8.4.1 a report by the board of directors with respect to the state of affairs, the business and the financial position of PSA and the degree to which its objectives have been attained;

8.4.2 the directors reports shall deal with the matters prescribed in schedule 4 of the Companies Act, 1973 (Act no. 61 of 1973) in so far as these are applicable.

8.5 The directors report shall also:

8.5.1 set out the functions and objectives of PSA as determined by law or otherwise;

8.5.2 state the extent to which PSA has achieved its set objectives for the financial year concerned;

8.5.3 contain relevant performance information regarding the economic, efficient and effective application of resources; and

8.5.4 indicate the amount of money, if any, received from the State and any other commitment furnished by the State.

8.6 PSA undertakes to submit, within five months of the closing of its respective financial year, an auditors report as required by Section 55 of the Public Finance Management Act 1999 and:

8.6.1 An auditor's report on the annual financial statements shall be prepared in respect of PSA by the auditors appointed according to the Companies Act;
8.6.2 a report in terms of paragraph 8.5.1 shall be addressed to the DTI and shall state separately in respect of each of the following matters whether in the auditor's opinion:

i) The annual financial statements fairly present the financial position and the results obtained by PSA in accordance with generally accepted accounting practice applied on a basis consistent with that of the preceding year.

ii) The information furnished in terms of section 55 of the Public Finance Management Act 1999 is fair in all material respects and, if applicable, on a basis consistent with that of the preceding year.

iii) The transactions of PSA that had come to the Auditor's notice in the course of his examination were made in accordance with the applicable laws and instructions; and

iv) The transactions that had come to his attention during auditing were in all material respects in accordance with the mandatory functions of PSA determined by law or otherwise.

8.7 PSA undertakes that the Auditor shall report to DTI the results of any audit carried out, and shall draw attention to any other matters falling within the scope of the Auditor's examination which, in his opinion, should in the public interest be brought to the notice of Parliament.

8.8 PSA undertakes to have internal audits conducted so as to promote:-
8.8.1 The safeguarding and control of the assets of PSA;

8.8.2 Compliance with the PFMA or any other Act of Parliament governing the activities of PSA; and

8.8.3 The economical and efficient management of the resources of PSA and the effective performance of the functions of PSA,

unless the DTI, on the recommendation of the Board of Directors, is of the opinion that the benefits to be derived from internal auditing do not justify the cost thereof. The Chief Executive Officer of PSA must confirm in writing to the DTI that internal audits are conducted.

9. AMENDMENT OF AGREEMENT DUE TO CHANGES IN TRANSFER PAYMENT REGULATIONS

9.1 DTI reserves the right to amend this agreement in its sole discretion if the Treasury Instructions concerning Transfer Payments is altered and affects all Public Entities and is of general application to them, and subject further to DTI informing PSA in writing of the altered Treasury Instruction and the altered requirements thereof. No further payments will be made until such time as PSA, formally in writing, accepts the altered requirements in such a case. This clause overrules the general clause 10 for alteration of the agreement.

9.1 PSA shall annually submit a work programme, which shall contain measurable annual milestones, on or before January 30, and in the current year so later than November 30, 2001, for the written approval of the Director-General of the DTI.
9.2 Transfer payments shall always be subject to Parliament allocating the budgeted amounts for the financial support of PSA, Treasury approval and approval of the Budget Program Manager of the Department;

9.3 Payments shall be made monthly or quarterly, at the discretion of the DTI, or as agreed by both Project Officers, and payment shall be made directly into PSA's bank account, which is recorded as Nedbank, Rosebank branch, account number 1469057395.

10. BREACH OF CONTRACT

In the event of breach of contract by PSA, DTI reserves the right to terminate the contract and its funding of PSA and to recover money paid to PSA (including interest) from the date of the breach of contract.

11. BUSINESS PLAN

PSA undertakes to provide to DTI, within 21 (twenty one) days of the signature of this agreement, a business plan detailing the following:

- business structure;
- management team;
- management remuneration;
- market feasibility research;
- business proposition;
- goals and objectives;
- swot analysis;
- proprietary rights;
- market analysis and target markets;
12. SEPARATION OF STATE MONIES

PSA shall keep separate account of monies received from the DTI and the State on the one hand and any other sources on the other. Such monies shall be deposited in two separate bank accounts, designated DTI and Non-DTI respectively and PSA shall be obliged to report separately on monies received and disbursed from both accounts. PSA shall abide by all relevant regulations of the PFMA and the National Treasury for as long as it is a listed entity.

13. ARBITRATION OF DISPUTES ARISING FROM THIS AGREEMENT

13.1 Should any difference or dispute at any time arise which the Parties are unable to resolve amicably, whether in regard to the meaning or effect of any term of this Agreement, or the implementation of any Party’s obligations under this Agreement, or any other matter arising from or incidental to it, then in that event, such dispute shall be submitted to arbitration in accordance with the following provisions:

13.2 Except as may be expressly otherwise provided for in this Agreement, arbitration proceedings shall be conducted in
accordance with the Arbitration Laws of the Republic of South Africa.

13.3 The arbitration proceedings shall be held on an informal basis, it being the intention that a decision should be reached as expeditiously and as inexpensively as possible, subject only to the due observance of the principles of justice.

13.4 Either party shall be entitled, by giving written notice to the other, to require that a difference or dispute be submitted to arbitration in terms of this Clause.

13.5 The arbitrator shall be a person agreed upon between the parties and failing agreement, to be nominated by the Arbitration Foundation of South Africa (AFSA).

13.6 The Party referring the dispute or difference to arbitration shall, within ten (10) working days of the selection or appointment of the arbitrator as provided for in Clause 6.4 above, furnish the arbitrator with an appropriate written notice or appointment, and shall ensure that the arbitrator notifies the Parties forthwith of the remuneration which the arbitrator shall require for his/her services.

13.7 Within thirty (30) days after the delivery to the arbitrator of his/her written notice of appointment, each Party shall submit to the arbitrator a full statement of its case in which shall be set out all such evidence, sworn statements, facts, submissions and expert opinion as such Party may deem necessary to support its contentions in regard to the matter/s in dispute, and shall simultaneously serve a copy thereof on the other Party.
13.8 Within fourteen (14) days of receipt of such copy of the other Party's statement of case, either Party may submit a further supplementary statement to the arbitrator, and shall provide a copy thereof on the other Party. The dispute shall be determined by the Arbitrator on the evidence before him/her.

13.9 If the arbitrator considers that the matter in dispute cannot be decided on the papers before him/her, the arbitrator may call for other evidence or for witness to testify at a place in Pretoria to be determined by him/her in the presence of the Parties, who may also question such witness. Such witness shall be entitled to legal representation.

13.10 The arbitrator shall be entitled to make such award, including an award for specific performance, an interdict, damages or otherwise as the arbitrator in his/her discretion deems fit and appropriate.

13.11 The arbitrator shall at all times have regard to the intention of the Parties underlying the Agreement, and shall resolve the dispute in a summary manner.

13.12 An award by the arbitrator:

13.12.1 Shall be final and binding on the Parties

13.12.2 Shall be carried into effect by the parties

13.12.3 May be made an Order of the Court by a Party only if the other Party fails to heed the terms of the award; and
13.11.4 May include an Order directing the unsuccessful Party to pay the costs of the arbitrator and the expenses incurred by the successful Party.

13.13 This Clause shall survive the termination or cancellation of this Agreement.

13.14 This Clause shall constitute each Party's irrevocable consent to any arbitration proceedings and neither Party shall be entitled to withdraw from such proceedings or to claim that it is not bound by the provisions of this Clause.

13.15 If a Party fails to take part in arbitration proceedings conducted in accordance with this Clause, such failure shall constitute a consent to an award being made against such Party.

14. For the purposes of serving notices and pleadings DTI chooses as its domicilium citandi et executandi:

DTI
House of Trade and Industry
354 Pretorius Street
corner Pretorius and Prinsloo Streets
PRETORIA
0001

and PSA chooses as its domicilium citandi et executandi:

Proudly South African
14th Floor
Metal Box Centre
25 Owl Street
Auckland Park
15. **WHOLE AGREEMENT**

This is the whole agreement and no alteration of or amendment or addendum to, or omission from this agreement or waiver of rights, shall have any force or effect unless it is effected in writing and signed by both parties.

16. **BREACH**

Unless otherwise provided in this agreement, should either party commit a breach of any provisions of this agreement and fail to remedy such breach within 14 (fourteen) days after receiving written notice from such party requesting the party remedy the breach, then such party shall without prejudice of any other rights be entitled to sue for any damages that it may have suffered as a result of any such breach, or shall be entitled to cancel the agreement and/or to sue for specific performance and/or further or alternate relief.

17. **WAIVER**

No waiver, indulgence, and/or relaxation of whatever nature of any of the provisions of this contract by a party thereto shall be valid or enforceable against the waiving party, unless such waiver, indulgence or relaxation is in writing and signed by both parties.

18. **EFFECTIVE DATE**

This agreement comes into effect when the Director-General signs the agreement.
Signed at Pretoria on this the 15th day of October 2001

[Signature]

Director-General: DTI

Witnesses
1. [Signature]

2. [Signature]

Signed at Cape Town on this the 19th day of October 2001

[Signature]

MARTIN J FEINSTEIN

(full name)
on behalf of Proudly South-African

Witnesses
1. [Signature]

2. [Signature]