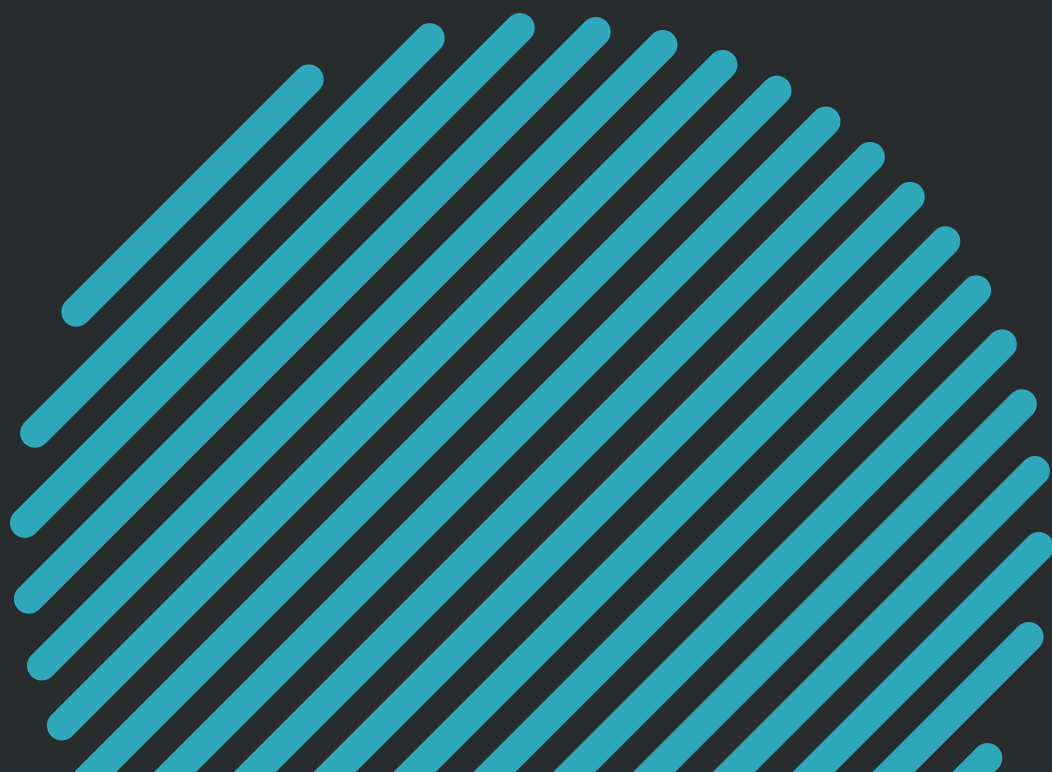




EASTERN CAPE INFORMATION
TECHNOLOGY INITIATIVE (ECITI)

ANNUAL REVIEW

09 | 10





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VISION, MISSION & STRATEGIC GOALS



01

ECITI'S VISION AND MISSION STATEMENTS WERE DEVELOPED WITHIN THE FRAMEWORK OF THE EASTERN CAPE PROVINCIAL GROWTH AND DEVELOPMENT PLAN (PGDP) AND THE EASTERN CAPE INFORMATION COMMUNICATION TECHNOLOGY (ICT) STRATEGY 2009-2014 WHICH PROVIDES A CLEAR INTENT FOR ICT DEVELOPMENT IN THE PROVINCE.

VISION, MISSION & STRATEGIC GOALS

VISION STATEMENT

A CHAMPION FOR A CONNECTED, EMPOWERED AND
INFORMED EASTERN CAPE.

MISSION STATEMENT

AN INNOVATIVE AGENCY THAT PROMOTES THE USE OF
INFORMATION COMMUNICATION TECHNOLOGY (ICT) TO EFFECT
POSITIVE SOCIAL CHANGE, SOCIO-ECONOMIC DEVELOPMENT,
EMPLOYMENT CREATION AND POVERTY ERADICATION,
THROUGH THE PROVISION OF SUPPORT, MENTORSHIP,
INFRASTRUCTURE TO EMERGING ENTERPRISES AND
PROMOTING ENTREPRENEURSHIP.

STRATEGIC OBJECTIVES

- TO POSITION ECITI AS THE LEADING ICT INCUBATOR OF CHOICE IN THE PROVINCE.
- TO INCREASE STAKEHOLDER SATISFACTION.
- TO PROMOTE ICT USAGE FOR ECONOMIC DEVELOPMENT THROUGH EFFECTIVE SUPPORT FOR EMERGING ICT INCUBATION ENTERPRISES.
- TO FACILITATE AND PROMOTE ACCESS TO FUNDERS AND MARKET OPPORTUNITIES FOR ICT SMALL, MICRO AND MEDIUM ENTERPRISES (SMMEs).
- BUILD ORGANISATIONAL CAPACITY TO DELIVER COMPETITIVE AND SUSTAINABLE ENTERPRISES.
- TO SERVE AS A SOURCE FOR INFORMATION AND EDUCATION ON GLOBAL TECHNOLOGY TRENDS IMPACTING ON THE EASTERN CAPE, SOUTH AFRICA AND THE CONTINENT.



05



ABOUT ECITI



02

EASTERN CAPE INFORMATION TECHNOLOGY INITIATIVE (ECITI) IS A NON-PROFIT COMPANY ESTABLISHED BY THE EASTERN CAPE DEVELOPMENT CORPORATION (ECDC) IN 2004. IT WAS FORMED TO FACILITATE RAPID INTRODUCTION, SUPPORT AND BUSINESS SUSTAINABILITY OF SMMEs IN THE ICT AND FILM SECTORS IN THE EASTERN CAPE.

ABOUT ECITI

THE DUAL NATURE OF ICT, AS AN ENABLER OF SERVICE PROVISION AND AS A SECTOR IN ITS OWN RIGHT, HAS THE POTENTIAL TO MAKE SIGNIFICANT IMPROVEMENTS IN PRODUCTIVITY AND THE QUALITY OF SERVICES IN THE PROVINCE.

THE ECITI INCUBATION PROGRAMME SERVES AS AN ENABLER FOR THE INNOVATIVE USE OF CURRENT AND FUTURE TECHNOLOGY BY BUSINESS, GOVERNMENT AND THE GENERAL PUBLIC IN ORDER TO ACCELERATE SOCIO-ECONOMIC DEVELOPMENT IN THE EASTERN CAPE.

ECDC has been at the helm of ECITI, mobilising support and participation of key local stakeholders: the East London Industrial Development Zone (IDZ), Amathole District Municipality, Buffalo City Municipality, Walter Sisulu University, Eastern Cape Office of the Premier and provincial Department of Economic Development and Environmental Affairs, the Media Development Diversity Agency, and Small Enterprise Development Agency (Seda).

An ECDC feasibility study in 2002 identified the provincial ICT sector as underdeveloped and in an embryonic form, accounting for less than 5% of the South African ICT sector. Nonetheless, the overall assessment indicated that the information technology (IT) hub concept was the most suitable vehicle to help achieve government's vision to grow the sector.

ICT is integral to the delivery of the Eastern Cape Provincial Growth and Development Plan (PGDP). The dual nature of ICT, as an enabler of service provision and as a sector in its own right, has the potential to make significant improvements in productivity and the quality of services in the province. Provincial government's emphasis is on the enhancement of technological innovation, improvement in productivity, accelerated international competitiveness of local business, and the creation of an environment that facilitates technological investment.

ECITI programmes have long-term benefits for the province since these stimulate economic growth and global competitiveness because these:

- Lower the barriers to entry for IT and film SMMEs;
- Provide a supportive environment for the growth and development of entrepreneurs in these sectors; and
- Provide networking, business opportunities' forums and linkages for entrepreneurs.

The ECITI incubation programme serves as an enabler for the innovative use of current and future technology by business, government and the general public in order to accelerate socio-economic development in the Eastern Cape.

Business incubation is designed to accelerate successful development of entrepreneurial companies through various support resources and services offered in the incubation hub and through its network of contacts. The catalytic characteristic of incubation facilitates the creation of jobs, economic growth and development.

ECITI offers start-up and emerging enterprises a platform to launch their businesses, and reduce the risk of failure through tailor-made programmes and business networks.

With its head office in East London, ECITI is targeting the Eastern Cape with planned satellite offices in Mthatha, University of Fort Hare (Alice), Rhodes University (Grahamstown) and Queenstown. It is also pursuing collaboration with other organisations that offer business development and support services, especially in areas outside East London, in order to provide an offsite programme.

BUSINESS SUPPORT SERVICES

- Business mentorship
- Networking forums
- Workshops and seminars in business management and finance
- Linkages to local and international markets
- Linkages to funders and potential investors
- Access to industry experts
- Linkages to academia
- Business advisory support
- Skills development programmes
- Linkages for technology commercialisation and support with regulatory compliance
- Assistance with intellectual property management through strategic partners

INFRASTRUCTURE AND SHARED SERVICES

- Office infrastructure such as boardrooms, training and meeting rooms
- IT infrastructure such as internet connectivity, photocopier, scanning and printing services



09



CHAIRPERSON'S FOREWORD



03

ECITI OPERATIONS IN 2009/10 ENDED ON A POSITIVE NOTE. THE BOARD, REPRESENTING A WIDE RANGE OF LOCAL STAKEHOLDERS, WAS ESTABLISHED TO BOLSTER ECITI'S INSTITUTIONAL SET-UP AND MANAGEMENT. THIS FOLLOWS AN INITIAL SETBACK WHEN SEDA WITHDREW AS PRINCIPAL FUNDER OF THE INCUBATION PROGRAMME.

CHAIRPERSON'S FOREWORD



ALIGNING TOWARDS PROVINCIAL ICT OBJECTIVES

In past months, there has been increasing provincial government emphasis on ICT as an instrument for social and economic development which has given us a broader scope to gear entrepreneurs to becoming competitive players that add value and benefit from ICT developments in the province. Government recognises ICT's dual role, as an enabler for the delivery of services and as an industry in its own right. In the Eastern Cape ICT Strategy 2009-14, much focus is placed on the importance of ICT in rural development and the participation of youth and women.

Although the Eastern Cape's small footprint comprises of less than 5% of the South African ICT sector, the provincial government has prioritised business and technology development. Also, there is an understanding that the sector is now a cross-cutting technology which impacts on most industries and therefore a diverse range of opportunities should be sought. The most significant of these opportunities is the establishment of a provincial television station, in which the Media Development and Diversity Agency (MDDA) and Eastern Cape Development Corporation (ECDC) are playing a role in the concept development.

In reviewing the ECITI strategy, we have ensured that the centre is in line with the direction taken by government. The new ECITI strategy, to be adopted in 2010/11, takes into account the multifaceted nature of ICTs and integration of multimedia services into the incubation programme.

MOBILISING STAKEHOLDERS AND BUILDING GOVERNANCE STRUCTURES

An interim board was appointed from representatives of provincial economic stakeholders namely Amathole and Buffalo City municipalities, the provincial Department of Economic Development and Environmental Affairs, ECDC, East London Industrial Development Zone, MDDA, Office of the Premier, Seda, and Walter Sisulu University.

The interim Board has duly been transformed into a fully fledged Board and has shaped its governance structures according to the principles of the ECITI Board Charter and King Report on Corporate Governance. It is through this process that I was appointed as chairperson.

Two Board committees, technical and advocacy as well as human resources (HR), have been nominated including their chairpersons. The HR committee is responsible for all HR matters including the appointment of the executive manager and the development of general HR policies. The technical and advocacy committee is the custodian of issues relating to operations and management, advocacy and public relations of the organisation.

The Board and its committees have convened several times to plan and develop a refocused organisational strategy and three-year business plan, the inclusion of strategic board members to further boost the Board's capacity, and importantly, the appointment of an executive manager.

The wide-ranging expertise represented in the Board has been pivotal to the strategic direction which was necessary when it reviewed ECITI operations in 2009.

BUILDING CAPACITY

The appointment of ECITI's executive manager, Patricia Dlamini, who brings invaluable experience in business incubation is a result of our concerted efforts to build ECITI's operational team. In the new financial year, we will fill the business development manager and administration support positions.

PRIORITIES TO ENSURE SUSTAINABLE GROWTH

Until recently, ECITI's focus has been on the lower end of the ICT value chain, yet priority is to be given to innovative ICT product development.

The development of centres of excellence and innovation hubs in targeted areas of ICT is a priority for provincial government. The Nelson Mandela Bay Incubation Centre is a beacon of hope as it shows us that with the support of local stakeholders, funding and a structured incubation programme, positive results can be reached.

ECITI, THROUGH ITS INVESTMENT IN INFRASTRUCTURE, STRATEGIC PARTNERSHIPS THAT ASSIST WITH DELIVERY, AND BRAND AWARENESS ACTIVITIES, HAS LAID A FOUNDATION THAT WILL SEE SIGNIFICANT ACHIEVEMENT OF GOVERNMENT'S ICT PRIORITIES.

ECITI, as a suitable vehicle to assist government to reach its goals, aims to:

- Change the ICT landscape which is dominated by few larger corporations in the province
- Curb the exodus of ICT expertise to other provinces
- Provide labs and research centres in the ICT sector
- Integrate ICT in other sectors prioritised in the PGDP like agriculture with a focus on agro-processing, business processing and outsourcing including call centres being established, and mariculture and aquaculture
- Improve the uptake of ICT-related studies in the province.

ECITI, through its investment in infrastructure, strategic partnerships that assist with delivery, and brand awareness activities, has laid a foundation that will see significant achievement of government's ICT priorities.

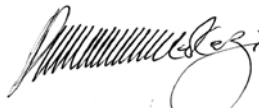
The holistic growth of ECITI is an ultimate target. The aim is to create an environment that is conducive for increasing the number of incubates, improving incubates' turnover and job creation as a result of increased demand of incubates products and services. Further elements of holistic growth include the diversification of products and services offered by incubates and the financial stability of ECITI.

Financial backing remains a challenge. However, the Board is set on securing funding from the strategic partnerships with provincial government and local business, as these can benefit from the prosperity of ECITI and its incubates.

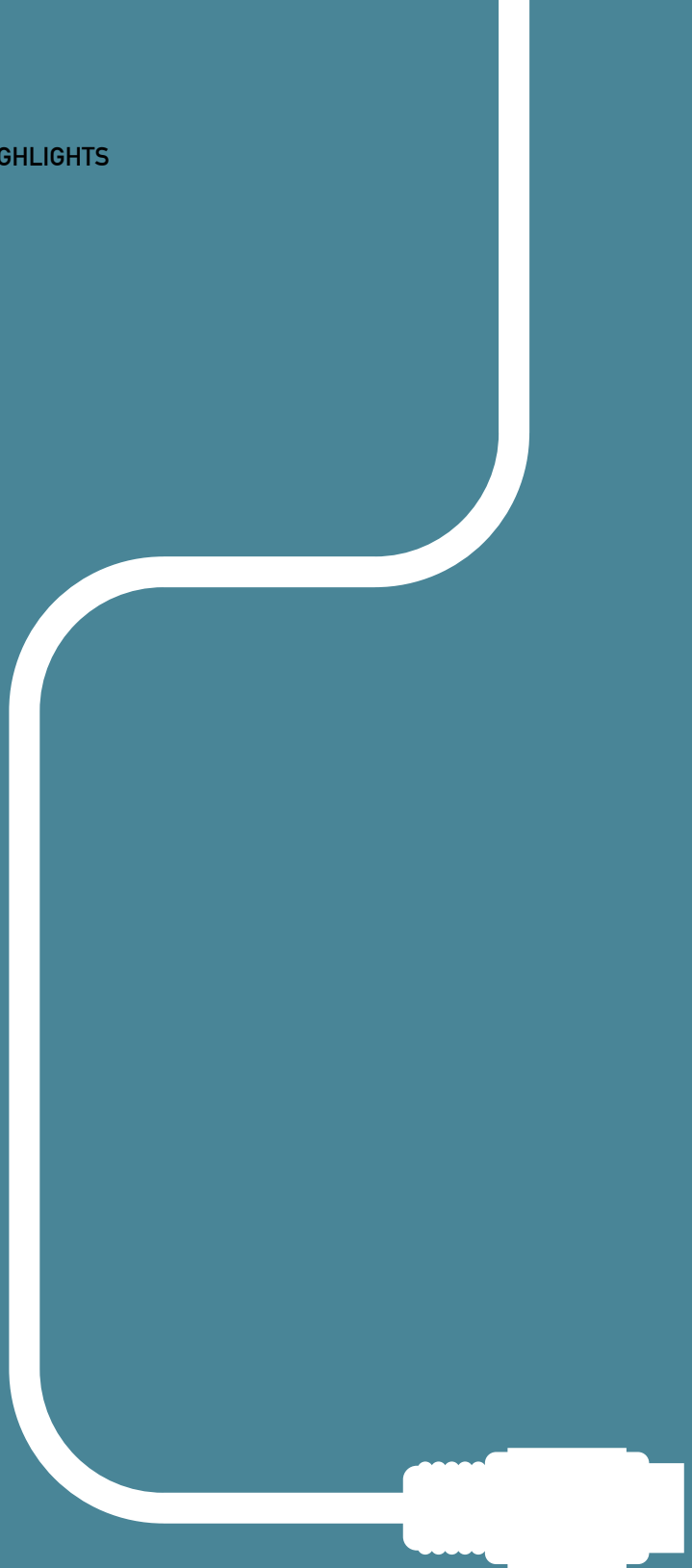
Increasing the footprint of ECITI services to the entire Eastern Cape is another milestone. In the short to medium term, the robust implementation of an offsite programme, involving partnering with other business development service providers in most remote areas in urgent need of ICT support and incubation programmes, is a priority for 2010/11.

NOTABLE CONTRIBUTION

To conclude this report without acknowledging the dedication of the ECITI board and the centre's former executive manager Dumisani Balman will be unforgivable. Hence, a special thanks goes to all Board members who have given of their time and contributed unreservedly to ECITI. Last but not least, on behalf of the Board of Directors, a special thanks to Dumisani Balman for holding the fort and instilling a sense of confidence amongst stakeholders and incubates while an extensive search for the executive manager was underway.



NOLUDWE NCOKAZI, CHAIRPERSON



04

THE YEAR UNDER REVIEW WAS DOMINATED BY ACTIVITIES TO REPOSITION THE INSTITUTION WITHIN THE BROADER ICT NEEDS OF THE PROVINCE, BUILDING A REPUTABLE CORPORATE GOVERNANCE STRUCTURE AND STAKEHOLDER RELATIONS PROGRAMME. EMPHASIS ON THESE AREAS WAS AIMED AT RESTORING THE FOUNDATION OF THE INSTITUTION TO ENSURE MAXIMUM BENEFIT TO CURRENT INCUBATES AND SMMEs THAT HAVE THE CHANCE OF PARTICIPATING IN THE ECITI INCUBATION PROGRAMMES.

EXECUTIVE MANAGER'S HIGHLIGHTS



Achievements to this effect have been articulated in the chairperson's report. Thus, this report focuses on management and incubation development related matters.

RESPONDING TO THE SOCIO-ECONOMIC ENVIRONMENT

The use of ICT for improved service delivery and integration of ICT across various sectors as the building blocks of ECITI's new strategic focus began to take shape towards the end of the financial year under review.

The Eastern Cape's competitive advantages include the automotive and tourism sectors, beautiful scenery of the Wild Coast and Garden Route, and indescribable wonders of the inland nature conservation sites. However the recent decline in the macro-economy adversely affected the automotive and tourism sectors which necessitated the fast-tracking of the province's strategy. This resulted in the emergence of new industries in the province.

In the recent past, Eastern Cape has seen an uncoordinated influx of film productions. The continued dominance of ICT space by very few large entities, with their bases outside the Eastern Cape, gives relevance for the incubation centre aimed at encouraging the participation of young people.

We are cognisant of flagship developmental projects such as the East London and Coega industrial development zones, and need to determine how the ECITI strategy should align to these institutions' growth patterns. The same applies for ECITI for other significant developments in the province.

Although ECITI was established in response to the ICT skills braindrain to other provinces, we see value in the sector as an active contributor towards the sustainable economic growth of the province. That is why we are actively tapping into the potential of using ICT in other industries.

INCUBATION DEVELOPMENT

While a lot of focus during the period under review was on repositioning ECITI, entrepreneurs in the programme received support, infrastructure and capacity building resources.

ECITI offers start-up and emerging enterprises a platform to launch their business, reduce the risk of failure through tailor-made support programmes and opportunities to build networks and market connections.

Eight entrepreneurs participated in the programme in 2009/10 and took part in workshops, seminars, exchange visits and conferences. These interventions have generated business leads for some of the incubators and such interactions add value to incubates' skills development. Seven incubates operated from the centre as resident clients and one business was a virtual (off-site) incubate.

Incubates are spread out through the three stages of the incubation programme, launch pad, seed and e-tenant.

RELOCATION OF THE CENTRE

In October 2009, ECITI relocated from the central business district to the commercial area of Southernwood. The new premises have the capacity to accommodate an additional seven resident incubates. The process of enrolling new incubates will be finalised in 2010/11.

PROCUREMENT AND FINANCIAL MANAGEMENT

In the year under review, all procurement arrangements were handled by ECDC, as the main funder of the project. This is until ECITI has built the necessary capacity to handle its finances and established sound financial management systems and controls. Developments in this regard will see ECITI's funding allocation being transferred to the ECITI bank account.

PARTNERSHIPS

ECITI is constantly engaging strategic partners to garner support from organisations that can add value to ECITI programmes. These partnerships, at an initial stage, are evident in the diverse representation of ECITI's Board of Directors which comprises of members from industry, development agencies, academia, local and provincial government.

VOTE OF THANKS

I would like to express appreciation to Dumisani Balman for paving the way for the sustainable development of the centre and to the Board of Directors who have been pivotal to redirecting ECITI's strategy.

As a newcomer, I look forward to driving ECITI towards the development of a niche incubation programme that will grow ICT and film entrepreneurs, as well as allow for benchmarking and collaboration with other incubation hubs in order to broaden the learning experience and business prospects of our incubates. One key success element for ECITI is the delivery of sustainable and competitive enterprises, and I am honoured to be at the helm of the organisation as it works towards achieving this.



PATRICIA DLAMINI, ECITI EXECUTIVE MANAGER





05

SINCE THE MAIN PURPOSE OF THE INCUBATOR PROGRAMME IS TO PROMOTE ECONOMIC GROWTH IN THE PROVINCE BY SUPPORTING AND ASSISTING EARLY STAGE DEVELOPMENT OF ICT AND FILM ENTREPRENEURS, PROPOSALS FROM PREVIOUSLY DISADVANTAGED INDIVIDUALS (PDIs) OR HISTORICALLY DISADVANTAGED (HD) GROUPS INCLUDING WOMEN, YOUTH AND THE DISABLED ARE TARGETED.

INCUBATION PROGRAMME

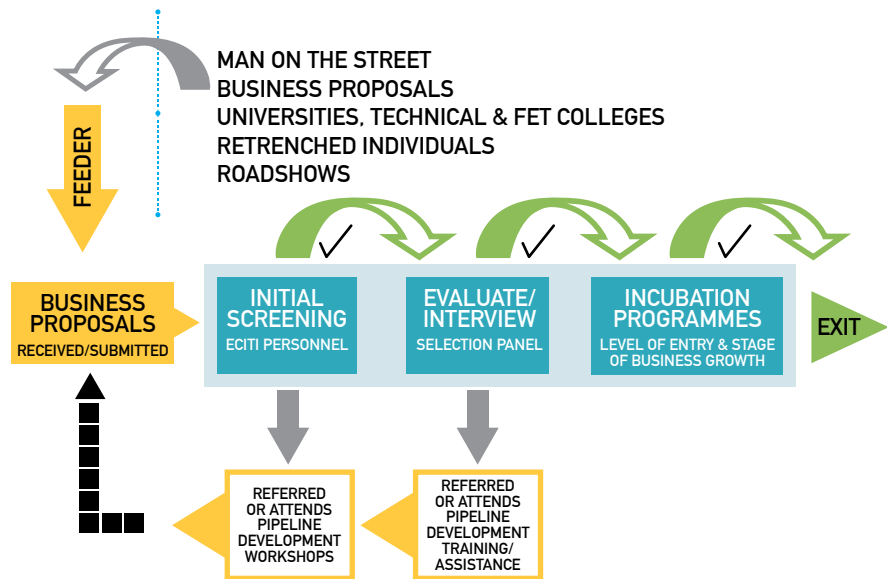
ECITI INCUBATION PHASES

	LAUNCH PAD	SEED	E-TENANT
DESCRIPTION	Idea phase & survivalist	Emerging	Growth-oriented
FOCUS	Developing business plans Legal registration	Establishment of business & revenue models	Increased sustainable revenue Positioning for growth, revenue expansion & export markets

KEY PERFORMANCE HIGHLIGHTS IN 2009/10

Facilitating incubates’ participation in seminars and conferences forms part of ECITI’s development programme which aims to ensure that incubates are abreast with developments relating to the ICT industry. During the period under review, several interventions presented networking and business opportunities for incubates and included:

- Two-day Living Labs in Southern Africa seminar in November held at the Council for Scientific and Industrial Research International Convention Centre (CSIR) in Johannesburg. The seminar was coordinated by CSIR, in partnership with the Meraka Institute, the Cooperation Framework on Innovation Systems between Finland and South Africa (COFISA), the South Africa - Finland knowledge partnership on ICT (SAFIPA) and the Department of Science and Technology.
- SAFIPA Inaugural Conference in Pretoria in July.
- In November, incubates visited the Pretoria Hub as a networking and experiential exercise to learn best practice regarding incubation.
- Eight incubates were part of the incubation programme .
- 53 jobs were created.
- Two enterprises graduated.
- 25% female ownership.



ECITI INCUBATION MODEL

SELECTION AND ENTRY CRITERIA

	PIPELINE DEVELOPMENT	LAUNCH PAD	SEED	E-TENANT
Stage of enterprise	Any individual or groups interested in ICT and film entrepreneurship (College/ university students and others)	Must have a basic business proposal Need not be a registered entity (near start-ups) Should be less than three months since registration	Must be a legally registered start-up [SMME as per Small Enterprise (SE) Act] Must be privately or co-operatively owned & managed Should be six months or less since registration Must have a qualifying business plan Must have a market ready product/ services	Must be a registered and fully compliant entity (SARS etc) Must be privately or co-operatively owned & managed (SMME as per SE Act) Should be less than 18 months in operation Must have a stable client base
Sector focus	ICT, technology and entrepreneurship interest	ICT and film projects	ICT and film start-ups	ICT and film enterprises
Geographic location	In the EC province (based on short, medium and long term impact goals)	In the EC province (ideally, ability to access centre's launch pad facilities)	In the EC province (based on short, medium and long term impact goals)	In the EC province (based on short, medium and long term impact goals)
Demo-graphics	Preference given to PDIs & HD groups	Preference given to PDIs & HD groups	Preference given to PDIs and HD groups	Preference given to PDIs and HD groups
Financial sustainability	Ability to self-fund travelling to training and workshop venues	Ability to self-fund travelling to facilities, workshops and training	Ability to pay for usage of services and infrastructure	Ability to fund subsidised cost of services and infrastructure
Team capacity	ICT or film skills or interest in pursuing these	Basic experience and knowledge of area of interest	Team or entrepreneur has relevant technical skills and knowledge	Team or entrepreneur has relevant technical, competencies, skills and knowledge



A start-up may enter or leave at any stage or progress through all four phases. The movement between the phases is determined by incubator management and is dependent upon the development level of the business at that time.

EXIT CRITERIA

An incubate exit may be due to:

- Successfully meeting all business growth milestones and the candidate is ready for graduation
- Milestones that should have been reached at specific intervals are not met, corrective actions taken without progress, and then a termination of the contract is discussed
- Misconduct or violation of incubation rules, code of practice and ethics
- Lack of commitment to the programme shown by incubates' management and failure to fully participate in the programme and interventions
- The incubate stops trading
- The maximum period of being in the centre or getting support (virtual) has been reached. The ECITI incubation period does not exceed three years
- Failure to comply with reporting requirements as required by ECITI and its key stakeholders.





INCUBATES 2009/10 5.1



WEBEYED

WEBEYED RUNS IT TRAINING FOR EAST LONDON-BASED SMMEs AT ECITI OFFICES AND DEVELOPS TRAINING MANUALS.

WEBEYED SET ON DEVELOPING NEW IT PRODUCTS

An applied physics honours graduate from the University of KwaZulu-Natal, Webeyed owner Peter Ogle left the Johannesburg corporate environment in 2009 and relocated to East London to start his own company.

Webeyed develops ICT products, and provides a number of consulting services such as website hosting, business application analysis and documentation, process analysis and documentation and process reengineering. The local economic development office of the Amathole District Municipality referred Peter to ECITI when he approached them to enquire about kick-starting a business in ICT.

“The stable working environment at the hub and the opportunity to interact with government stakeholders are some of the benefits of being part of the incubation programme.”

“Interaction with government stakeholders assists in identifying challenges that can be overcome by IT, thus providing a business opportunity.”

Peter adds that Webeyed is working with incubate, Luyolo Magubane of Phila Development Agency, to explore the development of a tailor-made commodity pricing software that will assist government and municipality procurement departments to benchmark prices.

“Departments receive costs for the mandated three quotes for products and services which are over inflated. However, due to limited resources, time and relevant tools, it is impossible for the departments’ personnel to verify whether these are market related or not.”

The lead, still at concept and negotiation stages, he says, was from networks and contacts established through ECITI’s strategic partners, the co-operatives division of the Department of Economic Development and Environmental Affairs.

Peter says: “Product development is what is taking my business on a growth path. Besides the benchmarking pricing software, I am developing an innovative guesthouse/B&B online booking system. The opportunity lies in the well-defined tourism and hospitality industry, where guesthouses will see value in integrating this on their websites.”

With a R1.5 million post-payment grant funding from the Industrial Development Corporation (IDC) for the development of an export manufacturing system, is another project Webeyed is currently working on. ECDC has come on board to fund the development of a feasibility study and market research to ensure the viability of the product.

Due to the growth of his company and increasing demand for his services, Webeyed aims to employ five people in 2011. The enterprise’s existing clients include Earth Stone (online marketing) and Micasasucasa (owners of three guest houses in Johannesburg for website hosting and internet marketing). It has also been subcontracted by System Link Cape for the redesign and development of a loan management system.



Peter Ogle

OCEAN MEDIA

OCEAN MEDIA WERE THE RUNNERS UP FOR THE YOUNG ENTREPRENEURS NETWORK AWARD BY EAST LONDON-BASED ORGANISATIONAL DEVELOPMENT CONSULTANCY TRANSFORMATION AFRICA. ITS UNITED KINGDOM TRAINING UNIT WAS NOMINATED TO ATTEND A 30 DAYS TRAINING COURSE IN LONDON AS PART OF A BRITISH EMBASSY EXCHANGE PROGRAMME. OCEAN MEDIA WAS ALSO COMMISSIONED TO FILM A SERIES IN MOZAMBIQUE.

OCEAN MEDIA, MAKING STRIDES IN PUTTING EC IN NATIONAL FILM CIRCLES

Growing the province's footprint as a film destination and contributing towards the development of youth skills in ICT, design, visual arts and multimedia was what motivated Ocean Media's five founding members to start the co-operative in 2008.

The co-operative, now with 20 members including unemployed graduates, is a hub for young creative professionals who add value to Ocean Media. The team prides itself in high quality audiovisual and communication production and offer innovative concepts, content and technical expertise.



*From left to right:
Shina Rampola, Pule Molebatsi,
Nosizwe Dinga*

**ACHIEVEMENTS IN OTHER AREAS
INCLUDE THE DEVELOPMENT OF
BRANDING MATERIAL FOR THE
PROVINCIAL COMMUNITY TELEVISION
STATION PROJECT SPEARHEADED BY
THE EASTERN CAPE DEVELOPMENT
CORPORATION, AND PROVIDING AUDIO-
VISUAL SERVICES TO THE EAST LONDON
INDUSTRIAL DEVELOPMENT ZONE.**

Founding members aim to grow the co-operative into a sustainable venture with a production studio in the Eastern Cape.

“Working with Johannesburg and Cape Town-based production companies to shoot television programmes in various locations in the province and partnering with outdoor media companies to film the 2010 FIFA World Cup fan park in Mdantsane are some of Ocean Media’s film highlights for last year,” says co-operative member Pule Molebatsi.

Achievements in other areas include the development of branding material for the provincial community television station project spearheaded by the Eastern Cape Development Corporation, and providing audio-visual services to the East London Industrial Development Zone.

“We are working towards increasing local participation in generating film and television content by previously disadvantaged groups, especially women and youth. We are actively engaging potential national and international funders for various film projects to tell stories of the country’s social issues, lifestyle, heritage and culture,” says the team.

TALENT OPENS A WORLD OF OPPORTUNITY

As a result of Pule’s enthusiasm, talents, curiosity and experience, he was chosen from worldwide auditions for a performing arts scholarship in Brussels, Belgium, where he studied dance, choreography and imagery. Pule was also selected, out of thousands of young aspirants in the UK, for a training initiative by the Leeds College of Technology’s Host Media Centre, where he specialised in film and video production.

PASSION FOR AUDIO-VISUAL INDUSTRY

“A long career in live performances, music and television production gave me an understanding of the competitive nature of the arts,” says Ocean Media’s Ally Shina Rampola.

“Past roles which include hosting a show on national radio station, 5fm, showed me that South African artists do not have the necessary skills to manage and sell their craft. This gap in the market presented a business opportunity.”

“Our co-operative structure allows us to collaborate with each other in order to fully explore these market opportunities,” she says.

Ally completed a course at the South African School for motion picture medium and live performance (AFDA) where she studied direction, production design and writing. She is now studying towards a BA marketing degree with Unisa.

TELLING AFRICAN STORIES

Ntando Xorile, Ocean Media's visual arts specialist, has worked in west and central Europe at arts festivals and exhibitions, such as the House of World Cultures and Koln Arts Festival, both in Germany. He was also invited to be a curator at Kunstlehou Bethanien in Berlin 2008, was one of five curators for "Cape 09" Africa, a showcase of contemporary African cultural art, and one of six young curators shortlisted for an award by the British Council and Whitechapel Gallery in London 2009.

STRATEGIC COMMUNICATOR

A masters graduate in development studies from the University of KwaZulu-Natal, Zubair Sayed brings 15 years' experience which include director of strategic communication in the Gauteng Premier's office, manager in London-based Dazed and Confused Magazine, lecturer at the University of Cape Town, television director, writer and editor, researcher and political and communication consultant.

With experience in public and private sectors, Zubair is passionate about development and transformation and committed to progressive values and ideals.

SELF-STARTER GROWING SKILLS IN MEDIA AND ENTERTAINMENT

With a diploma in information technology, Nosizwe Dinga, started her career in sales and marketing as well as a radio presenter for Butterworth-based Khanya community radio. She is entrenching herself in television and entertainment projects having worked as a researcher and translator.

Nosi is currently studying towards a Bachelor of Commerce specialising in information systems with the University of Fort Hare.



NEW BORN PUBLISHING

MAGAZINE OWNER SBU ATTENDED AN EXHIBITION OF LATEST PRINTING EQUIPMENT HELD AT ONE OF EAST LONDON'S LARGEST PRINTERS. THE VISIT WAS INITIATED AND ARRANGED BY ECITI.

DIGITAL INBUSINESS MAGAZINE TO GO LIVE

Owner of New Born Publishing trading as InBusiness Magazine, Sbu Mjikeliso, has a long history with ECITI having started as an intern in 2006. He landed an opportunity as the hub's communication officer a year later.

He says: "Being an employee was a learning path where I got exposed to the centre's operations and its positive impact on entrepreneurs." Hence he registered the business and joined the ECITI incubation programme in 2008.

He published two issues of InBusiness Magazine in 2008 and has been exploring the transition from print to online publishing. Starting off with a 2,000 print run of each issue, "the explosion of digital media such as blogs, electronic magazines and news motivated the shift."



Sbu Mjikeliso

INBUSINESS MAGAZINE IS A FUSION OF BUSINESS AND LIFESTYLE AND SHOWCASES DEVELOPMENT IN THE EASTERN CAPE. THE MAGAZINE PROFILES SOME OF THE PROVINCE'S TALENTED CORPORATE PROFESSIONALS. TOPICAL CURRENT AFFAIRS FEATURES NOT LIMITED TO THE PROVINCE AND INCLUDES REGULAR LIFESTYLE AND ARTS FEATURES.

InBusiness Magazine is a fusion of business and lifestyle and showcases development in the Eastern Cape. The magazine profiles some of the province's talented corporate professionals, topical current affairs features not limited to the province and includes regular lifestyle and arts features.

Standing true to its motto - Informs, involves and inspires – the magazine aims to motivate youth and entrepreneurs.

Sbu is a passionate journalist who also had a six-month stint as a reporter for Namibia's New Era newspaper, which is part of Southern Times Publishing.

"I have passed the teething stage and I'm now gearing to launch the revamped InBusiness Magazine website and expand the business to include website content management," he explains.

Looking no further than the hub, he has contracted ECITI incubate Webeyed for the hosting of the new website. He cites collaboration, sharing skills and resources amongst incubates as one of the benefits from being part of the incubation programme.

"In exploring digital media, I have learnt of the great demand for web content management in East London and the province at large. Too many websites carry outdated content. Already, I have potential clients which include club owners and entertainment companies."

Besides the past instability in ECITI's management which has had a negative impact on the smooth operation of the hub, he says "networking opportunities with decision makers in business and government, customised skills development programmes offered by the centre, and past successes of former incubates who have graduated from the programme and now run fully-fledged businesses are indicative of the value of being part of the programme."

"I'm particularly interested in the upcoming business administration and financial management training that is planned by the hub's new executive manager, Patricia Dlamini. Having spent the last two years equipping myself on understanding publishing and how to captivate and retain an audience, the admin and finance skills should set me on the right path to run a profitable venture."

Focusing on writing with new Johannesburg-based partner and journalist Aluta Makhate, he outsources photography and the technical aspects to Webeyed.

"I would like to reach a stage where I am the preferred service provider for businesses needing online content management," he adds.



PHILA

DEVELOPMENT AGENCY

IBI CONSULTING, AN ECDC APPROVED SERVICE PROVIDER IN BUSINESS DEVELOPMENT OUTSOURCED THE DEVELOPMENT OF A BUSINESS PLAN TO PHILA DEVELOPMENT AGENCY. IBI CONSULTING AGENCY WILL MENTOR PHILA DEVELOPMENT AGENCY THROUGHOUT THIS PROCESS.

SMMES, CO-OPS NICHE MARKET FOR PHILA DEVELOPMENT AGENCY

A skills gap in business management and marketing in the SMME and co-operative market drove Luyolo Magubane to establish Phila Development Agency in 2002.

Luyolo holds a marketing diploma from Walter Sisulu University and a post-graduate qualification in associate management from the University of Cape Town. His career started in social facilitation where he worked with private consultancies which needed stakeholder buy-in and participation for projects in the province.



Luyolo Magubane

SINCE BEING PART OF THE ECITI INCUBATION PROGRAMME IN 2009, HE HAS FOCUSED ON THE NICHE SMME AND CO-OP MARKET PROVIDING STRATEGIC MANAGEMENT SERVICES SUCH AS BUSINESS PLANNING AND MARKETING STRATEGY, FEASIBILITY STUDIES, BUSINESS PROCESS RE-ENGINEERING, WEBSITE DEVELOPMENT, AND PROJECT MANAGEMENT.

Since being part of the ECITI incubation programme in 2009, he has focused on the niche SMME and co-op market providing strategic management services such as business planning and marketing strategy, feasibility studies, business process re-engineering, website development, and project management.

“Phila Development Agency has landed several contracts with ECDC to train and mentor SMMEs and co-operatives on business planning, accessing financing and product development. We have also received a three-month contract with Seda for the assessment and mentoring of co-ops in the Amahlathi Local Municipality in the Stutterheim area.”

Collaborating with other incubates at the ECITI hub has created a potential partnership opportunity with other businesses which are part of the incubation programme. “We are in talks with Dimension Data for an outsourcing agreement and other future potential business opportunities. My role has been facilitating interaction with the company where we aim to secure some projects for ECITI incubates.”

Luyolo is committed to providing unique and quality services which are in tune to the changing business environment.

A pet project he hopes to get off the ground is an interactive career planning website, Career Alive. The website, to target learners from grade 9, will assist them to make informed subject choices which are in line with careers after school. Senior learners and graduates will also benefit from the site as it will contain detailed information about occupations/professions as well as jobs available on the market.

“There is a definite demand for the website, especially for the Eastern Cape, since schools in townships and rural areas provide very little guidance to learners in this area. However, securing funding remains a challenge.”

Luyolo aims to get two unemployed graduates as interns before the end of the year.

ZWENI

ICT SOLUTIONS

THE COMPANY HAS ACHIEVED NOTEWORTHY SUCCESSES WHICH INCLUDE BEING APPOINTED BY A SOUTH AFRICAN ONLINE LEGAL FIRM IN ICT LAW AS AN AFFILIATE PARTNER IN THE EASTERN CAPE, ENTERING INTO AN AGREEMENT WITH A FINNISH COMPANY TO SELL AND MANAGE MOBILE DEVICE MANAGEMENT AND MOBILE JOURNALISM SOLUTIONS IN SOUTH AFRICA, AND BEING APPOINTED AS A FINANCIAL INTELLIGENCE CENTRE ACT CARD SOLUTION RESELLER BY L@W COMPLIANCE, A LEADING PROVIDER OF TECHNOLOGY SOLUTIONS TO SOUTH AFRICA'S LEGAL, BANKING, PROPERTY, CREDIT AND GOVERNMENT SECTORS.



Mlandeli Zweni

GLOBAL TECHNOLOGY BOOM OPENED DOORS TO START OWN BUSINESS

Zweni ICT Solutions was established nine years ago by Mlandeli Zweni in pursuit of professional growth in the specialised field of information and security technologies, ICT law compliance, computer and mobile phone forensics. The business now employs four people who include part-time staff.

“After working for seven years, I realised I was not fulfilled due to limited room for growth, little financial reward, and wished to be my own boss. Another motivation to start out was the rapid growth of ICT and the convergence of communication technologies which provided entrepreneurs like me with a lot of business prospects.”

**BESIDES HAVING ACCESS TO
WORK SPACE, MLANDELI SAYS
THE PROGRAMME PRESENTS
OPPORTUNITY TO SHARE
KNOWLEDGE AND EXPERIENCES
WITH PEERS AND LEADING
NATIONAL AND INTERNATIONAL
ICT INDUSTRY PLAYERS IN
SOUTH AFRICA.**

Besides having access to work space, Mlandeli says the programme presents opportunity to share knowledge and experiences with peers and leading national and international ICT industry players in South Africa.

“Access to ECITI’s linkages with organisations such as leading Cape Town-based business incubator The Bandwidth Barn are some of the benefits I am enjoying.”

Mlandeli says the move to the Eastern Cape proved to be a step in the right direction and will not leave the province for work in other provinces.

“Provincial government’s goal to establish activities that assist in bridging the digital divide, especially in the rural areas of the Eastern Cape, are encouraging and give me the affirmation that I made the right decision to return to my birth province.”

He is referring to government’s backing of ECITI and the Eastern Cape ICT Strategy 2009-2014 which prioritises youth participation in the industry. His passion in empowering people from rural areas has seen him being involved in a number of developmental projects with learners and communities in using technology in various areas of the province.

Mlandeli is a Certified Novell administrator, having completed a course in Cape Town and is accredited with the Information Security Group of Africa as part of the computer security incident response team.



VIRTUAL AFRIKA

FEMALE-OWNED VIRTUAL
AFRIKA GRADUATED FROM
THE INCUBATION PROGRAMME
AND OPENED OFFICES IN EAST
LONDON'S CENTRAL BUSINESS
DISTRICT. THE BUSINESS
RECENTLY OPENED A BRANCH IN
PORT ELIZABETH.

VIRTUAL AFRIKA OPENS BRANCH IN PORT ELIZABETH

As Virtual Afrika owner Bukelwa Ngoqo graduated with her honours degree in information systems from Rhodes in 2004, ECITI was launched, opening a new path for the budding entrepreneur.

Having joined as one of six SMMEs that joined ECITI's incubation programme, the business is on a steady growth path, and has a branch in Port Elizabeth. Virtual Afrika has maintained a modest staff compliment, and annually provides an opportunity for Eastern Cape youth to get workplace experience through internships. "After a brief stint as an employee at a local company, I realised the best way to contribute towards the South African economy was finding alternative use of my skills and creating employment for young people like me."

Virtual Afrika provides ICT products and services such as website and web application development, database management, IT training, graphics design and printing, and software development.

"Being part of the incubation programme has been instrumental to the growth of my business. I started off with nothing, and now I am proud to be one of ECITI's first graduates. With the centre's support and provision of infrastructure, I have grown."

The East London office has been operating from the East London central business district since January 2009, a move, she says, was to fully explore growth.

"Being kept abreast of ICT trends and diversified product opportunities as well as services are some of the benefits by being associated with ECITI. Also, networking and partnering opportunities available continue to positively impact on my business.

"ECITI has arranged opportunities to interact with industry leaders, academics and non-governmental organisations. These include participation in the Living Labs in southern Africa initiative, a project which provides a platform for universities, private sector and communities to identify emerging innovation in ICT and develop solutions.

Virtual Afrika works extensively with SMMEs and is a service provider for SMME support organisations such as the National Youth Development Agency, Seda and ECDC for website development and branding services.



Bukelwa Ngoqo



06

CORPORATE GOVERNANCE

ECITI is governed by a Board of Directors which is principally responsible for overall policy making, planning, budgeting and evaluating the work of the organisation. The Board is committed to good corporate citizenship and organisational integrity in the running of its affairs. The Board endorses the codes of good practices and conduct, as contained in the King Report on Corporate Governance and the ECITI Board Charter.

BOARD OF DIRECTORS

ECITI's Board of Directors comprises non-executive directors who represent provincial economic stakeholders namely:

- Amathole District Municipality
- Buffalo City Municipality
- Provincial Department of Economic Development and Environmental Affairs
- Eastern Cape Development Corporation
- East London Industrial Development Zone
- Media Development and Diversity Agency
- Office of the Premier
- Small Enterprise Development Agency
- Walter Sisulu University

The Board Secretary is responsible for all board meetings and resolutions. The ECITI executive manager, duly appointed by the Board as an executive director, is responsible for the day-to-day management, execution of the Board policies, implementation of activities and operations of ECITI.

The Board and its committees meet at least four times a year. The Chairperson of the Board is elected by the members.

BOARD CHARTER

The ECITI Board Charter sets out the roles, powers and functions of the Board, individual directors and officials of ECITI as well as the delegation of powers to the Board committees.

BOARD COMMITTEES

The ECITI Board has two committees, the Human Resources (HR) Committee and the Technical and Advocacy Committee. Plans to establish the Audit and Compliance Committee in the new financial year are currently underway. The Board also plans to establish a Finance Committee.

HR COMMITTEE

The HR Committee, comprised four members including the executive director, considers and makes recommendations on HR policies. It also reviews the organisational structure in respect of the ECITI strategic framework.

TECHNICAL AND ADVOCACY COMMITTEE

The Technical and Advocacy Committee provides policy guidance and advice on technical matters and monitors and evaluates the quality of services offered by ECITI. This Committee also oversees the advocacy and public relations of the organisation.

BOARD OF DIRECTORS & COMMITTEES

6.1





NOLUDWE NCOKAZI

CHAIRPERSON OF THE BOARD OF DIRECTORS

Noludwe is an economics honours graduate from the University of the Western Cape who is currently employed by the Eastern Cape Development Corporation as an executive manager overseeing the corporation's development services. She has vast experience in urban renewal and local government having started her career as a town clerk at the former Keiskammahoek Transitional Local Council (now known as the Amahlathi Local Council). More recently, she worked at Buffalo City Municipality as general manager for economic development, tourism and rural development. Past employers include Upstart Business Strategies which was extensively involved in the Alexandra Urban Renewal Programme. Having also run her own business, Noludwe brings a wealth of knowledge and experience in entrepreneurship. She continues to advance her knowledge in the field of economics, investment promotion, project management and leadership. Noludwe currently serves as deputy chairperson of the Eastern Cape chapter of Business Process Enabling South Africa.



PROF PHINDA SONGCA

Phinda, ECITI's Human Resources Committee Chairperson, is a prominent and published scholar in chemistry and basic sciences. With a doctorate in philosophy and master of science from the University of London, Phinda has made significant strides in academia as a lecturer, researcher and research supervisor and with presiding roles in science departments at the universities of the Transkei, Zululand, Limpopo, Medunsa and Walter Sisulu. A member of the South African Chemical Institute, The Royal Society of Chemistry, the International Society of Optimal Engineering, and the Society of Porphyrins and Phthalocyanines, Phinda has also served on the board of the Eastern Cape Parks Board.



THANDO GWINTSA

Thando, ECITI's Technical and Advocacy Committee Chairperson, holds master's degrees in business administration and safety, health and environmental management from the University of Southern Queensland, Australia. He is currently the East London Industrial Development Zone (IDZ) executive manager responsible for investor services, a role which has seen him spearheading the development of an East London IDZ science park in support of innovation in the province. Past employers include the Lesotho-based Medical Laboratory Sciences, Lesotho Highlands Water Project and Lesotho Highlands Development Authority (LHDA). A notable contribution he made while in the employ of LHDA was for the development of a public health epidemiological baseline study for water and sanitation as well as the impact of health on resettling communities during the construction of a dam in Lesotho. He chairs the Board of Directors of the Nelson Mandela Bay Municipality ICT Incubator.



MBULELO JOLINGANA

Mbulelo, currently at work on his master's degree in public and development management with Wits University, is the head of the co-operative division of Eastern Cape's Department of Economic Development and Environmental Affairs. His career highlights include being instrumental in the establishment of several enterprise support institutions in the Free State, an opportunity he received while in the employ of the Free State Department of Tourism, Environment and Economic Affairs where he was a manager for enterprise institutional development and monitoring. He has served on several boards which include the Matjhabeng Industrial Park in the Free State, Botshabelo Business Centre, Mangaung Development Center, Mangaung-GTZ initiative and Free State Flanders Project.



CWENGA PAKADE

Cwenga is reading for an MBA dissertation with the Management College of Southern Africa. He is the interim chief executive of the Enterprise Development Centre (EDC), an autonomous SMME research and innovations centre under the guidance of Walter Sisulu University (WSU). Before joining EDC, he was a director at WSU's business development and training centre, has held three posts at ECDC which include regional and marketing management positions, as well as a being a director of the European-funded project, Technical Education Initiative of South Africa. The latter comprises four universities in South Africa and two in the United Kingdom. He is a member of the International Academy of Management.



LUZUKO DIBI

Luzuko is an master of business administration graduate from Nelson Mandela Metropolitan University and completed a certificate of Business Ethics from the University of Toronto (Canada). He is currently the Small Enterprise Development Agency (Seda) provincial manager. Previous employers include Standard Bank and the Airport Company South Africa. Luzuko has also served in the boards of the East London Industrial Development Zone and Black Management Forum (Eastern Cape).



MPUMI FUNDAM

Mpumi completed a degree in commerce and education. He has extensive experience which spans urban and rural development in the Eastern Cape. He currently heads ECDC's enterprise development services programme which is responsible for providing non-financial support to emerging and established businesses. Mpumi serves as a board member of the Keiskamma Trust and Essential Amathole (Pty) Ltd, and has also chaired the East London Business Development Centre advisory committee, a predecessor of Seda in the Amathole district, and was a board member of Mount Ayliff Development Agency.



LUMKO MTIMDE

Lumko is a national media expert and the chief executive officer of the Media Development and Diversity Agency. He is a Board member of Austria's World Summit Awards (WSA), a global initiative aimed at selecting and promoting the world's best e-content, and is part of the United Nations High Level Panel of Advisors of the Global Alliance for ICT and Development. A former Councillor of the Independent Broadcasting Authority (IBA) and the Independent Communications Authority of South Africa, he also served as the chief director for broadcasting policy at the national Department of Communications. He was on the advisory boards of Unitech and the University of South Africa's Communication Sciences, and was also a board member of the Institute of Advancement of Journalism. He is the founding member of the first community radio in South Africa, Bush Radio, and the National Community Radio Forum. He was also the Vice President of the World Association of Community Radio Broadcasters (AMARC) and President of AMARC Africa.



XOLELWA MAJIZA

Xolelwa holds a post graduate diploma in education, training and development with the University of Natal and is currently reading for her master's in rural development with the University of Fort Hare. As Amathole District Municipality's SMME and co-operative manager, she is responsible for skills and business development for enterprises in the area. She served the Nonkobe Local Municipality as its strategic and local economic development manager and Rural Urban Consultants as its training coordinator.



VIWE PHINDILE MADOLO

Viwe is currently at work on his honours degree in commerce with the University of South Africa. Employed by the Amathole District Municipality as assistant director for local economic development, Viwe is responsible for economic research which informs the area's integrated development plan and sector developments such as tourism product development, SMMEs, co-operatives and agricultural projects. He was also with the British High Commission as a political economist and the Absa group holding various positions.



MZOLISI PAYI

Mzolisi is an MBA graduate from the Jackson State University in the United States of America. He is currently the director of Walter Sisulu University's Centre for Community and International Partnerships. Mzolisi's vast experience includes marketing, community development, facilitation, training and development. He also serves as a board member of the Eastern Cape Communications Forum.



LUNGU NGCINGWANA

Former provincial chief information officer in the Office of the Premier.



MZWANELE DLOVA

Mzwanele holds a master's degree in agricultural economics from the University of Fort Hare and is currently working on completing his MBA with Rhodes University. He is Buffalo City Municipality's (BCM) programme manager for local economic development's business development division, a role which involves promoting, supporting and coordinating SMME programmes and projects within BCM's area of jurisdiction. Past employers include water and sanitation non-governmental organisation, The Mvula Trust, Eastern Cape NGO Coalition, and development consulting company Kula Development Facilitators.



PATRICIA DLAMINI

Patricia, ECITI's Executive Manager is accountable to the Board of Directors. Patricia is responsible for ECITI's overall management and the achievement of its strategic goals. Before joining ECITI, she was head of the entrepreneurship development unit at Southern Africa's first Science and Technology Park, The Innovation Hub in Pretoria. Past roles include SMME services manager at Durban's ICT incubator SmartXchange, as well as founding and managing her own enterprise. Knowledge in small enterprise development strategies and business management she acquired through local and international business interactions and while running her own business presents a valuable resource to ECITI. Patricia holds a Bachelor of Commerce from the University of Swaziland, completed a Programme in Management Development qualification from the University of Pretoria's Gordon Institute of Business Sciences, and an Incubator Management Certificate with the National Business Incubation Association (USA). Patricia has also served as an executive member of the Southern Africa Technology Incubator Association.



BOARD ATTENDANCE

DATE	TYPE OF MEETING
5 May 2009	Interim Board
10 June 2009	Board meeting
29 June 2009	Special meeting
23 September 2009	Board meeting
5-6 November 2009	Strategic planning session
9 February 2010	Board meeting

BOARD MEETINGS							DIRECTOR'S FEES*	
BOARD MEMBERS	5 MAY 09	10 JUN 09	23 SEP 09	5-6 NOV 09	9 FEB 10	TOTAL	R0	
N Ncokazi	√	√	√	√	√	05	R0	
M Fundam	√	√	√	√	√	05	R0	
S. P. Songca	Apology	√	Apology	√	Apology	02	R0	
T Gwintsa	Apology	√	√	Apology	√	03	R0	
C Pakade	Apology	√	√	√	Apology	03	R0	
L Mtimde	-	-	-	√	√	02	R0	
L Dibi	-	Apology	√	Apology	√	02	R0	
L Ngcingwana	Apology	√	Absent	√	Apology	02	R0	
M Jolingana	-	-	-	√	Apology	01	R0	
M Payi	-	-	Absent	Apology	Apology	00	R0	
X Majiza	√	Apology	Apology	√	√	03	R0	
V Madolo	√	√	√	√	√	05	R0	
M Dlova	Apology	BCM representative attended	Absent	√	Absent	01	R0	
**D Balman	√	√	√	√	√	05	R0	

- THE DIRECTOR WAS NOT APPOINTED AT THE TIME OF THE TIME OF THE MEETING.
 * DIRECTORS FEES: NO FEES WERE PAID TO THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS DURING THIS PERIOD.
 ** D BALMAN WAS THE ACTING ECITI EXECUTIVE MANAGER IN THE PERIOD UNDER REVIEW.

BOARD ATTENDANCE

6.2

The two Board committees established during the period under review, HR and Technical and Advocacy committees, each held two meetings.

TECHNICAL AND ADVOCACY COMMITTEE		HR COMMITTEE	
T Gwintsa (Chairperson)	1	P Songca (Chairperson)	2
X Majiza	1	M Fundam	2
V Madolo	1	V Madolo	1
C Pakade	1	M Dlova	
M Fundam	2	M Payi	
L Ngcingwana		L Ngcingwana	



07

FINANCIAL
REPORTS
& ANNUAL
FINANCIAL
STATEMENTS



FIRST READY DEVELOPMENT 652 (INCORPORATED UNDER SECTION 21)
(REGISTRATION NUMBER 2004/013192/08) TRADING AS

ECITI ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

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

REPORT OF THE INDEPENDENT AUDITORS	54
DIRECTORS' RESPONSIBILITIES AND APPROVAL	56
DIRECTORS' REPORT	58
BALANCE SHEET	60
INCOME STATEMENT	60
STATEMENT OF CHANGES IN EQUITY	61
CASH FLOW STATEMENT	61
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS	62
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	63

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

DETAILED INCOME STATEMENT	65
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REPORT OF THE INDEPENDENT AUDITORS

We have audited the accompanying financial statements of First Ready Development 652, which comprise the directors' report, the balance sheet as at 28 February 2010, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 12.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

BASIS FOR QUALIFIED OPINION

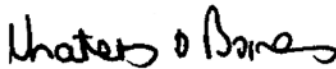
As discussed in note 10 of the financial statements, no comparative figures were presented as no financial records were prepared in the prior financial year. The inability to obtain sufficient appropriate audit evidence regarding opening balances and the possible effects of which, are material to the entity's financial performance and cash flows.

OPINION

In our opinion, except for the effect on the financial statement of the matter referred to in the preceding paragraph, the financial statements give a true and fair view of the financial position of First Ready Development 652 as of 28 February 2010, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practices for Small and Medium-sized Entities and in the manner required by the Companies Act of South Africa, 1973.

SUPPLEMENTARY INFORMATION

We draw your attention to the fact that the supplementary information set out on page 65 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.



CHARTERED ACCOUNTANTS (S.A.)
Registered Auditors

EAST LONDON
23 September 2010

DIRECTORS' RESPONSIBILITIES & APPROVAL

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


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

The directors have reviewed the company’s cash flow forecast for the year to 28 February 2011 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company’s annual financial statements. The annual financial statements have been examined by the company’s external auditors and their report is presented on pages 54 and 55.

The annual financial statements set out on pages 60 to 65 which have been prepared on the going concern basis, were approved by the directors on 23 September 2010 and were signed on their behalf by:


P N NCOKAZI


J M FUNDAM

EAST LONDON
23 September 2010

DIRECTORS' REPORT

THE DIRECTORS SUBMIT THEIR REPORT FOR THE YEAR ENDED 28 FEBRUARY 2010

1. OVERVIEW OF COMPANY OPERATIONS

The company was established to facilitate rapid introduction, support and business sustainability of Information, Communication and Technology (ICT) and Film sector Small, Medium and Micro Enterprises (SMMEs) in the Eastern Cape.

It accomplishes this by incubating SMMEs, thus making the incubation of ICT and Film SMMEs its core focus and area of responsibility. Its incubation programme serves as an enabler for the innovative use of current and future technology by business, government and the general public in order to accelerate socio economic development in the Eastern Cape.

Its operations during the year under review entailed:

- The establishment and strengthening of the Board of Directors representing a wide range of expertise from local stakeholders aimed at bolstering Eastern Cape Information Technology Initiative's (ECITI) institutional set-up and management. This follows the separation of the East London and Port Elizabeth centres of ECITI early in 2008. This separation was necessitated by the Port Elizabeth centre being financially supported by the Nelson Mandela Metropolitan Municipality (NMMM) and therefore could not be utilised in the areas outside of the NMMM jurisdiction. During that period the East London ECITI was left without a funder because Small Enterprise Development Agency (Seda), who at the time was the principal funder felt that there was no support from local stakeholders, thus they withdrew their financial support for the EL centre
 - The withdrawal of the main funders left a vacuum within the EL centre and as such with not much activity
 - Mid 2008 ECDC made funds available for ECITI EL subject to the centre establishing good governance structures. The support of local stakeholders was solicited and that led to the establishment of the Board, the process to appoint management leadership for ECITI during 2009.
- 1.1 The repositioning of the organisation and review of its strategic direction ensuring alignment with direction taken by government, taking into account the multi-faceted nature of ICT and integration of multimedia services into the incubation programme
 - 1.2 Relocation of the Centre to a commercially accessible area in Southernwood to increase incubation capacity
 - 1.3 Increasing capacity of building leadership and management capacity to deliver ECITI's strategic goals; the Executive Manager's appointment
 - 1.4 Eight enterprises participated in the programme and took part in various training workshops, seminars, knowledge exchange programmes and conferences

2. COMMENTARY ON 2010 RESULTS AND PROSPECTS FOR THE YEAR AHEAD

2.1 LEGAL STRUCTURE

The company continues to operate as First Ready Development 652 incorporated under section 21.

2.2 COMBINED OVERVIEW

Presently ECITI operates on single source funding from ECDC with whom there is a multi-term funding agreement and has started discussions with other possible funders to augment ECDC funding.

ECITI operates as a not for profit organisation and as such continuously seeks to establish long term sustainability through there varied base of funders end sound financial management practices.

The 2009110 annual financial statements, established with no opening balances, follow the transitional vacuum between the exit of the Seda and the taking on of financial responsibility by ECDC thus, the annual financial statements have been established based on funding which was made available for ECITI by ECDC. It should also be noted that during this period all expenses were paid through ECDC as the company was still in the process of establishing its internal systems and controls.

Amatole District Municipality has also indicated intention to support ECITI financially for some of its projects.

The appointment of the new Executive Manager for EGITI will also fast track the processes to explore other funding models with private sector, donor agencies and other public sector development agencies.

During the year under review the financial reports indicate a loss of R 103,424 The loss reported does not imply expenditure exceeded the budget or expected revenue; but rather as a result of timing in recognition of revenues. See retained income in balance sheet.

3. POST BALANCE SHEET EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affects the financial position of the entity or the results of its operations

4. NON-CURRENT ASSETS

Details of major changes in the nature of the non-current assets of the company during the year are fully set out on the attached annual financial statements.

5. DIRECTORS

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

C D J Pakade	S P Songca	J M Fundam
P N Ncokazi	EN Ngcingwana	LP Gwintsa
M Payi	L Mtimde	X Majiza
M Jongilanga	M Dlova	V Madolo
L Dibi		

The company has not appointed a secretary; such duties were performed by the Executive Manager during the year under review.

BALANCE SHEET FOR THE YEAR ENDED 28 FEBRUARY 2010

	Notes	2010 R
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2	17 499
CURRENT ASSETS		
Grant funding receivable	3	939 111
Trade and other receivables	4	60 877
		999 988
TOTAL ASSETS		1 017 487
EQUITY AND LIABILITIES		
EQUITY		
Retained income		989 487
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	5	28 000
TOTAL EQUITY AND LIABILITIES		1 017 487

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

	Notes	2010 R
Revenue	6	918 346
Operating expenses		(1 021 660)
OPERATING LOSS		(103 314)
Finance costs	7	(110)
Loss for the year		(103 424)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2010

	Share capital R	Retained income R	Total equity R
BALANCE AT 01 MARCH 2009	-	1 092 911	1 092 911
Changes in equity			
Loss for the year	-	(103 424)	(103 424)
Total changes	-	(103 424)	(103 424)
BALANCE AT 28 FEBRUARY 2010	-	989 487	989 487

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

	Notes	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from (used in) operations	9	17 609
Finance costs		(110)
NET CASH FROM OPERATING ACTIVITIES		17 499
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	2	(17 499)
TOTAL CASH AND CASH EQUIVALENTS MOVEMENT FOR THE YEAR		-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		-
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		-

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice for Small and Medium-sized Entities, and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

ITEM	AVERAGE USEFUL LIFE
Computer equipment	3 years

The residual value, depreciation method and the useful life of each asset are reviewed at each financial periodend.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

1.2 IMPAIRMENT OF ASSETS

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.3 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

1.4 REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for grant funding.

NOTES TO THE FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

	Cost	2010 Accumulated depreciation	Carrying value
Computer equipment	17 499	-	17 499

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2010

	Opening Balance	Additions	Total
Computer equipment	-	17 499	17 499

3. GRANT FUNDING RECEIVABLE

2010
R

FUNDING RECEIVABLE AT YEAR END

ECDC grant funding receivable	939 111
-------------------------------	---------

RECONCILIATION OF GRANT FUNDING RECEIVED

Funding received per ECDC:

ECDC - 1	830 628
ECDC - 2	14 669
Accruals	234 126
Balance brought forward on 01 March 2009	931 834
	2 011 257

Funding received per ECITI:

Grant funding - 2009	1 092 911
Grant funding - 2010	918 346
	2 011 257

4. TRADE AND OTHER RECEIVABLES2010
R

Rental deposit

60 877

5. TRADE AND OTHER PAYABLES

Provision for audit and accounting fees

28 000

6. REVENUE

Grant funding received

918 346

7. FINANCE COSTS

Trade and other payables

110

8. TAXATION

No provision has been made for taxation as the company is not liable for taxation under the current legislation.

9. CASH GENERATED FROM (USED IN) OPERATIONS

Loss before taxation

(103 424)

Adjustments for:

Finance costs

110

Changes in working capital:

Trade and other receivables

(60 877)

Grant funding receivable

153 800

Trade and other payables

28 000

17 609**10. COMPARATIVE FIGURES**

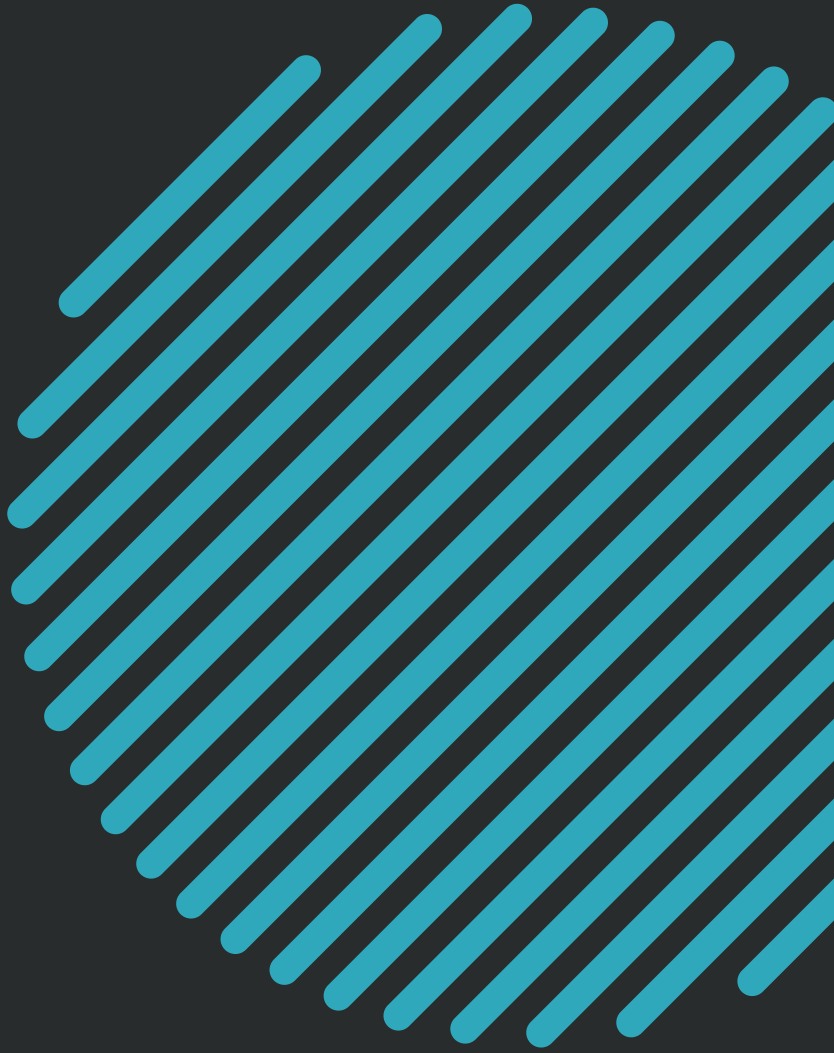
No comparative figures have been presented as no financial records were prepared in the prior year.

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

	Notes	2010 R
REVENUE		
Grant funding		918 346
OPERATING EXPENSES		
Accounting fees		28 000
Administration fees		14 310
Advertising		1 750
Catering and refreshments		7 132
Cleaning		14 585
Computer expenses		28 883
Conference fees		15 500
Consulting fees - feasibility and strategic planning		235 000
Consulting fees - management		246 242
Courier and postage		150
Electricity and water		6 224
Hire of indoor plants		7 520
Hire of motor vehicles		2 136
Hire of office equipment		6 444
Legal expenses		2 417
Printing and stationery		6 259
Relocation expenses		6 250
Rent paid		289 813
Repairs and maintenance		254
Security		298
Telephone and fax		45 453
Travel and accommodation		48 044
Website development and hosting		8 996
		1 021 660
OPERATING LOSS		
		(103 314)
Finance costs	7	(110)
LOSS FOR THE YEAR		(103 424)

ACRONYMS

EC	Eastern Cape
ECDC	Eastern Cape Development Corporation
ECITI	Eastern Cape Information Technology Initiative
EDC	Enterprise Development Centre
ELIDZ	East London Industrial Development Zone
HD	Historically Disadvantaged
ICT	Information Communication Technology
IDC	Industrial Development Corporation
IDZ	Industrial Development Zone
IT	Information Technology
LHDA	Lesotho Highlands Development Authority
MBA	Master of Business Administration
MDDA	Media Development and Diversity Agency
PDIs	Previously Disadvantaged Individuals
PGDP	Provincial Growth and Development Plan
SARS	South African Revenue Services
SE	Small Enterprise
Seda	Small Enterprise Development Agency
SMMEs	Small, medium and micro enterprises
WSU	Walter Sisulu University





TEL: +27 43 722 4453
3 ELTON STREET
SOUTHERNWOOD, EAST LONDON

info@eciti.co.za
www.eciti.co.za

