	9 Oct 09	144 000.00	78 318.71
Ostecs Open Systems Technology (Pty) Limited ¹	Electronics & Software	Natural Handwriting Electronic Stylus (NHES) – The development of an electronic stylus device that uses spatial character recognition techniques in a predictive handwriting recognition that does not require the device to learn the user’s printed character writing style.	Dr M Khomo (083) 986 8574 mkhomo@telkomsa.net	24 Apr 09	305 489.00	197 129.86

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SPII MATCHING SCHEME (continued)

Recipient	Industry Sector	Project Name / Description	Recipient Contact Details	Date Completed	Approved Grant (R)	Amount Paid (R)
Geecom (Pty) Limited	Miscellaneous Manufacturing	Modular Electrostatic Precipitation (ESP) – ESP filtration units are typically custom designed for very large plants. This is the development of a modular container-sized unit suitable for smaller installations providing the benefits of ESP filtration at relatively low cost. The units can be used during large plant upgrading & emergencies.	Mr A F Mischkulnig (011) 794 3801 geecom@global.co.za	8 Sep 09	474 378.00	474 378.00
Storage Management Systems (Pty) Limited	Electrical Machines	Pallet Mole – Used in automated warehouse racking systems. Among the features is the use of an AC regenerative drive system giving higher reliability, improved battery life and lower maintenance costs (no hydraulics).	Mr T Pretorius (012) 345 6245 theuns@storagemanagement.co.za	25 Mar 10	1 437 352.00	1 437 351.99
Bell Oak Investments CC	Electronics & Software	Electronic Article Surveillance (EAS) – A range of security tags with specific design improvements over existing products. The improvements utilise a lighter smaller tag to improve the locking, detaching, removal and sensor characteristics of the tag. The tags can still be produced at lower cost than conventional alternatives.	Mr U Zinner (021) 572 5321	20 Oct 09	534 950.00	477 176.81
Sally Williams Fine Foods (Pty) Limited	Miscellaneous Manufacturing	Ultrasonic Cutting System for Nougat – Conventional rotary knife cutting methods introduce many problems in the production of nougat. The ultrasonic cutting system will increase productivity, allow new nougat variations and allow improved controllability of production.	Mr Mark Sack (011) 608 3344 msack@sallywilliamsfinefoods.com	17 Apr 09	391 489.00	391 489.00

SPII MATCHING SCHEME (continued)

Recipient	Industry Sector	Project Name / Description	Recipient Contact Details	Date Completed	Approved Grant (R)	Amount Paid (R)
Magical Systems CC ¹	Electronics & Software	Magical Assistance Request System – A short-range communication system that enables a service provider to receive assistance requests, dispatch the required assistance, measure its service levels and utilise its resources more effectively and efficiently. The system is aimed at restaurants, hospitals and other places of care, retailers and casinos.	Mr A Jadoo (033) 392 2318 aavi.jadoo@msunduzi.gov.za	19 Oct 09	339 150.00	249 995.47
Technical Application Software CC	Electronics & Software	Intelligent Pump Controller – The Intelligent Pump Controller (IPC) is an intelligent unit that will govern a variable-frequency pump drive and provide more sophisticated control of pump speed for single or multiple pumps leading to energy savings. The IPC will have the ability to update the performance parameters of the pump remotely to compensate for pump wear.	Mr H Rosen (082) 552 1747 hrosen@tasonline.co.za	24 Jul 09	879 952.00	843 497.76
Rorotika Technologies (Pty) Limited	Electronics & Software	Mobile Telecommunication Dynamic Tariff Solution (DTS) – The system analyses the demand patterns at GSM cellular cluster or individual cell level, and offers clients varying discounts which are not fixed to pre-set times of day but instead vary dynamically depending on the network-specific load balancing requirement for any particular cell.	Mr H Goodhead (011) 704 5171 hilton.goodhead@rorotika.com	22 Feb 10	727 770.00	727 770.00
Wisepill Technologies (Pty) Limited ²	Electronics & Software	PillSmart – A pill dispenser which uses GSM data networks to provide medication adherence monitoring in real-time. The patient is notified of non-adherence via SMS. A secure web server/client interface is optimised for patients and clinic staff to easily edit the prescription and patient data.	Mr L A Marshall (021) 852 3580 lloyd@worldonline.co.za	8 Oct 09	969 254.00	969 254.00

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Recipient	Industry Sector	Project Name / Description	Recipient Contact Details	Date Completed	Approved Grant (R)	Amount Paid (R)
HWM Technologies T/A Rectech ¹	Electronics & Software	Recmaster – A Development Partner Program (DPP) product designed to be used by ACCPAC users to automate the reconciliation process for anomalies that may occur for a variety of reasons. It can be used for both accounting and database verification processes.	Mr E Prinsloo (011) 622 2359 aysenad@gmail.com	29 Jan 10	608 700.00	584 985.00
Earth (Pty) Limited	Chemicals & Pharmaceuticals	Acid Mine Drainage (AMD) Prototype – A prototype ion-exchange plant for treating mine effluent which uses reagents for resin regeneration that lead to the production of useful and saleable by-products with an attractive positive result for the economics of the process.	Mr D Howard (011) 881 5611 ceo@earthwatersolutions.com	25 Feb 10	579 422.00	516 313.87

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SPII PARTNERSHIP SCHEME

Recipient	Industry Sector	Project Name / Description	Recipient Contact Details	Date Completed	Approved Grant (R)	Amount Paid (R)
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ANNEXURE 4: PROJECTS CANCELLED PRIOR TO COMPLETION 2009/10

SPII PRODUCT PROCESS DEVELOPMENT SCHEME

Name of Recipient	Project Name / Description	Original Grant (R)	Amount Paid (R)
K Davie	Jiqa	358 000.00	-
Coto Nobanzi Nokwezi Makaba	Cookie Scissors	270 200.00	-
Kopax Materials CC	Underarm Pad	181 259.00	-
Mangayiyane Business Services	Soccer Communication Device	215 900.00	-
Hydrossis Consulting Engineers	The Brett Project	69 585.00	-
Zero Click (Pty) Limited	Zero Click Accounting	380 250.00	-
Julmir Organics CC	Skin Treatment Creams	500 000.00	-
One Family One Home	Dry Mortar Panel	500 000.00	-
Kanon Products	Battery Powered Ball	166 888.00	-
Fiziosoft CC	Fiziosoft	159 413.00	-
Knowledge Crucible	Portal Optimal	277 553.00	-
Kwik Kolor Printing	Reproxxpress	299 119.00	-
Origin Source (Pty) Limited	Immune	436 000.00	-
Texbox CC	Texbox	404 815.00	-
Communication Consultants	Baby Monitor	500 000.00	-
Kingfisher Steel	CNC High Definition Water Plasma	323 293.00	-
Ralso Technology	Clip Outfit	81 175.00	-
EZ Trade 454 CC	Infology Data Manager	255 249.00	-
Stone Eng (Pty) Limited	Brick & Paver Manufacturing Machine	500 000.00	-
Real World Diagnostics	Real World Mdt	485 113.00	-
Veggiwash (to be formed)	Veggiwash Sanitizer	466 744.00	-

SPII MATCHING SCHEME

Name of Recipient	Project Name / Description	Original Grant (R)	Amount Paid (R)
Freefallers Global Entertainment	Skydiving Mobile Simulators	1 285 500.00	-
Softcon Software Control Services	Project CR390	729 400.00	-
Specialist System Engineering CC	RTU-20	703 000.00	-
Kubu Technologies (Pty) Limited	Pilot Plant For Continuous Counter	1 500 000.00	-
Radio Transmission Services CC	Wireless Data Communication Network	1 108 000.00	-
Breathetex Corporation (Pty) Limited	Seam Seal Tape Development	1 388 940.00	-
Hospi-Tech (Pty) Limited	Medical Inspection Light	286 065.00	-
HM Shelters (Pty) Limited	Hunter Cabins	402 738.00	-
Secura (Pty) Limited	Secura Blinds	668 787.00	-
Ct Lab (Pty) Limited	Vectograph II	1 045 000.00	-
Tradia Enterprises CC	IC & C	1 500 000.00	-
Stuart King & Associates	Business Driver Enterprise Integra	1 081 373.00	-
Free City Technologies (Pty) Limited	Free City	594 896.00	-
Sinda Mining Systems (Pty) Limited	Hydro-Mechanical Belt Filter	1 104 710.00	-
Dierama Trading CC	Melt a Name	419 725.00	-
House Of Collage CC	Revolution 2D &3D Interior Software	1 500 000.00	-
Oblique Engineering (Pty) Limited	GB 2.4	877 335.00	-
Poynting Innovations (Pty) Limited	Planar Antenna	1 500 000.00	495 318.00
Voiceamp (Pty) Limited	VA601 Telephone Interface	246 373.00	-
Supersod Technologies (Pty) Limited	Divot Repair Pellet	942 825.00	-
Microzone (Uninet)	Uninet Embedded Platform	358 181.00	-

SPII PARTNERSHIP SCHEME

Name of Recipient	Project Name / Description	Original Grant (R)	Amount Paid (R)
Intelligent Metering Systems (Pty) Limited	GMMS Project	6 183 750	-
Business Systems Group (Africa) (Pty) Limited	Employee Relationship Management (ERM) Portal	2 584 036	-

ANNEXURE 5: SPII CASE STUDIES

The case studies presented below are based on the 2009 Annual SPII Awards finalists.

I. Project: Multi-Purpose Membrane Plant From: Ikusasa Chemicals (Pty) Limited

Ikusasa Chemicals (Pty) Ltd started operating in 2003 as an agent, stockist and distributor of a wide range of speciality chemical raw materials and additives on behalf of international manufacturers in a variety of industries.

Membrane technology has emerged as the most significant advancement in wastewater treatment. The biggest single technical challenge with the use of membranes for wastewater treatment is high fouling mainly due to colloids, soluble organic compounds and bacteria that are present in secondary effluent and are typically not well removed with conventional pre-treatment methods. Membrane fouling results in an increase in feed pressure and requires frequent cleaning of membranes. This leads to a reduction in overall facility efficiency and a shorter membrane life.

Other technical barriers include the difficulty and expense of managing the concentrate from high pressure membranes and the undefined ability of membranes to effectively remove all chemical contaminants and pathogens of concern that are found in municipal secondary effluent.

Due to the ongoing development of new membranes, water treatment engineers have great difficulty selecting the membranes that are most suitable for their specific operating conditions. Ikusasa researched and designed a mobile water treatment pilot plant for the development of site-specific membrane treatment processes.

The Multi-Purpose Membrane Plant has been designed to allow for the use of different types of feed (raw) water e.g. groundwater, seawater and industrial wastewater. It also has advanced data capturing and measurement capabilities that will allow for the in-situ testing of membranes as well as the simulation of membrane performance over an extended period.

This capability is enhanced by the use of sensitive instrumentation including inline flow-meters and conductivity meters linked to a unique software simulation programme, which allows the water treatment engineers to assess the life of the membrane and vary operating conditions of the pilot plant to simulate different design options. The software programme allows for the development of a financial model to estimate the overall running costs associated with a particular water treatment operating system. This enables water treatment engineers to develop the most appropriate technical and financial solution for the water being treated.

Contact:

Mr A Theunissen and Dr Ian Goldie

Tel: (021) 808 3467 or 083 270 4506

Email: ian@ikusasawater.co.za

2. Project: System 300 GSM RTU From: TPW Industries CC

TPW Industries CC was formed in 1988 as an electronics design and manufacturing company and is situated in an industrial park in Pinetown, KwaZulu-Natal.

The original intention of developing the System300 GSM RTU was to collect data on Vending machine s. Traditionally, the information was collected by technicians undertaking physical visits to the machines. The system is intended to assist vending machine owners and operators to manage their operations more effectively and improve their profit margins.

A need was identified in the fleet industry where the System 300 GSM RTU is now being used to remotely monitor and protect forklift trucks, as well as generate reports indicating load usage, driver behaviour, maintenance information, water pressure and gear control.

The data collected is transmitted via the GSM networks to a central location from which reports can be produced. The information is used to determine and monitor the forklifts' productivity, to flag upcoming maintenance dates as well as a reminder of upcoming driver training dates.

Contact:
Mr Mark Joubert
Tel: (031) 701 0927
Email: tpwind@mweb.co.za

3. Project: Grapesizer From: Vizier Systems (Pty) Limited

Vizier Systems (Pty) Limited was established in 1992 to produce qualification systems for the perishable goods industry.

Table grapes are classified and sorted in terms of grape cultivar, ripeness, berry size, colour, bunch weight, straggleness, marks and unevenness. Mostly, classification and packing have been done manually. Whereas grape cultivar, ripeness, straggleness, marks and unevenness are easily spotted during the initial sorting stages, the berry size and colour classification are difficult to do visually and may result in large variances within a packed carton.

The bunch sizes also vary significantly and make packing difficult. To achieve a weight of exactly 4.5kg per carton is virtually impossible and as a result the average carton weight is typically 4.7kg. This overweight factor contributes to an overall yearly loss of R62 million to table grape producers.

Vizier has designed and developed a grape conveyer belt that is able to transfer and discharge grapes without human intervention and without any damage to the grapes. When a grape bunch is to be discharged on a packing belt, the particular cup dropping mechanism is activated and the cup is gradually lowered.

At the heart of the Grapesizer packing line is an imaging and weighing unit with associated control software that has been developed to guide the packing operation. Each packing belt is assigned a packing specification in terms of grape diameter and colour. After a bunch of grapes has been imaged and weighed, the control system assigns it to the correct packing belt. If the control software determines that the assigned bunch will result in a suboptimal weight for the carton, it will reassign the bunch to another packing belt of the same specification.

Contact:
Mr Bernard van Zyl
Tel: (021) 852 5177
Email: bernard@vizier.co.za

4. Project: Continuous Molded Edge Boards From: Smart Edge (Pty) Limited

From 1998 to 2001, a local businessman and manufacturer of office equipment developed and patented a process for in-situ moulding of flat board edges. The rights to use the patent in all countries – except South Africa and Australia – were sold to a German manufacturer.

Smart Edge SA (Pty) Limited was established in June 2001 with the purpose of developing machinery and manufacturing a variety of profile and flat bed edged board components for the kitchen, office and domestic furniture industries. Smart Edge acquired the rights to use the patent in South Africa and Australia.

The patented process consists of extruding edging onto the edge of the board while moving the board past the head of the extrusion nozzle or by moving the extrusion nozzle along the board's edge. Smart Edge designed and developed machinery where the extrusion nozzle as well as the finishing equipment is stationary and the board is moved past these. Further development included automation as well as development of improved bonding liquids.

To be able to coat boards with uneven edges, the boards are fixed and the coating and finishing heads are moved along the edges of the stationary board at slower speeds than straight edge coatings.

Contact:

Mr Neville Soll

Tel: (011) 626 1072

Email: nevilles@smartedgesa.co.za

5. Project: Discrete Troubleshooting From: CSense Systems (Pty) Ltd

CSense (Pty) Ltd (CSense) is an engineering technology company based in Waterkloof Heights, Pretoria. The company's focus is the development and supply of platforms for advanced control and process solutions.

In any process-driven industry, there is a need for tools to monitor and control all steps in the end-to-end process. With the advent of advanced industrialisation, whether dealing with raw materials or processing further down the supply chain, all aspects of the process must be monitored and controlled to achieve the desired end state. Advanced process control systems and technologies are generally responsible for collecting data relevant to the process, monitoring and analysing all variables and events and recommending solutions to ensure that productivity and quality are maintained at correct levels to enable maximised output according to a designated desired end state.

Advanced process control solutions involve troubleshooting and optimising key performance indicators such as quality, throughput, energy consumption, control loop effectiveness, and equipment health, as well as providing real-time predictors, intelligent alarms, set-point advisory systems, and expert and model-predictive control systems.

CSense for Discrete Troubleshooting is specifically geared towards supporting the troubleshooting process on discrete data of production or manufacturing processes. CSense Discrete Troubleshooter does not assume advanced statistical background of users and operators, but focuses on facilitating the discrete troubleshooting process from data to action in an easy-to-use manner. The software allows users to import and merge multiple discrete and continuous data sources; do knowledge discovery via a decision tree-driven analysis and visualisation process; make an on-demand scheduled or real-time process dashboard available for process analysis and comparison of the latest process with the process model, fusing knowledge obtained from the

data-driven knowledge discovery process with existing expert knowledge by incorporating an action model, and generating an action dashboard for scheduled or real-time deployment.

Contact:

Mr TJ van der Walt or Ms Mariana Jacobs

Tel: (012) 347 3110

Email: tjaart.vanderwalt@CSensesystems.com

6. Project: Integrated Compliance Systems From: EM Software and Systems SA (Pty) Limited

The EMSS Group of Companies specialise in Electromagnetic (EM) engineering and their mission is to convert specialised research in electromagnetics into practical engineering tools accessible to industry. EMSS Consulting (Pty) Ltd was registered in 2005 with the focus of providing consulting services in human exposure assessment to electromagnetic fields.

Due to the rapid growth in wireless communication systems over the past 50 years, and specifically over the past 15 years with the popularisation of mobile phone communication, the world has seen a rapid increase in the erection of radio communication sites. These can include masts with cellphone base station and other communication antennas, cellphone base station antennas on rooftops and also shared sites where cellphone base stations, paging and broadcasting antennas could be present.

Together with this expansion has come growing concern about the potential health hazards to humans exposed to such RF radiation. The international scientific community came up with guidelines for safe levels of human exposure. The most commonly used guidelines are the 1998 ICNIRP (International Commission on Non-Ionising Radiation Protect) guidelines.

The Integrated Compliance System (or ICSYS) was developed as a solution to running a successful ICNIRP for telecommunications companies. It is an integrated system for use in the assessment

and management of human exposure to electromagnetic fields at RF transmitter sites. It is an EMR database-driven computation tool that generates automated reports on ICNIRP compliance from calculations based on measurements and incorporates additional data measurements from the various databases.

The ICSYS automates the ICSYS compliance process and makes feasible the management of thousands of sites. The system automatically handles reconfiguration of sites and triggers a documentation trail where, with minimal effort, sites can be made compliant again and the correct documentation automatically updated.

The ICSYS product is not a Compliance Tool but rather an Integrated Compliance System where all aspects important in managing ICNIRP compliance (zone assessment, administrative control implementation, documentation and monitoring and change tracking) are grouped together into one Integrated Compliance System.

Contact:

Mr Frans Meyer or Mr D Walsh

Tel: (021) 880 1880

Email: dwalsh@emss.co.za

7. Project: Super Insulated Tank Container From: Welfit Oddy (Pty) Limited

Welfit Oddy (Pty) Limited is part of the Welfit Oddy Group of companies. Initially, Welfit Oddy was a supplier of heavy vehicle body conversions and light body fabrications to the motor industry, mainly to Ford. However, the departure of Ford in 1986 forced the company to refocus its operations. Management had the foresight to enter into the stainless steel tank container manufacturing industry in 1987.

Tank containers are used for inter-modal transport of liquids. Liquids can be split into two categories, namely, chemical products and food products. While worldwide transport requirements have similar volumes for these two categories, currently 80% of tank containers are used in chemical transport. Food products and some other liquids need accurate temperature control for transport over long distances and time periods. Due to high densities of some of these products, the tanks cannot be loaded to maximum volume as excessive liquid movement during transport causes road safety hazards and must be stabilised.

Welfit Oddy's super insulated tank container is unique in thermal performance for the transport of temperature-sensitive products and has a larger payload capacity with minimum tare mass, compared to a standard tank container, due to the use of thinner insulation materials and improved baffle design to stabilise the movement of high-density liquids.

Contact:

Mr Tim McLaren

Tel: (041) 404 6600

Email: tmlaren@oddy.co.za

8. Project: Parking Guidance System From: Nortech International (Pty) Limited

Nortech International (Pty) Ltd was established in 1969 as a supplier of inductive loop vehicle detectors. The company has

since expanded to being a global supplier of manufactured components for vehicle and people detection and counting systems.

In complexes such as shopping malls and airports, the parking facility is often the largest and most profitable tenant. However, it is seldom possible to utilise more than 85% of the available space. Driveways in parking facilities have to be larger than necessary to cater for two-way traffic and turning areas, while searching for empty bays. This results in a reduction in the number of possible parking bays. Extending the parking area is very costly, and thus it is preferable to improve utilisation of the existing area rather than expand. Airport parking in particular is a very sensitive industry because the commuters are often in a rush and they want to park as near to terminal access as possible. Time spent searching for an empty bay can be counter-productive and frustrating.

Nortech's Parking Guidance System, suitable mainly for undercover parking facilities, employs a monitoring sensor in each parking bay in the parking facility to monitor the occupancy of the bay. The sensors use ultrasonic technology to determine the presence or absence of a vehicle in a parking bay and report this through a communication network to a central car park server. The car park server uses the data to provide motorists with electronically displayed guidance information to locate the nearest available parking space.

With the Parking Guidance System the maximum occupancy of the parking facility can be obtained yielding close to 100% utilisation and hence an increase in revenue for the parking facility operator and convenience for motorists.

The communication between the various components is via a system network and enabled through interface protocols.

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