



SOUTHERN AFRICA'S PREMIER
AIR LOGISTICS PLATFORM

DUBE TRADEPORT CORPORATION
ANNUAL REPORT
2014/2015



ONE TO MOVE **BUSINESS**
GOAL YOUR **FORWARD** 

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For supporting documents, please refer to: www.dubetradeport.co.za/annual_reports



VISION, MISSION, VALUES AND STRATEGIC GOALS

VISION

To become the leading globally-integrated and sustainable air logistics platform in Southern Africa.

MISSION

To reposition KwaZulu-Natal in the global supply chain through the enablement of new air services and the provision of state-of-the-art facilities: an IT platform providing value-added services, leading-edge spatial planning and facilitating the supply of products to export markets.

VALUES

In conducting its day-to-day business activities with honesty and integrity, Dube TradePort Corporation is mindful of the need to adhere to a further clear set of values, which include:

- **Professional Excellence:** Being passionate about value-adding professionalism;
- **Ubuntu:** Creating open, honest relationships built on trust, mutual respect, dignity and fairness;
- **Empowerment:** Actively embracing the economic, transformational and developmental agenda of stakeholders;
- **Innovation and Creativity:** Succeeding through innovative, creative and adaptable teams; and
- **Service Excellence:** Providing unsurpassed service excellence of which our clients can be proud.

The Code of Conduct can be found at: www.dubetradeport.co.za/annual_reports

STRATEGIC GOALS

- To maintain effective corporate governance and financial administration;
- To enable new air services to international and regional markets and to facilitate the growth of air cargo;
- To facilitate private sector investment on land controlled by Dube TradePort Corporation;
- To generate sustainable volumes of perishables in supporting the integrated air logistics platform;
- To establish, enhance and operate an ICT platform that delivers value-added services;
- To plan and enable the development of a sustainable airport city; and
- To provide infrastructure and effectively service the development needs of Dube TradePort.



FOREWORD

Mr Michael Mabuyakhulu, MPP MEC for Economic Development, Tourism and Environmental Affairs



Dube TradePort is now entering its sixth year of operations. Over this time the corporation has successfully completed the first phase of development as part of the 50-year Master Plan and is now accelerating the implementation of its second phase.

In pursuit of rapid growth in investment, jobs and exports, Dube TradePort has put in place an operational, infrastructural and institutional environment that can offer a world-class platform to investors. This platform now also includes the designation of Dube TradePort as an Industrial Development Zone (IDZ), which was inaugurated by President Jacob Zuma on the 7th of October 2014. Dube TradePort IDZ is one of the catalytic strategic interventions located within the Durban Aerotropolis, with the foundational pillars of growing air services and connectivity, as well as integrated and coordinated spatial planning. The equitable and inclusive growth derived from this region will address the triple challenges of inequality, unemployment and poverty, as identified in the National Development Plan. The Presidential Infrastructure Coordination Committee, under the SIP2, will ensure continued government support of this project.

The Dube TradePort IDZ is also an important mechanism for supporting small and medium enterprises. In this regard, government will work together with the private sector to ensure that relevant small and medium enterprises within and outside the zone can effectively participate in the industrial clusters and value chains that are being grounded in and around this zone.

This IDZ is also an important platform that can support the emergence of a new breed of Black Industrialists, who will play an important role in deepening and broadening the country's manufacturing capabilities. New world-class products will be innovated in this area, as a result of the IDZ.

The effective delivery of such projects requires appropriate and effective government coordination. All public sector organisations have a significant and important role to play in realising this dream for all the citizens of this country. For this IDZ to continue to flourish, we need to ensure that all parties involved have a common vision.

Dube TradePort further faces the hugely advantageous probability of being declared a Special Economic Zone (SEZ). Work on this front is ongoing and we anticipate that Dube TradePort will forge synergistic relationships with other identified industrial economic hubs for the benefit of the entire Province and its business community.

Such a move would again accelerate the pace of development at Dube TradePort and increase demand for greater levels of airlift out of Durban to domestic, regional and international markets. This would, in turn, augment efforts to grow our strategically influential location, and is in line with our bold vision to position our province as the gateway to Africa by 2030.

Air connectivity is a major priority for our provincial growth strategy. During this financial year, a Route Development Committee was established and has finalised a potent Airlift Strategy to target and attract new regional and international direct air routes. Effective as of December 2015, Qatar Airlines will be commencing direct flights from Durban to Doha. The introduction of a second Middle East network carrier will provide passengers with an extended network of destinations and international connectivity from Qatar's Doha base, via King Shaka International Airport.

KwaZulu-Natal is the proud host of World Routes 2015 in September 2015; this is a superb opportunity to showcase the Province's ideal location, and we look forward to announcing new direct international routes for Durban.

In line with the National and Provincial Governments' objectives, 577 new jobs were created at Dube TradePort in the past year, 357 of them permanent. This brings the total number of jobs created at Dube TradePort Corporation since 2010 to 2,195, of which 1,011 are permanent. This number is expected to rise consistently over the next five years as the second phase of the Master Plan is implemented, with their Strategic Plan target planned to reach a combined total of 15,530 by the 2019/20 financial year.

We would like to take this opportunity to extend a vote of earnest thanks to all the various role-players who have contributed to the success of Dube TradePort this last year; the Board Members of Dube TradePort Corporation for the strategic leadership they have provided during a new chapter in Dube TradePort's history; the Executive team and staff members of Dube TradePort for the dedication they have exhibited in the face of the many business challenges presented in the 2014/15 financial year; and lastly, we would like to formally express our gratitude towards our Provincial and National government colleagues for their ongoing guidance and encouragement pertaining to the advancement of the infrastructural development.

The equitable and successful collaboration between both the public and private sectors at Dube TradePort has laid a solid foundation for continued advancement and expansion, which will benefit KwaZulu-Natal incalculably. We, of the Provincial Government, are most satisfied with the progress of Dube TradePort thus far and anticipate another successful year ahead as more businesses consider locating to Dube TradePort, thus further enhancing our competitive advantages, namely business connectivity, speed and agility.



Mr Michael Mabuyakhulu, MPP
MEC for Economic Development, Tourism and Environmental Affairs

COMPANY PROFILE

Dube TradePort Corporation, operator of the Dube TradePort Industrial Development Zone

Dube TradePort Corporation, a business entity of the KwaZulu-Natal Provincial Government, is assigned the responsibility of developing the province's largest infrastructural project. Considered one of South Africa's top ten investment opportunities, this recently named Industrial Development Zone (IDZ) is geared to promote foreign and local investment.

Strategically located 30km north of the important coastal city of Durban, in KwaZulu-Natal, on South Africa's eastern seaboard, this 2,840 hectare development is home to the state-of-the-art King Shaka International Airport and is ideally positioned 30 minutes from Africa's busiest cargo port, Durban Harbour, and 90 minutes from Richard's Bay Harbour. Dube TradePort takes advantage of its prime location as the only facility in Africa combining an international airport, dedicated cargo terminal, warehousing, offices, retail space and agriculture.

Dube TradePort, a highly competitive business-operating environment, forms the heart of an emerging Aerotropolis, the first purpose-built Aerotropolis in Africa, and is destined to become a premier business and trade hub. Its

coastal location makes logistics a cost-effective proposition. Dube TradePort's air logistics platform, together with burgeoning seaport infrastructure, access to numerous global destinations and linkages to SADC countries, combine to position KwaZulu-Natal as a key business point in South and Southern Africa.

Dube TradePort is comprised of a world-class passenger and airfreight hub and is surrounded by multiple zones, namely:

- **Dube Cargo Terminal:** A state-of-the-art cargo facility, purpose-built to be the most secure in Africa. With digital tracking and secure cargo flow through on-site statutory bodies, Dube Cargo Terminal prides itself on 0% cargo loss since its inception in 2010;
- **Dube TradeZone:** 77 hectares – growing to 300 hectares – of specialised, prime and fully-serviced industrial real estate within the Dube TradePort IDZ. In close proximity to Dube Cargo Terminal, this zone is ideally positioned for new-generation warehousing, manufacturing, assembly, air-related cargo distribution and more;

- **Dube City:** 12 hectares of premium office, retail and hospitality space, all located in an ultra-modern urban 'green' hub just three minutes from the passenger terminal;
- **Dube AgriZone:** Part of the Dube TradePort IDZ, this zone provides world-class facilities and technical support for propagating, growing, packing and distributing high-value perishables and horticultural products through an efficient supply chain; and
- **Dube iConnect:** All these zones are supported by Dube iConnect, the precinct's dedicated IT and telecommunications provider and KwaZulu-Natal's only locally-hosted cloud service, making it the premier offering for regional data recovery.



CORPORATION STRUCTURE, ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT

CORPORATION STRUCTURE

Dube TradePort Corporation is structured as follows:



ACCOUNTING AUTHORITY

Dube TradePort Corporation's Board is specifically structured so as to provide a diverse mix of skills and experience pertinent to the organisation's business operations and the diverse environment in which it operates, whilst also ensuring effective inter-governmental cooperation and collaboration.

Dube TradePort Corporation's Board currently comprises five Non-Executive members and an Executive member (Chief Executive Officer).

CORPORATION STRUCTURE, ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT

(CONTINUED)

DETAILS OF NON-EXECUTIVE BOARD MEMBERS:

NAME	DESIGNATION	AGE	QUALIFICATIONS	OTHER DIRECTORSHIPS
Zanele Bridgette Gasa	Chairperson	38	<ul style="list-style-type: none"> B. Building Arts in Architecture M.Comm. (Project Management) PhD. Construction Management 	<ul style="list-style-type: none"> Umso Construction Allan Gray Orbis Foundation Member: Nelson Mandela Metropolitan University Business School Visiting Fellow of Nottingham Trent University, UK. National Planning Commissioner
Carol Silindile Sibiya	Deputy Chairperson	39	<ul style="list-style-type: none"> B.Proc LLB. (Post Grad). Member of the Society of Advocates of KwaZulu-Natal 	<ul style="list-style-type: none"> Trustee of Adams College Educational Trust Fund
Velenkosini Lindokuhle Mtshali	Board Member	37	<ul style="list-style-type: none"> CA (SA) B.Comm. (Hons) (Accounting) IRBA B-BBEE Approved Registered Auditor 	<ul style="list-style-type: none"> Bonakude Consulting (Pty) Ltd. Chairperson: Umzimvubu Audit Committee Member of the following Audit Committees: <ul style="list-style-type: none"> Alfred Nzo District Municipality Umzimkhulu Municipality
Graham Muller	Board Member	64	<ul style="list-style-type: none"> B.A. (Hons) (Economics) M.Sc. (Statistics) ACMA GCMA 	<ul style="list-style-type: none"> Proprietor: Graham Muller Associates
Mawalal (Mewa) Ramgobin	Board Member	83	<ul style="list-style-type: none"> B.A. (Hons) 	<ul style="list-style-type: none"> Chairperson: Phoenix Settlement Trust Member of Parliament (retired)

EXECUTIVE MANAGEMENT

Dube TradePort Corporation's Executive Management team comprises the following members:

Hamish Erskine	Acting Chief Executive Officer, ICT and Property Executive
Ayesha Swalah	Chief Financial Officer
Mlibo Bantwini	AgriZone and Cargo Operations Executive
Owen Mungwe	Development Planning and Infrastructure Executive
Bonginkosi Mthembu	Corporate Services Executive
Saxen van Coller	Chief Executive Officer (<i>dismissed</i>)

CHAIRPERSON'S STATEMENT

Dr Zanele Bridgette Gasa
Chairperson



On 1 July 2014, we were pleased to receive the designation, from the National Minister of the Department of Trade and Industry, as the Dube TradePort Industrial Development Zone (IDZ). This status will stimulate the growth of exports and improve the global competitiveness of South African manufactured products.

The IDZ status is considered prestigious, as it enables the enterprises located within such a zone to apply for a range of benefits. Importantly, it is also linked to one of the South African Government's key priorities – the promotion of foreign and local direct investment into South Africa. The Dube TradePort IDZ announcement thus contributes significantly to Dube TradePort Corporation's ability to realise its singular goal of moving investors' businesses forward.

Against the backdrop of this announcement – and with 2014/15 marking the completion of the first phase of development in Dube TradePort's 50 year Master Plan – we are pleased with the interest in, and uptake of, investment opportunities this year. With R353 million of private sector investment secured, this takes the total value invested in Dube TradePort past the R1 billion mark. As we continue to raise the bar for the organisation, we finalised the five-year strategic plan this year and set the objective of increasing this total to R5.5 billion by March 2020.

The uptake of land by private developers in Dube TradeZone 1 has now reached 20 hectares which, when combined with Dube TradePort's own developments, results in occupancy nearing 100%. In response to this high growth, Dube TradePort Corporation has accelerated the implementation of Dube TradeZone 2 and 3, as contained in the second phase of the Master Plan, which will bring an additional

135 developable hectares on stream within the existing boundaries of the IDZ.

In support of this expansion, Dube TradePort recently completed the R200 million International Trade Avenue road project, which opens up the northern part of the site by providing direct access to the N2 and R102 via the uShukela Highway. The impact of this new road is multi-faceted: not only does it provide alternative transport access to the wider site and thereby immediately increase logistics efficiencies, but the road also creates the long-term development spine off which many of Dube TradePort's flagship investments will be located. These include Dube TradeZone 2, the airside and aeronautical platform, and the uShukela mixed-use precinct. It is true to say that the completion of this road is a major milestone for ensuring the long-term sustainability of development at Dube TradePort.

To maintain this momentum in the upcoming year, we have established the 10-year Investment Plan and the 10-year Infrastructure Plan for Dube TradePort Corporation. The objective of the 10-year Investment Plan is to clearly delineate the strategic framework within which Dube TradePort will target and secure private sector investment, to incorporate into both existing and future development zones, subsequently stimulating commercial development. The 10-year Infrastructure Plan will provide the platform for investment and ensure that the 50-year Plan is actualised.

The Board of Dube TradePort Corporation was pleased to approve a Route Development Support Programme, which, for the first time, establishes a clear framework of support measures for airlines introducing international and regional flights to Durban. The programme is administered by Dube TradePort Corporation and supported by a committee of provincial stakeholders to ensure that route development is achieved in the most optimal fashion. As well as focusing on the ongoing success of existing flights, detailed discussions are underway with a number of airlines regarding prospective new flight routes.

Dube TradePort Corporation's objective of contributing to socio-economic development and transformation in the province is incorporated in the CSI Strategy which has three focus areas, namely education and skills development, environmental sustainability and socio-economic

development. This year Dube TradePort invested R3.5 million in different CSI projects, namely science laboratory kits, school uniforms, solar energy generating units in two schools, and the Ohlange High School library improvements. Further to these projects, 39% of the CSI budget was spent on bursaries and 23% on internship programmes. Dube TradePort has been proactive in assisting students at a tertiary level and beyond with internships, which offer unique environments to provide young people with their first work experience. We will continue to create a space where we can contribute towards building a foundation for many young people's careers.

In conclusion, on behalf of the Board, Executive Management Team and staff of Dube TradePort Corporation, I would like to take this opportunity to sincerely thank the MEC for Economic Development, Tourism and Environmental Affairs, Mr Michael Mabuyakhulu, for the confidence he has shown in my Board colleagues and I through this important and challenging period.

I must also extend to my fellow Board members my grateful thanks for their tireless efforts and for the strategic direction they have brought to our organisation. Our collective task now is to utilise to best effect Dube TradePort's IDZ operator's license to attract foreign, direct and local investment, integration with existing local industry and the considerable increase in value-added production.

I am especially grateful to Mr Hamish Erskine who rose to the challenge of filling the role of Acting Chief Executive Officer. He, with the support of the organisation's executive team, ensured that Dube TradePort continued on a steady course in a challenging period.

We are satisfied with the achievements of the past year and, as we progress and expand as an IDZ, and towards becoming an SEZ, we will continue to make great strides in fulfilling our long-term Master Plan.

A handwritten signature in black ink, appearing to read 'Zanele Gasa'.

Dr Zanele Bridgette Gasa

Chairperson

Dube TradePort Corporation Board

ACTING CHIEF EXECUTIVE OFFICER'S REVIEW

Mr Hamish Erskine

Acting Chief Executive Officer



INTRODUCTION

The highlight of the 2014/15 financial year was receiving our operator's license for the Dube TradePort Industrial Development Zone (IDZ). This status is regarded as a key driver for the attraction of key investment capable of spurring economic growth, the creation of employment opportunities and the development of skills throughout KwaZulu-Natal.

As an enabler of strategic investments, the Dube TradePort IDZ will initially focus on the following priority sectors:

- Aerospace and aviation-linked manufacturing and related services;
- Agriculture and agro-processing, inclusive of horticulture, aquaculture and floriculture;
- Electronics manufacturing and assembly;
- Medical and pharmaceutical production and distribution; and
- Clothing and textiles.

Reviewing the 2014/15 financial year, our five areas of business focus – being Dube TradeZone, Dube City, Dube Cargo Terminal, Dube AgriZone and Dube iConnect – have all, to varying degrees, enjoyed pleasingly noteworthy successes during the 2014/15 reporting period.

Against the backdrop of a slow economic recovery, our organisation successfully achieved no less than 78% of our Annual Performance Plan targets, a result which demonstrates the tremendous efforts delivered by everyone associated with and responsible for the development of this, Africa's first purpose-planned airport city.

OVERALL PERFORMANCE

FINANCIAL:

The 2014/15 financial year saw our total assets increase to R4.1 billion generating revenue of R91.6 million. Revenue is expected to increase into the future as the investment in a solid asset base comes to fruition.

PROPERTY, COMMERCIAL AND ADMINISTRATION:

Dube TradePort's industrial and commercial property zones continued to experience significant growth over the course of 2014/15. In the Dube TradeZone, construction was completed on three key projects: a 25,400m² site for DB Schenker, a 32,218m² site for a manufacturing facility for Samsung Electronics SA, and a 7,271m² site for the manufacture and refurbishment of bearings and seals for Brenco Reelin. Construction also commenced on four new projects, namely sites for an AirChefs flight kitchen, steel fabricator Laser Junction, Ukuphanta and Retractable.

There continues to be very strong interest in the Dube TradeZone, particularly from international investors, since the launch of the IDZ. In Dube City, a R320 million deal was concluded with Eureka Capital for the construction of a three-phase office and commercial development, which will be constructed above a double underground basement. The total cumulative value of private sector investment in buildings by financial year-end totalled R1.1 billion.

In terms of property administration, we continued to exceed our targets across all property precincts in the 2014/15 financial year. We achieved 95.3% occupancy for buildings located in Dube TradeZone and 99.7% occupancy for buildings located in Dube City.

DUBE CARGO TERMINAL:

During the financial year, the Dube Cargo Terminal processed a total of 13,851 tons of air cargo comprising 7,150 tons of international air cargo and 6,700 tons of domestic air cargo respectively. The total value of international air cargo processed from Durban for the reporting period was valued at R4.3 billion. Air cargo products handled at the Dube Cargo Terminal include consumer electronics, high fashion clothing, machinery, electronic components and automotive products.

The Dube Cargo Terminal is extremely proud to have attained 100% performance in terms of Service Level Agreement targets with the international air carrier. The Cargo Terminal also maintains a record of zero cargo losses, pilferage, or theft of air cargo for the fifth consecutive year, which is a significant achievement in the industry.

The focus next year will be on continued cargo growth as more aggressive targets have been set. This will entail closer involvement with freight operators and air carriers and undertaking activities that will continue to showcase the service offering of Dube Cargo Terminal.

DUBE AGRIZONE:

A highlight for the Dube AgriZone precinct was its inclusion in the IDZ designation. The production facilities produced 2,139 tons of fresh produce and processed over 12,500 tons through the fresh produce value-adding and distribution centre. Situated within the Dube AgriLab precinct, a new specialised greenhouse and hardening facility has been completed and will be commissioned in the first quarter of 2015/16. This increased on-site capacity will allow Dube AgriLab to add further value to their service.

The programme continued with the implementation of green projects in line with Dube TradePort Corporation's objective of being a responsible developer. 122 hectares of land were rehabilitated as part of the site rehabilitation and restoration programme, continuing to exceed the programme's targets. Furthermore, the Dube AgriZone generated 21% of its own electricity demand from renewable energy sources.

With phase 1 development completed, the focus next year will be on developing phase 2: completing regulatory approvals, detailed design and converting the interest shown in the facility into agreements with prospective investors and tenants.

DUBE AIR SERVICES:

Connecting King Shaka International to regional and international destinations is a high priority for Dube TradePort. Qatar Airways has announced that they will establish direct flights from Durban in December 2015 and the ongoing cooperation, by way of operational costs and joint marketing, of the SA Express routes to Lusaka and Harare was also confirmed. As well as focusing on the ongoing success of existing flights, detailed discussions are underway with a number of airlines and announcements on the outcomes of this process will be made during the course of 2015.

Dube TradePort Corporation is looking forward to Routes 2015 to showcase all that Durban has to offer as a desirable destination for international airlines.

DUBE ICONNECT - INFORMATION AND COMMUNICATIONS TECHNOLOGY:

The 2014/15 financial year saw Dube iConnect continue to maintain its rapid growth momentum, improving on the previous year's Data Centre revenue by 67.6% and increasing Dube iConnect's total revenue by 41%. The operational up-time of our core network infrastructure and two data centre environments achieved in excess of 99%, meeting targets set in our client Service Level Agreements and outperforming industry standards.

ACTING CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Dube iConnect has succeeded in the cross-selling of our Data Centre, Voice and other Telecommunications services to Dube TradePort's Property Developers, Tenants and Dube iConnect Resellers and will continue to focus on commercial efforts by expanding our commercial offerings to both on-site and off-site clients.

With the growing worldwide trend of adopting cloud-based services, Dube iConnect is partnering with market leading technology companies to continue to offer our clients a world-class infrastructure as a service platform.

DEVELOPMENT PLANNING AND INFRASTRUCTURE:

Dube TradePort achieved some great strides in the year under review from a development planning and infrastructure perspective. The KwaZulu-Natal Provincial cabinet approved the Integrated Aerotropolis Strategy which, amongst other key responsibilities, charged Dube TradePort to implement this strategy. In the year under review, we moved in earnest to review the Aerotropolis Master Plan. This study will take 18 months to complete; however, a parallel process is in place to commence with the implementation of the priority projects identified in the strategy.

Other planning activities continued with diligence, in particular the Cottonlands township establishment, which has reached a critical level, with the site layout concepts being tested for engineering costing to conclude a potential deal structure with an international investor. Urban precinct plans and bulk infrastructure designs were also concluded for Support Zone 2 and Dube TradeZone 2.

As the world seeks to overcome significant sustainability-related environmental and global challenges such as climate change, combined with an increasing demand on our energy and water resources, we have confirmed our commitment to environmental stewardship and sustainability. Thus, during this financial year, the environmental activities had two primary

focuses over and above the normal course of the Environmental Impact Assessment applications, namely the development of the Climate Resilience Framework as well as the delineation of the conservation area by an independent ecologist. The Climate Resilience Framework is undertaken in joint agreement between Tongaat Hulett Developments, eThekweni Municipality and Dube TradePort Corporation. The second component – the proposed delineation of the conservation area – will meet Dube TradePort's existing environmental obligations and unlock current applications in process, specifically those for the Hlawe trunk sewer, Dube AgriZone 2, Dube TradeZone 2 and the uShukela Business Park.

A significant milestone for the infrastructure team was the successful completion and handover of the International Trade Avenue (previously known as the Watson Highway Link Road), which will connect the Cargo Terminal and Dube TradeZone to the wider road network to the north of Dube TradePort.

CORPORATE SERVICES:

This financial year, Dube TradePort Corporation continued with the implementation of a Human Resources Strategy aimed at the attraction, development, motivation and retention of the correct people to enable Dube TradePort Corporation to achieve its strategic and business objectives. The challenge to find suitably qualified candidates has affected the filling of certain key positions in the organisational structure.

The total staff complement remained stable and 179 employees were employed at Dube TradePort Corporation at 31 March 2015. The conversion of fixed-term contracts to permanent employment has created certainty for employees and will contribute to the retention of critical skills in the organisation.

This financial year has been another rewarding year for Dube TradePort Corporation's Corporate Social Development (CSI) programme. It was

pleasing to see more learners and the general community benefiting from different CSI projects. A highlight of this was to see some of our Bursary Scheme and Internship Programme beneficiaries obtaining permanent employment. Furthermore, it is pleasing to note that there has been an increasing number of women awarded as beneficiaries within the Bursary Scheme and Internship Programme.

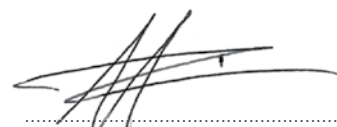
CONCLUSION

In conclusion, and on behalf of my executive colleagues, we extend our thanks to Mr Michael Mabuyakhulu, MEC for Economic Development, Tourism and Environmental Affairs, for his leadership and active support of Dube TradePort and developments within the precinct.

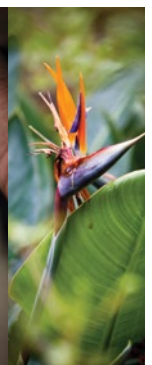
My appreciation and thanks go to our Chairperson, Dr Zanele Bridgette Gasa, and the members of our Board for the strategic direction they have brought to Dube TradePort Corporation. Their invaluable guidance and leadership has enabled us to firm up our strategy for the next five years and we are most grateful for their continued active guidance.

Lastly, I would like to thank the Dube TradePort Corporation staff for their continued dedication and hard work, which has resulted in our achievements towards meeting the targets of the Annual Performance Plan and successful completion of phase one of the Master Plan.

We invite everyone involved in Dube TradePort to again reaffirm their commitment to the project and to join me, in my acting role, as we strive to ensure that the Dube TradePort Industrial Development Zone rapidly develops to become a prime investment location.



Mr Hamish Erskine
Acting Chief Executive Officer
Dube TradePort Corporation



CORPORATE SERVICES REPORT

HUMAN RESOURCES

The total staff complement remained stable, with 179 employees employed at Dube TradePort Corporation as at 31 March 2015. The conversion of fixed-term contracts to permanent employment has created certainty for employees and will contribute to the retention of critical skills in the organisation. Our vacancy rate remained below our target of positions earmarked for filling during the reporting period, with an annual labour turnover at 9%.

WORKFORCE MOVEMENT

Total number of employees on 31 March 2014	178
Appointments	18
Terminations (natural attrition rate of 7%)	17
Total number of employees as at 31 March 2015	179

EMPLOYMENT EQUITY

Diversity awareness workshops were conducted for all employees, as part of a long-term programme of creating a culture of diversity that is aligned to the values of the organisation. Dube TradePort Corporation submitted its Annual Employment Equity Report and continued to implement initiatives in line with its three-year Employment Equity Plan (2013 – 2016), with targets that are benchmarked against the KwaZulu-Natal Provincial Economically Active Population (EAP).

DUBE TRADEPORT CORPORATION EMPLOYMENT EQUITY REPORT AS AT 31 MARCH 2015

OCCUPATIONAL LEVEL	MALE				FEMALE				TOTAL
	AM	CM	IM	WM	AF	CF	IF	WF	
Top Management	3	0	0	1	0	0	1	1	6
Senior Management	1	0	1	1	2	0	0	6	11
Middle Management	6	2	6	4	5	1	6	2	32
Junior Management	13	0	11	4	8	1	6	2	45
Semi-Skilled	23	1	10	2	19	1	7	0	63
Unskilled	18	0	0	0	3	0	0	0	21
Employees with Disabilities	0	0	0	0	1	0	0	0	1
TOTAL	64	3	28	12	38	3	20	11	179
DUBE TRADEPORT CORPORATION	36%	2%	16%	7%	21%	2%	11%	6%	
KWAZULU-NATAL EAP	42%	7%	1%	3%	38%	4%	1%	2%	
Dube TradePort Corporation	Male: 59%				Female: 41%				
KwaZulu-Natal EAP	Male: 54%				Female: 46%				

CORPORATE SERVICES REPORT (CONTINUED)

LEARNING AND DEVELOPMENT

Dube TradePort Corporation supports learning and development of staff as a foundation for creating a sustainable, high performance culture in the organisation. In addition to personal development plans, Dube TradePort Corporation implemented various corporate learning and development programmes, including diversity management, basic computer literacy, chairing of disciplinary enquiries and management development programmes. The Adult Education and Training (AET) Programme continued to grow, with five employees completing level 4. Furthermore, Dube TradePort Corporation secured a grant from the Services SETA for Internship and AET Programmes.

EMPLOYEE WELLNESS

Dube TradePort Corporation appointed Momentum Health to provide a comprehensive wellness service to employees and their immediate families. The Employee Wellness Programme (EWP) was officially launched on 12 September 2014 with a Wellness Day, including presentations and training sessions on various wellness issues such as financial management, HIV and AIDS and other employee wellbeing topics. Another Wellness Day was hosted on 28 November 2014, to commemorate World Aids Day. The utilisation rate for EWP services since the launch of the programme is 19.5%, which is within the industry norm.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Broad-Based Black Economic Empowerment (B-BBEE) is one of the key performance indicators in the Strategic Plan and Annual Performance Plan of Dube TradePort Corporation. A comprehensive Enterprise, Supplier and Socio-Economic Development Strategy (ESD/SED), as well as implementation

and monitoring tools, were developed during the year. The strategy will specifically enable Dube TradePort Corporation to implement initiatives to move from the current B-BBEE Level 6 to Level 1 in five years, and broadly contribute to socio-economic development and transformation in the KwaZulu-Natal Province.

CORPORATE SOCIAL INVESTMENT

Dube TradePort Corporation's Corporate Social Investment Programme continued to grow in 2014/15 and, by 31 March 2015, the following projects had been implemented. The CSI Strategy has three focus areas, namely education and skills development, environmental sustainability and socio-economic development.

ENGINEERING BURSARY SCHEME:

A total of 21 bursaries were awarded to engineering students in different tertiary institutions within the province of KwaZulu-Natal. Three have completed their studies and graduated in April 2015, and two of those have secured employment in the relevant industries.

INTERNSHIP PROGRAMME:

22 interns were employed in 2014/15, 64% of whom are female graduates from tertiary institutions within the KwaZulu-Natal Province. Six interns have secured employment elsewhere after completing their internship programme.

SCHOOL UNIFORM PROGRAMME:

1,000 learners from ten different primary schools received full school uniforms.

SOLAR POWER SYSTEMS:

Two schools received new solar energy systems in February 2015, as part of Dube TradePort Corporation's contribution to environmental management and sustainability.

SCIENCE LABORATORY KITS FOR SCHOOLS:

As part of Dube TradePort Corporation's contribution to the improvement of maths and science teaching, science laboratory kits were provided to eight underprivileged schools.

SMALL FARMERS DEVELOPMENT PROJECT:

Dube TradePort Corporation has introduced a Market Day initiative for small local farmers, providing them with an opportunity to sell their produce to staff from different companies located within the Dube TradePort precinct.

OHNLANGE HIGH SCHOOL PROJECT:

Dube TradePort Corporation is implementing a project at Ohlange High School in Inanda, which includes the refurbishment of the school library as well as the provision of books, shelves and audio-visual equipment.

INFORMATION MANAGEMENT

Dube TradePort Corporation's Information Management Strategy focuses on ensuring that access to quality information within the framework of legislation is available. Dube TradePort Corporation is working with the KwaZulu-Natal Archives Office to develop an integrated document management strategy that is aligned with national and provincial legislation. With regards to compliance with the Public Access to Information Act (PAIA), only one request was received in 2014/15 and was dealt with accordingly.



CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate governance refers to the system of structures, rights, duties and obligations by which an organisation is controlled.

Through such a framework of conventions and practices, a Board is able to ensure accountability, fairness and transparency in an organisation's interaction with stakeholders. Dube TradePort Corporation acknowledges and recognises this, applying meaningful governance principles in the execution of its business.

Prior to 1 April 2011, Dube TradePort Corporation operated as a Non-Profit Company (formerly known as a Section 21 Company), registered under the Companies Act. However, in establishing a Schedule 3C Provincial Public Entity, formalised in September 2011 in line with the publication of such notice in the Government Gazette, Dube TradePort Corporation became a Schedule 3C Provincial Public Entity, effective 1 April 2011. The KwaZulu-Natal Dube TradePort Corporation Act, No. 2, of 2010, allowed for the establishment, management, staffing and financing of Dube TradePort Corporation as a Public Entity and the winding-up of the Dube TradePort Non-Profit Company. Furthermore, the Act provided for Dube TradePort Corporation to be the successor at law of the Dube TradePort Non-Profit Company.

The Non-Profit Company was concluded on 31 August 2013.

PUBLIC FINANCE MANAGEMENT ACT

The Dube TradePort Corporation's Board is regarded as the accounting authority in terms of the Public Finance Management Act (PFMA). The Act is also applicable to its subsidiary, La Mercy JV Property Investments Proprietary Limited, which is held jointly by Dube TradePort Corporation (60%) and Airports Company South Africa SOC Limited (40%), and deemed to be a Schedule 3C Provincial Public Entity.

The PFMA regulates financial management and governance, as well as the responsibilities of the Board. The organisation ensures that the members of its Board and its complement of staff members are familiar with the provisions of the PFMA by way of induction and other regular training interventions.

THIRD REPORT ON CORPORATE GOVERNANCE (KING III)

Dube TradePort Corporation acknowledges the need to be committed to the highest standards of corporate governance and the inculcation of ethical and moral business behaviour amongst all members of staff.

The King III Report on Corporate Governance represents South Africa's principal corporate governance framework. Wherever appropriate, therefore, Dube TradePort Corporation has committed itself to adherence to the principles contained in King III.

However, while the organisation sets out to apply King III principles and practices, it is not possible as a Provincial Public Entity to apply certain of these principles. Deviations are explained in the narrative of this section.

Organisational policies and procedures are regularly developed and introduced as Dube TradePort Corporation grows and develops. Existing policies and procedures are regularly reviewed and honed. All new policies are approved by the Board before implementation.

THE BOARD

Dube TradePort Corporation employs a unitary Board structure, with a majority of Non-Executive members. Board members are considered to be non-independent, as they are appointed by the organisation's sole shareholder. The diversity of the Board members' skills is further augmented at Audit and Risk Committee level as a result of the inclusion of an external member of the Committee whose participation, while not being a member of the Board, is permissible in terms of the PFMA.

Board members are appointed for a term of five years. Rotational appointments are regarded as neither practical nor appropriate.

Various committees of the Board assist the Board in fulfilling its stated objectives and responsibilities. Committee roles and responsibilities are detailed in each committee's formal Terms of Reference. The Audit and Risk Committee has additional responsibilities, as stated in terms of the PFMA. The Terms of Reference of each Board Committee are reviewed annually, thus ensuring continuous relevance.

BOARD RESPONSIBILITIES

The Board, as the custodian of corporate governance, accepts responsibility for ensuring that the entity conducts its business in line with sound governance principles. This is achieved by approving key policies and ensuring that the organisation's obligations to key stakeholders are effectively met. The Board has the responsibility for approving and adopting strategic plans and providing management with sound leadership, in line with Dube TradePort Corporation's values, whilst understanding that strategy, risk, performance and sustainability are inseparable.

The organisation employs an annually reviewed Board Charter.

For more information on the specific Board responsibilities, please refer to:

www.dubetradeport.co.za/annual_reports

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The role of the Chairperson of the Board is to take responsibility, together with members of the Board, for the organisation's strategic direction, its policies and its procedures. The role of the Chief Executive Officer is responsibility for the effective management of Dube TradePort Corporation and the implementation of strategy, policy and directives of the Board.

DELEGATION OF AUTHORITY

A comprehensive Delegation of Authority framework is in place, ensuring the timely and effective implementation of the Board's strategy. This Delegation of Authority framework does not, however, relieve the Board of its responsibilities and the Board retains the prerogative to withdraw any given Delegation of Authority at any time.

BOARD EVALUATION

An evaluation of the Board's effectiveness against the Board Charter and the effectiveness of its members was undertaken in February 2015.

Feedback is to be analysed and utilised to further improve the operation of the Board.

DECLARATIONS OF BOARD MEMBERS' INTERESTS

All Board members, just as with employees of Dube TradePort Corporation, are required to complete declaration of interest forms on an annual basis. In addition, prior to any and all meetings of the Board and committees of the Board where conflicts of interest might potentially arise, interests are required to be declared. In the case of a conflict being noted, such conflict is interrogated and, where necessary, the conflicted person is recused from the meeting.

BOARD MEETINGS

Dube TradePort Corporation's Board meets at least four times per annum and retains full control over the organisation. During the 2014/15 financial year, four Board meetings and two strategy planning meetings (involving the Executive Management Team) were conducted.

The Chairperson of the Audit and Risk Committee is invited to attend part of the Board meeting when the report of the Audit and Risk Committee is discussed.

CORPORATE GOVERNANCE REPORT (CONTINUED)

MEMBERSHIP AND ATTENDANCE: BOARD MEETINGS – 2014/15

MEMBER		MAY 2014	JUNE 2014	AUGUST 2014	NOVEMBER 2014	JANUARY 2015	MARCH 2015
		BOARD MEETING	STRATEGY MEETING	BOARD MEETING	BOARD MEETING	STRATEGY MEETING	BOARD MEETING
B. Gasa	Non-Independent, Non-Executive Chairperson <i>(Appointed 7 March 2012)</i>	√	√	√	√	√	√
C. Sibiya	Non-Independent, Non-Executive Deputy Chairperson <i>(Appointed 7 March 2012)</i>	√	√	√	√	√	√
V. Mtshali	Non-Independent, Non-Executive Board Member <i>(Appointed 7 March 2012)</i>	√	√	√	√	√	√
G. Muller	Non-Independent, Non-Executive Board Member <i>(Appointed 7 March 2012)</i>	√	√	√	C	√	√
M. Ramgobin	Non-Independent, Non-Executive Board Member <i>(Appointed 7 March 2012)</i>	√	√	√	√	A	√
S. van Coller	Executive Member, Chief Executive Officer <i>(Dismissed)</i>	√	√	√	A	√	-
H. Erskine	Acting Chief Executive Officer <i>(From 20 February 2015)</i>	-	-	-	-	-	√*
A. Swalah	Chief Finance Officer <i>(Invited to attend meetings)</i>	I	I	I	I	I	I

√= Attendance A = Apology - = Not appointed I = By invitation √*= Attendance in acting role C= Conference call

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee was established in terms of the PFMA and assists the Board in the discharge of its duties. The Audit and Risk Committee is chaired by an independent, registered professional accountant, Mr Shadrack Khumalo, who has the requisite knowledge and status this position requires as well as the necessary business, financial and leadership skills and is not a political office-bearer. The Audit and Risk Committee includes two Non-Executive Board members, namely Messrs Mtshali and Muller.

The Audit and Risk Committee meets at least four times per annum and is convened in line with formal Terms of Reference, approved by the Board. Such Terms of Reference were reviewed during the year and included a materiality and significance framework. The Audit and Risk Committee met four times during the 2014/15 financial year.

The Chief Financial Officer, together with members of the internal and external audit teams, attend Audit and Risk Committee meetings by invitation. During the year under review, the Chief Executive Officer was also

invited to attend these meetings. During the year, the Audit and Risk Committee met with the internal and external auditors without management being present.

The Chairperson of the Audit and Risk Committee of La Mercy JV Property Investments Proprietary Limited is invited to attend the meetings to provide feedback on the matters discussed in the Audit and Risk Committee of the subsidiary.

CORPORATE GOVERNANCE REPORT (CONTINUED)

MEMBERSHIP AND ATTENDANCE: AUDIT AND RISK COMMITTEE MEETINGS – 2014/15

MEMBER	DESIGNATION	MAY 2014	JULY 2014	OCTOBER 2014	FEBRUARY 2015
S. Khumalo	Chairperson	√	√	√	√
V. Mtshali	Committee Member	√	√	√	√
G. Muller	Committee Member	√	C	√	√
S. van Coller	Chief Executive Officer (Dismissed)	I	I	A	-
H. Erskine	Acting Chief Executive Officer (From 20 February 2015)	-	-	-	I*
A. Swalah	Chief Financial Officer (Invited to attend meetings)	I	I	I	I

√= Attendance A = Apology - = Not appointed I = By invitation I* = By invitation in acting role C= Conference call

INTERNAL CONTROL

Dube TradePort Corporation's Board is accountable for the organisation's system of internal control and has delegated the implementation and management of this responsibility appropriately.

The organisation's system of internal control ensures that significant risks are appropriately managed and provides reasonable assurance that:

- Business objectives will be achieved;
- Operations are efficient and effective;
- Management of financial information is reliable;
- Dube TradePort Corporation's assets and information are appropriately safeguarded; and
- There is compliance with applicable laws and regulations.

Since Dube TradePort Corporation is relatively immature, management focuses closely on the ongoing implementation and bedding-in of its internal control system.

INTERNAL AUDIT

The organisation's internal audit function provides for independent assurance in terms of the adequacy and effectiveness of the system of internal control in order to manage the significant risks faced by the organisation.

The internal audit function is provided by PriceWaterhouseCoopers. The annual audit coverage plan is developed through the application of a risk-based approach and is reviewed and approved by the Audit and Risk Committee annually. Key audit findings are reported to the Audit and Risk Committee by internal audit at the conclusion of each review. Since the internal audit function is conducted by an external service provider, it is considered to be both objective and independent. This status is further maintained through its reporting functionally to the Audit and Risk Committee.

RISK MANAGEMENT

The Board is both responsible and accountable for the governance of risk and, in this regard, has delegated the implementation and day-to-day management of this responsibility appropriately. Risk management is regarded as a key business discipline which:

- Protects the organisation against uncertainties and hazards which could prevent the achievement of business objectives;
- Considers the exploitation of opportunities which may improve the performance of the organisation; and
- Focuses on strategic, financial and operational risks.

For more information on the critical risks facing Dube TradePort, please refer to:

www.dubetradeport.co.za/annual_reports

The Board reviews the strategic risks together with Executive Management on an annual basis. Dube TradePort Corporation has the following Board-approved interventions in place: Risk Management Framework, Fraud Prevention Plan and Fraud Prevention Policy and Response Plan.

REMUNERATION AND HUMAN RESOURCES COMMITTEE

Dube TradePort Corporation's Remuneration and Human Resources Committee meets at least twice annually and is convened in line with formal Terms of Reference approved by the Board.

The Remuneration and Human Resources Committee met four times during the 2014/15 financial year. The Corporate Services Executive attends Remuneration and Human Resources Committee meetings by invitation. The Chief Executive Officer and Corporate Services Officer recuse themselves during any discussion pertaining to their performance or remuneration.

CORPORATE GOVERNANCE REPORT (CONTINUED)

MEMBERSHIP AND ATTENDANCE: REMUNERATION AND HUMAN RESOURCE COMMITTEE MEETINGS – 2014/15

MEMBER	DESIGNATION	MAY 2014	MAY 2014	SEPTEMBER 2014	FEBRUARY 2015
C. Sibiya	Chairperson	✓	✓	✓	✓
M. Ramgobin	Committee Member	A	✓	✓	A
P. Ngcobo	Committee Member <i>(Appointed September 2014)</i>	-	-	✓	✓
B. Gasa	Chairperson of the DTPC Board	P	-	-	-
S. van Coller	Chief Executive Officer <i>(Dismissed)</i>	✓	✓	✓	✓
B. Mthembu	Corporate Services Executive <i>(Invited to attend meeting)</i>	I	I	I	I

✓= Attendance

A = Apology

- = Not appointed

P = Proxy for M. Ramgobin

I = By invitation

GENERAL DECLARATIONS OF INTEREST

As previously noted, all employees are obliged to declare their interests, in line with the requirements of the PFMA. In addition, all members of staff involved in the scoping, evaluation or adjudication of the procurement process are required to declare any interests prior to each engagement in such a procurement process. As a further control measure to mitigate against any influence by suppliers, Dube TradePort Corporation has a Gift Policy in place.

ACCESS TO INFORMATION

The Board regards access to information as one of the cornerstones of good governance. It has accordingly ensured access, collectively as the Board and as individual members, to information, records, documents and property, thus enabling it to effectively execute its responsibilities. The provision made for access to information applies to the overall Board, as well as the committees of the Board.

PUBLIC ACCESS TO INFORMATION ACT (PAIA)

Dube TradePort Corporation has developed the required Section 14 PAIA manual, which is made available via our organisation's website.

During the period of 1 April 2014 to 31 March 2015, Dube TradePort Corporation received one request for information, which required a specific response. All other requests related to information was automatically available on the organisation's website or was contained in marketing and promotional materials. We received 90 requests for general and specialised site tours, of which 62 were conducted, resulting in 1,047 people undertaking tours of the Dube TradePort precinct.

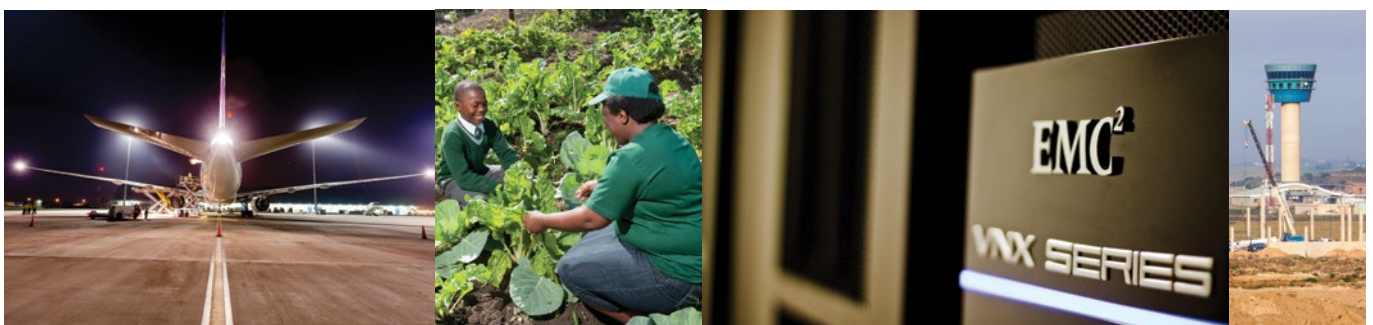
For details of other stakeholder engagements, please refer to:

www.dubetradeport.co.za/annual_reports

FRAUD PREVENTION PLAN AND ANTI-FRAUD HOTLINE

One of the initiatives supporting the Fraud Prevention Plan is the existence of an Anti-Fraud Hotline, whereby either internal or external parties may report fraudulent or corrupt activities anonymously.

The Audit and Risk Committee is apprised of any fraudulent activities that are uncovered and is briefed on actions taken, such as the dismissal of an employee.



ANNUAL PERFORMANCE REPORT

In order to efficiently carry out its mandate, Dube TradePort Corporation operates a seven-programme structure.

OUR SEVEN PROGRAMMES INCLUDE:

PROGRAMME 1 Administration	Sub-programmes	<ul style="list-style-type: none"> • Office of the Chief Executive Officer • Financial Administration • Corporate Services • Marketing
PROGRAMME 2 Dube Cargo and Air Services	Sub-programmes	<ul style="list-style-type: none"> • Cargo Operations • Air Services • Airside
PROGRAMME 3 Property	Sub-programmes	<ul style="list-style-type: none"> • Commercial • Operations
PROGRAMME 4 Dube AgriZone	Sub-programmes	<ul style="list-style-type: none"> • Dube AgriZone Services • Dube AgriZone Sustainable Farming Initiatives • Tissue Culture Facility (Dube AgriLab) • Landscaping and Rehabilitation • Dube AgriZone Expansion
PROGRAMME 5 ICT (Dube iConnect)	Sub-programmes	<ul style="list-style-type: none"> • Commercial • Operations
PROGRAMME 6 Development Planning and Infrastructure	Sub-programmes	<ul style="list-style-type: none"> • Planning • Environment • Infrastructure • Development
PROGRAMME 7 Dube TradePort Special Economic Zone	<i>(Not applicable in 2014/15 year)</i>	-

The following tables highlight the performance of each Programme, together with their respective sub-programmes, for the 2014/15 financial year, against targets reflected in the Annual Performance Plan (APP) for the year:

ANNUAL PERFORMANCE REPORT (CONTINUED)

Programme 1: Administration

SUB-PROGRAMME 1: OFFICE OF THE CHIEF EXECUTIVE OFFICER

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To provide strategic direction and leadership to Dube TradePort Corporation	Achievement of APP targets	85%	78%	78% of the targets were met during the year, falling short mainly due to delays in obtaining environmental approvals, which impacted on the provisioning of airside facilities. Fewer construction contracts than targeted were signed with enterprise development or internship commitment, as this requirement was only included in procurements started during this financial year.
	% complete of quarterly assessments	100%	91%	With the exception of two assessments, all Executives' performance assessments were completed within the set timeframes.
To secure beneficial partnerships for Dube TradePort Corporation	Number of partnerships secured	2	1	Partnership Agreement was signed with Microsoft for the Cloud Operating System Network.
To promote sound corporate governance to Dube TradePort Corporation and its Board	Board Evaluation: Measure of effectiveness	Good	Good	Board evaluation was conducted and the results submitted to the MEC for information purposes.
	Number of reports (APR, AR and QPR) submitted on time	6	6	The Annual Performance Report, Annual Report and Quarterly Performance Reports were all submitted to the Department of Economic Development, Tourism and Environmental Affairs in accordance with the respective deadlines.
	% implementation of ICT Government Framework (<i>cumulative</i>)	80%	90%	The ICT Governance Framework was effectively updated, taking into account the requirements of the approved ICTG strategies and policies. By the end of the financial year, only the implementation of an archiving solution and Enterprise Architecture had yet to take place.

Office of the CEO



Finance



ANNUAL PERFORMANCE REPORT (CONTINUED)

SUB-PROGRAMME 2: FINANCIAL ADMINISTRATION

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To provide effective and transparent financial management systems	Audit opinion: External audit	Unqualified	Unqualified	A clean audit was achieved for the 2013/14 financial year.
	% of prior period report items (external audit report) resolved prior to commencement of audit	90%	92%	Only one report item raised by the Auditor-General during the 2013/14 audit, including those raised on the final AFS for the S21 company for the year ended 31 August 2013, remains unresolved.

SUB-PROGRAMME 3: CORPORATE SERVICES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To effectively manage human resource recruitment, training and development	Number of vacant positions as % of total staff requirement	8%	7.8%	Certain positions earmarked for recruitment in 2014/15 could not be filled due to failure to find suitably qualified candidates, or were postponed to the following financial year as part of the recruitment plan.
	% implementation of Dube TradePort Corporation Training and Development Plan (<i>cumulative</i>)	80%	61%	Employees attended 108 training courses during the 2014/15 financial year.
	Number of CSI projects	2	3 new projects 3 expanded projects	New projects: (1) Science Lab Kits; (2) Market Day for Small Farmers; and (3) Ohlange High School Library Refurbishment. Expanded projects: (1) Engineering Bursaries Scheme – 21 bursaries awarded since April 2014; (2) School Uniforms – delivered to 1,000 learners in 10 schools (5 schools in 2013/14 financial year); and (3) Solar Energy System – 2 new systems since April 2014.
	Number of apprenticeships and internships	10	22	22 Interns were employed by DTPC in 2014/15.

ANNUAL PERFORMANCE REPORT (CONTINUED)

SUB-PROGRAMME 4: MARKETING

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To facilitate and manage the development of the Dube TradePort brand and sub-brands in the market	% increase in brand value	15% from baseline	17% from baseline	The overall increase in brand value is the result of an increase in clients, tenants and new revenue streams. This is evidence of a healthy brand and substantial brand awareness, as the business units are able to convert interest into leads, and subsequently sales.
	Number of successful campaigns implemented	10	11	The following campaigns were implemented during the year: (1) Property: SAPOA 2014; (2) Cargo: Road Show; (3) Brand Awareness and Understanding Campaign 1; (4) IDZ Launch Event; (5) Brand Awareness and Understanding Campaign 3; (6) Stakeholder Management: Tenants; (7) Dube AgriZone Local Awareness of Offerings; (8) Dube iConnect Product Awareness; (9) Property: Investment Opportunities; (10) Dube AgriLab Sales Campaign; and (11) I Heart Dube Internal Campaign.
	Number of slots occupied on the electronic billboards	50	50	49 Slots on the electronic billboards were sold and 1 trade swop was concluded in the 2014/15 financial year.
	Number of activities developed and implemented to support External Business Communication channels	11	11	The following activities were developed in 2014/15: (1) DTP Factbook and Model; (2) Routes Africa 2014; (3) Tenant Feedback Report; (4) DTPC Annual Report; (5) State of the Environment Report; (6) DTP Brochure; (7) CEO Roadshow; (8) Marketing Materials and Branding; (9) Air Cargo Africa 2015; (10) General public communication (tours and newsletters); and (11) Photographic documentation of developments.
	% increase in website hits	15% from baseline	77% from baseline	The average quarterly hit count was just over 2 million, representing an increase of 77% from the baseline in 2011/12 and an 18.5% increase over 2013/14.

ANNUAL PERFORMANCE REPORT (CONTINUED)

Programme 2: Dubai Cargo and Air Services

SUB-PROGRAMME 1: CARGO OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To enable a seamless cargo service	Processing time against Service Level Agreements	90%	100%	Service levels have consistently exceeded those specified within the Service Level Agreements in 2014/15.
	Tonnage throughput from Dubai Cargo Terminal – International	7,141–7,180	7,149	The targeted international tonnages were achieved, despite a lack of new International Carriers operating from King Shaka International Airport (KSIA) in 2014/15.
	Number of air freighters using King Shaka International Airport	0	0	Africa Charter Airlines has a freighter based at KSIA operating a scheduled flight, and a number of ad hoc freighters have also operated ex KSIA over the year.
	Availability of equipment	97%	97.6%	All necessary equipment was available when needed, despite the refrigeration system being out of commission in the second half of the year and upgrades being made to the CCTV system.
	Increase of revenue generated from trucking services	8% year-on-year	32% year-on-year	Dube AiRoad revenue increased by 32% over last year, however the trucks did not run for the entire year in 2013/14 and increased sales, particularly on long-haul trips, will be required if such increases are to be maintained.
To facilitate effective air cargo security measures, in line with national and international standards	Results of annual SACAA audit: <i>Dube Cargo Terminal</i>	100%	100%	South African Civil Aviation Authority (SACAA) conducted audits in the first and third quarters with no exceptions noted.
	Results of annual SACAA audit: <i>Valuable Cargo Terminal</i>	100%	n/a	No audit was conducted on the Valuable Cargo Terminal as the facility was not operational in 2014/15.
	Number of exceptions noted from audit to ensure adherence to licensing conditions	5	0	No exceptions were noted when the SACAA audits were conducted.
	Level of conformance with regulations (per Safety Management System (SMS) audit)	95%	96%	Adherence to safety regulations was monitored internally throughout the year.

ANNUAL PERFORMANCE REPORT (CONTINUED)

SUB-PROGRAMME 2: AIR SERVICES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To facilitate new international and regional air services	Number of business cases developed	2	21	21 airline-specific business cases were prepared for presentation during Routes 2014, held in Chicago, USA in September.
	Number of business cases reviewed and/or business opportunity proposals presented	8	15	15 business cases were presented to airlines at Routes 2014 and follow-up meetings held with Turkish Airlines, Condor, Kenyan Airlines and Ethiopian Airlines. However, long planning lead times, high oil prices and a weak Rand meant that these have not yet been converted into confirmed routes flying via KSIA.

SUB-PROGRAMME 3: AIRSIDE

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To facilitate the provisioning of airside facilities	Number of compliant on-site developments	1	0	Delays in environmental approvals meant that the construction of airside facilities has not yet commenced.
	Number of CAA injunctions to be complied with: development of the GA and MRO facilities	5 (Annex 14, Annex 17, NKP, CARS, NASP)	0	Delays in environmental approvals meant that the construction of airside facilities has not yet commenced.

Corporate Services



Cargo



ANNUAL PERFORMANCE REPORT (CONTINUED)

Programme 3: Property

SUB-PROGRAMME 1: PROPERTY COMMERCIAL

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To secure agreements with private sector investors in property development	Cumulative uptake of development opportunities by private sector investment (ZAR)	R730 million	R1.063 billion	Leases were signed with Namec and North Star Logistics at Dube TradeZone and Eureka Capital at Dube City, while the lease with Abercorn Investments, signed in 2013/14, was cancelled.
	Number of square meters of land leased in Dube TradeZone Phases 1 and 2 (cumulative)	200,000m ²	217,405m ²	87% of the sites available at Dube TradeZone 1 have been let, with the remaining 13% either reserved under a memorandum of understanding or held back by DTPC for industries that can take advantage of the IDZ and SEZ regulations.
	Number of bulk square meters let in Dube City (cumulative)	15,000m ²	21,500m ²	Lease concluded on Block D at Dube City.
	Minimum average rental rate per m ² (total rental/area rented): - Land leases (Dube TradeZone Phase 1)	R8.00 – R10.50/m ²	R8.00/m ²	All new land leases signed at the Dube TradeZone during the year were signed at the targeted rental rate.
	Minimum average rental rate per bulk m ² (total rental/area rented): - Land leases (Dube City)	R3.50 – R9.00/m ²	R7.00/m ²	One new land lease was signed at Dube City at R7.00 per m ² of bulk.

Property



ANNUAL PERFORMANCE REPORT (CONTINUED)

SUB-PROGRAMME 2: PROPERTY OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To effectively manage Dube TradePort Corporation's property investments	% occupancy of Dube TradePort Corporation owned buildings: <i>Dube TradeZone</i>	90%	93.8%	A double unit at Dube TradeHouse, the Valuable Cargo Building and a small area at Dube Cargo Terminal were vacant at year-end.
	% occupancy of Dube TradePort Corporation owned buildings: <i>Dube City</i>	90%	99.7%	Shop 3 on the ground floor at 29° South is unoccupied.
	% of tenant satisfaction	>80%	87%	A tenant survey was conducted at year-end, which indicated that, on average, tenants are satisfied with the level of service provided.
	Minimum average rental rate per m ² (total rental/area rented): - <i>Owned buildings (Dube TradeZone)</i>	R42 – R50/m ²	R59.47/m ²	High demand for space at Dube TradeZone has enabled DTPC to charge higher rental rates. A number of units at Dube TradeHouse are scheduled for renewal in the next year, which could affect this rate going forward.
	Minimum average rental rate per m ² (total rental/area rented): - <i>Owned buildings (Dube City)</i>	R52 – R92/m ²	R63.02/m ²	The minimum average rental rate targeted has been achieved. Initial leases at Dube City were entered into at lower rates, which have kept the overall average low.
To maintain state-of-the-art facilities within Dube TradePort Corporation and JV developments	% completion of relevant maintenance programmes	90%	86%	Contracts are in place for all significant maintenance programmes and, accordingly, these were completed as scheduled. Resignations and the re-distribution of maintenance portfolios within the programme meant that not all tasks originally planned were completed within the relevant timeframes.

Dube AgriZone



Dube AgriLab



ANNUAL PERFORMANCE REPORT (CONTINUED)

Programme 4: Dube AgriZone

SUB-PROGRAMME 1: DUBE AGRIZONE SERVICES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To provide reliable, effective and efficient Dube AgriZone Services	% tenant satisfaction (customer survey)	80%	86%	The survey conducted at year-end indicated that Dube AgriZone tenants/customers are satisfied with the service levels provided.
	Number of export sales agreements concluded	1 contract	0	A change in focus meant that no export promotion work was done with tenants in 2014/15.
	Number of services introduced/offered	2	3	A contract for the maintenance and cleaning of the solar panels was implemented, an electricity analysis done and a pressure vessel testing contract implemented.
	% completion of relevant specialist maintenance programme	100%	98%	Planned maintenance was completed as per the maintenance programme, except for specialised maintenance on the greenhouses, which was not conducted during the year as two of these were vacant.
	Volume of produce in Dube AgriZone (tonnage)	4,000	14,232	Tenants handling bulk fruit and vegetables, rather than lighter products such as leafy vegetables and salad mixes, meant that the total tonnages produced were higher than expected. These volumes include both produce grown and packaged at Dube AgriZone.

SUB-PROGRAMME 2: DUBE AGRIZONE SUSTAINABLE FARMING INITIATIVES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To ensure that Dube AgriZone is used to initiate and promote sustainable farming initiatives and businesses	Number of projects initiated	0	0	Work on the waste to energy project that commenced in 2013/14 continued.
	% energy needs derived from renewable energy sources	15%	20%	On average, 20% of Dube AgriZone's energy needs were provided by renewable energy sources.

ANNUAL PERFORMANCE REPORT (CONTINUED)

SUB-PROGRAMME 3: TISSUE CULTURE FACILITY (DUBE AGRILAB)

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To manage, operate and maintain the Tissue Culture Facility (Dube AgriLab)	Number of plant tissue cultures propagated	1	2	Sugar and ginger were produced during the year, while research and development of a number of other lines was undertaken.
	Number of contracts obtained from customers	2	3	Sale agreements were signed with three companies.
	Tissue Culture Facility (Dube AgriLab) revenue	R2.8 million	R97,390	Dube AgriLab could not sell the higher value hardened materials as the new hardening facility is only scheduled to be completed in the first quarter of 2015/16. Alternative plans to work around this were unsuccessful. This, together with normal production issues, meant that this target could not be reached.

SUB-PROGRAMME 4: LANDSCAPING AND REHABILITATION

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To provide species for maintenance of open spaces and landscaped areas and also create and maintain high quality landscaping of the precinct	Number of hectares rehabilitated	16 ha	82 ha	Alien species were cleared from 82 hectares of land after additional land was included in the rehabilitation programme.
	% satisfaction with landscaping and landscape maintenance to Dube TradePort precincts	80%	85%	Survey results indicated that tenants and customers were satisfied with the landscaping across the Dube TradePort precinct.
	Number of hectares maintained per the Dube AgriZone rehabilitation plan	43 ha	82 ha	82 hectares of cleared land was maintained over the year. This included the additional areas that were added to the rehabilitation plan.

Dube iConnect



ANNUAL PERFORMANCE REPORT (CONTINUED)

SUB-PROGRAMME 5: DUBE AGRIZONE EXPANSION

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To identify and conclude agreements with suitable operators and producers	Number of available hectares taken up	4 ha	6 ha	A memorandum of understanding was signed for a 6 hectare development. Proposals are still being accepted for Phase 2 of Dube AgriZone and discussions are underway with potential new tenants.

Programme 5: ICT (Dube iConnect)

SUB-PROGRAMME 1: ICT COMMERCIAL

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To develop and provide cost-competitive and reliable commercial ICT services to Dube TradePort Corporation clients	% margin achieved on voice services	10%	18.4%	Increased margins were achieved as prices were re-negotiated with suppliers.
	Data Centre revenue	R950,000	R1,340,803	Despite the loss of one or two customers earlier in the year, data centre revenues have climbed steadily.
	% of spare broadband capacity maintained to achieve optimal commercial return	30%	21%	The uptake of bandwidth has increased over the year, ensuring that the residual capacity available is close to industry standards.

SUB-PROGRAMME 2: ICT OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To operate and maintain Dube iConnect IT infrastructure and commercial IT services	% uptime of commercial IT services	99%	99.48%	A new internal monitoring system was implemented in 2014/15. Minimal downtime was experienced on commercial IT services.
	Resolution of all faults logged within Service Level Agreement specifications	95%	96.25%	An internal, automated help-desk was implemented during the year and the majority of faults logged were resolved within the agreed timeframes.

ANNUAL PERFORMANCE REPORT (CONTINUED)

Programme 6: Development Planning and Infrastructure

SUB-PROGRAMME 1: PLANNING

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To institutionalise a regional planning framework facilitating the establishment of the Aerotropolis	% completion and institutionalisation of the regional plan	Establish an institutional structure	Established an institutional structure	An Aerotropolis Steering Committee has been formed and a memorandum of agreement signed with the Department of Economic Development, Tourism and Environmental Affairs to manage and facilitate the development of the Durban Aerotropolis.
To ensure the availability of land for future expansion	Number of land-use rights acquisitions and environmental authorisations obtained	1	0	Applications for environmental authorisations for Phase 2 of Dube TradeZone, Dube SupportZone, Dube AgriZone and for the Hlawe River sewer pipeline are underway.
	Number of layout diagrams/urban design frameworks completed	1	2	An urban design for Dube TradeZone 1 and 2 was completed, and the design for Dube SupportZone 2 was presented to the JV commercial committee.
To acquire strategic land parcels for future development activities	Number of hectares acquired (based on signed agreements)	90 ha	170 ha	A sale agreement was concluded for four land parcels adjacent to existing DTPC owned land.
To provide strategic recommendations guiding the implementation of the Aerotropolis	Number of reports on strategic recommendations	1	0	No strategic recommendation reports were concluded during the year.

SUB-PROGRAMME 2: ENVIRONMENT

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To ensure that the Aerotropolis is environmentally sustainable	Number of internal State of the Environment Reports	1	1	The 2013/14 State of the Environment Report was completed and distributed during the year.
	% of compliance with Environmental Authorisations – independent audit results	90%	96.6%	Independent environmental audits are conducted monthly.
	Number of hectares of land offset as per site-wide rehabilitation plan	Plantation: 50 ha Alien clearing: 100 ha	Plantation: 106 ha Alien clearing: 124 ha	The planned areas were cleared and planted by year-end, despite problems in the first half of the year with planting, including plant fatalities and delays caused by repairs required to the equipment.

ANNUAL PERFORMANCE REPORT (CONTINUED)

SUB-PROGRAMME 3: INFRASTRUCTURE

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To adequately plan for Dube TradePort's public infrastructure requirements	Number of public facilities undertaken	0	0	No public facilities were planned for the year.
To achieve greater infrastructure alignment with other stakeholders	Number of engagements with other stakeholders	3	5	Quarterly meetings were attended for Strategic Infrastructure Project 2 and the KSIA Master Plan.
To procure, manage and monitor Dube TradePort infrastructure provisioning	Number of construction projects undertaken	3	3	The following construction projects were initiated during the year: (1) Dube AgriZone hardening facility; (2) Dube AgriZone waste facility; and (3) Double basement on Block D at Dube City.
	% deviation from initial budget	10% max	8%	On average, projects were completed within budget.
	Number of monthly progress meetings conducted	30	39	Regular progress meetings were held throughout the year.
	% of construction (infrastructure and development) projects with 10% of budget allocated to Enterprise Development	50%	25%	Contract for the double basement was concluded with 10% Enterprise Development commitment.
	% of infrastructure and development projects with 5% of key identified Engineering, Procurement and Construction Management (EPCM) services allocated to internship	30%	25%	An internship component was included in the contract for the double basement at Dube City.

ANNUAL PERFORMANCE REPORT (CONTINUED)

SUB-PROGRAMME 4: DEVELOPMENT

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2014/15	ACTUAL PERFORMANCE	COMMENT
To provide technical support to all Dube TradePort Corporation's programmes	Number of projects scoped and designed	2	4	Designs were completed for: (1) The double basement; (2) Cottonlands; (3) Dube SupportZone 2; and (4) Dube TradeZone guardhouses and road realignment.
	% deviation from programme timelines	15%	37%	While the majority of projects for 2014/15 were completed as planned, some projects remained behind schedule.
	Number of monthly design coordination meetings conducted	16	34	Design coordination meetings have been held regularly throughout the year for all projects in progress.
	Number of projects with user requirements and concept drawings signed off by user departments	4	2	The relevant user departments signed off requirements for the double basement and Dube TradeZone road realignment and guardhouses.
To develop Dube TradePort Corporation's infrastructure plan and manage roll-out of services	Adequate infrastructure planning and delivery for Dube TradePort's development needs (measured against Dube TradePort Corporation's plan for each particular year)	80% complete against 2014/15 updated plan	97% complete against 2014/15 updated plan	The 2014/15 infrastructure plan included the design and procurement of a contractor to provide bulk infrastructure for Dube TradeZone 1b.

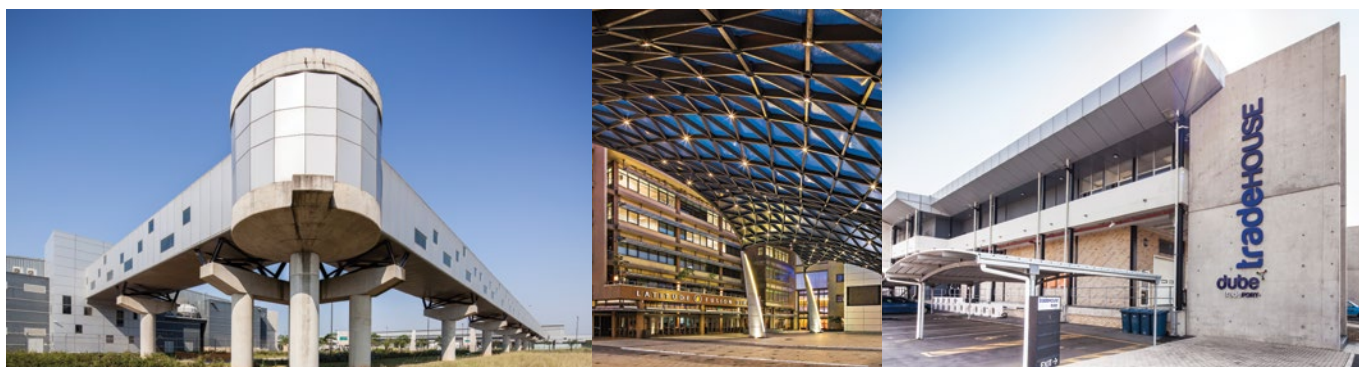
Development Planning and Infrastructure



GENERAL INFORMATION

Dube TradePort Corporation Consolidated Annual Financial Statements for the year ended 31 March 2015

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Design, construction and operation of the Dube TradePort project, as well as other related projects.
Board Members	Zanele Bridgette Gasas Carol Silindile Sibiya Velenkosini Lindokuhle Mtshali Graham Muller Mawalal (Mewa) Ramgobin Saxen van Coller (dismissed) Hamish Edward Erskine (acting)
Registered Office	29° South 7 Umsinsi Junction Dube City, La Mercy, 4399
Business Address	29° South 7 Umsinsi Junction Dube City, La Mercy, 4399
Postal Address	P.O. Box 57757 King Shaka International Airport 4407
Bankers	ABSA Business Banking: Public Sector KZN
Auditors	Auditor-General
Company Secretary	Ann Easton



ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2015



The reports and statements set out below comprise the consolidated financial statements presented to the provincial legislature:

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ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

For the year ended 31 March 2015

The accounting authority is required by the Public Finance Management Act No. 1 of 1999 to maintain adequate accounting records, and is responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is the responsibility of the accounting authority to ensure that the consolidated financial statements fairly present the state of affairs of the entity as at the end of the financial year, and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated financial statements, and were given unrestricted access to all financial records and related data.

The consolidated financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated financial statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting authority acknowledges that it is ultimately responsible for the system of internal financial control established by the economic entity and places considerable importance on maintaining a strong control environment. To enable the accounting authority to meet these responsibilities, the accounting authority

sets standards for internal control aimed at reducing the risk of error or deficit 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 economic entity, and all employees are required to maintain the highest ethical standards to ensure that the economic entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting authority is 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 consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting authority has reviewed the economic entity's cash flow forecast for the year to 31 March 2016 and, in the light of this review


and the current financial position, it is satisfied that the economic entity has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Department of Economic Development, Tourism and Environmental Affairs for continued funding of operations. The consolidated financial statements are prepared on the basis that the entity is a going concern, and that the Department of Economic Development, Tourism and Environmental Affairs has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting authority is primarily responsible for the financial affairs of the entity, it is supported by the economic entity's external auditors.

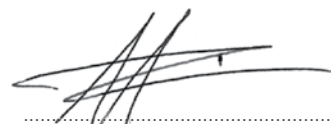
The external auditors are responsible for independently reviewing and reporting on the economic entity's consolidated financial statements. The consolidated financial statements have been examined by the economic entity's external auditors, and their report is presented on pages 35 - 36.

The consolidated financial statements set out on pages 38 - 76, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2015 and were signed on its behalf by:



Dr Zanele Bridgette Gasas

Chairperson:
Dube TradePort Corporation Board



Mr Hamish Erskine

Acting Chief Executive Officer
Dube TradePort Corporation

REPORT OF THE AUDIT AND RISK COMMITTEE

For the year ended 31 March 2015

The members of the Audit and Risk Committee are appointed by the Dube TradePort Corporation Board. In terms of Treasury Regulations and the King III Report on Corporate Governance, the Chairperson of the Audit and Risk Committee, appointed in January 2008, is independent.

The primary role of the Audit and Risk Committee is to assist the Board in discharging its responsibilities to safeguard Dube TradePort Corporation's assets, maintain adequate accounting records and develop and maintain effective systems of internal control. In reviewing the findings of the internal audit, nothing has come to the attention of the Committee to indicate any material breakdown in the internal controls, including the internal financial controls, of the entity. The Board report on the effectiveness of internal controls is included elsewhere in the Annual Report. The Audit and Risk Committee supports the opinion of the Board in this regard.

During the year, the Audit and Risk Committee met four times and undertook the following activities:

- Reviewed the Audit and Risk Committee's Terms of Reference to ensure relevance.

- Internal Audit Function:
 - Reviewed the Internal Audit Charter and approved the 2014/15 Internal Audit Plan and Budget;
 - Reviewed the findings of the internal audit as presented at the end of each internal audit cycle; and
 - Met with the internal audit without the presence of management.
- External Audit Function:
 - Reviewed and approved the Audited Financial Statements for the period ended 31 March 2014 for submission to the Dube TradePort Corporation Board;
 - Reviewed the external audit report tabled for the period ended 31 March 2014;
 - Met with the office of the Auditor-General to ensure that there are no unresolved issues of concern; and
 - Met with the office of the Auditor-General without the presence of management.
- Risk Management and Fraud Prevention:
 - Various policies were reviewed; and
 - The insurance claims and high risk contracts were reviewed for each quarter.

- Performance Information:
 - Reviewed quarterly performance reports for the period under review.

In undertaking the abovementioned activities, the Audit and Risk Committee fulfilled its mandate as set out in the Committee's Terms of Reference in all material aspects.

During the year, the Chairperson of the Audit and Risk Committee of the subsidiary, La Mercy JV Property Investments Proprietary Limited, was invited to give feedback from meetings of the subsidiary's Audit and Risk Committee.

I would like to take this opportunity to thank the Audit and Risk Committee members for the excellent role that they have played in shaping the governance environment of Dube TradePort Corporation. I look forward to our journey as we work towards full compliance with the PFMA and related regulatory environment that governs a Schedule 3C Provincial Public Entity.

Shadrack Khumalo

Chairperson: Audit and Risk Committee



REPORT OF THE AUDITOR-GENERAL

To the KwaZulu-Natal Provincial Legislature on Dube TradePort Corporation

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the consolidated and separate financial statements of the Dube TradePort Corporation set out on pages 38 - 76, which comprise the consolidated and separate statement of financial position as at 31 March 2015, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Dube TradePort Corporation as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

EMPHASIS OF MATTER

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

RESTATEMENT OF CORRESPONDING FIGURES

8. As disclosed in note 33 to the consolidated and separate financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error on the straight-lining of leases discovered during 31 March 2015 in the consolidated and separate financial statements of the Dube TradePort Corporation at, and for the year ended, 31 March 2014.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on

the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for programme 2: cargo and air services on pages 21 - 22, programme 3: property on pages 23 - 24 and programme 6: development planning and infrastructure on pages 28 - 30 presented in the annual performance report of the entity for the year ended 31 March 2015.

11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the *National Treasury's Framework for managing programme performance information* (FMPPPI).

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the cargo and air services, property and development planning and infrastructure programmes.

REPORT OF THE AUDITOR-GENERAL

To the KwaZulu-Natal Provincial Legislature on Dube TradePort Corporation

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

ADDITIONAL MATTER

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

ACHIEVEMENT OF PLANNED TARGETS

16. Refer to the annual performance report on pages 17 - 30 for information on the achievement of the planned targets for the year.

COMPLIANCE WITH LEGISLATION

17. I performed procedures to obtain evidence that the Dube TradePort Corporation had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

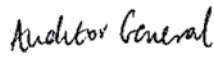
INTERNAL CONTROL

18. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

OTHER REPORT

INVESTIGATION

19. An independent consulting firm performed a due diligence review and risk assessment at the request of the board of Dube TradePort Corporation, during the period ended 31 March 2015. The review revealed that an employee had provided incorrect qualifications at the time of appointment. The consequent disciplinary process was concluded in May 2015 and resulted in the dismissal of the employee.



Auditor-General
Pietermaritzburg
29 July 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE ACCOUNTING AUTHORITY (“BOARD”)

For the year ended 31 March 2015

The Accounting Authority (“Board”) presents its report on the activities for the entity for the period ended 31 March 2015.

1. LEGAL ENTITY, NATURE OF BUSINESS AND OPERATIONS

Dube TradePort Corporation is a listed Provincial Public Entity (Schedule 3C) as contemplated by the Public Finance Management Act No. 1 of 1999 (PFMA).

The KwaZulu-Natal Dube TradePort Corporation Act No. 2 of 2010 was promulgated on 21 October 2010 and subsequently Dube TradePort Corporation was registered as a Schedule 3C Provincial Public Entity (in the government gazette dated 30 September 2011) with an effective date of 1 April 2011. The transition to the public entity was completed on 31 August 2013. Prior to this date, Dube TradePort conducted its operating activities as a Non-Profit Company (previously known as a Section 21 Company), registered as such in terms of the Companies Act No. 81 of 2008. The company registration number was 2002/002810/08.

The voluntary winding up and deregistration process of the Dube TradePort Non-Profit Company commenced and was concluded in 2013/14 and all assets, liabilities, rights, duties and obligations were transferred to, and vested in, the Dube TradePort Corporation.

Dube TradePort has been created as an implementation vehicle and service delivery entity by the Provincial Government of KwaZulu-Natal. It is responsible for the strategic planning, design, construction and operation of Dube TradePort, as well as other related projects. Key components of Dube TradePort are King Shaka International Airport, Dube TradeZone, Dube AgriZone, Dube City and Dube iConnect.

During 2014, Dube TradeZone and Dube AgriZone were designated Industrial Development Zones.

On 20 February 2015, Saxon van Coller was suspended pending a disciplinary enquiry. The disciplinary process was concluded in May 2015, and on 15 June 2015 she was dismissed. Mr Hamish Erskine, the ICT and Property Executive, was appointed as Acting Chief Executive Officer in the interim period.

2. RELEVANT LEGISLATION GOVERNING DUBE TRADEPORT OPERATIONS

Dube TradePort abides by the obligations of the PFMA and Treasury Regulations, as contained

within the Grant Funding Agreement with the Department of Economic Development, Tourism and Environmental Affairs.

3. STATEMENT OF RESPONSIBILITY

The Board members (in their role as accounting authority) acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of the controls, procedures and systems has occurred during the year under review.

As part of Dube TradePort Corporation's governance process, Board members are required to disclose all interests in contracts awarded by Dube TradePort Corporation. During the year under review, none of the Board members of Dube TradePort had any interest in contracts awarded by Dube TradePort Corporation.

The Board is also responsible for the maintenance of adequate accounting records, the preparation and integrity of the consolidated financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements.

The consolidated financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP). This responsibility includes:

- Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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.

The opinion of the Board in this regard is reflected in the previous section (Accounting Authority's Responsibilities and Approval).

4. JOINT VENTURE

In fulfilling one of the requirements of the Co-operation Agreement (signed between Dube TradePort Corporation and the Airports Company of South Africa SOC Limited (ACSA)), Dube TradePort entered into a joint venture with ACSA, whereby Dube TradePort Corporation owns 60% of La Mercy JV Property Investments Proprietary Limited. The application of GRAP dictates that Dube TradePort Corporation accounts for its

interest in La Mercy JV Property Investments Proprietary Limited as a subsidiary.

The main objective of the La Mercy JV Property Investments Proprietary Limited is that of a property holding, development and letting company, the intention being to develop the joint venture area in accordance with the Development Framework Plan and the Master Plan.

During the 2014/15 financial year, the main focus of the La Mercy JV Property Investments Proprietary Limited has been the rehabilitation and restoration project, which resulted in the rehabilitation of 231 hectares.

The financial year-end of La Mercy JV Property Investments Proprietary Limited is 31 March, and the results of the operations of the company have been included in the consolidated financial statements of Dube TradePort Corporation.

5. FINANCIAL RESULTS

The results of operations for the year under review are set out in the consolidated financial statements, which reflect both the consolidated and entity results. Dube TradePort Corporation continues to be funded by Provincial Government and remains a going concern.

6. COMMITMENTS

Dube TradePort Corporation has entered into a number of commitments ranging from infrastructure development and construction of specialised buildings to the procurement of specialised equipment and plant.

7. EVENTS SUBSEQUENT TO PERIOD END

During the financial period under review, the entity obtained judgement against a defaulting debtor (Carmel Nurseries CC). On 29 June 2015 and 1 July 2015, the entity received a summons from Carmel Nurseries CC alleging breach of agreements and intention to rescind judgement, respectively. The value of the claim is R38 million. The entity's management considers the success of the action against the entity to be unlikely.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY		
	2015 R	2014 R	2015 R	2014 R	
ASSETS					
Current Assets					
Inventories	3	1,465,493	354,245	1,465,493	354,245
Loans to controlled entity	4	-	-	9,832,259	9,832,259
Receivables from exchange transactions	5	43,318,483	94,813,285	42,849,902	96,666,416
Receivables from non-exchange transactions	6	-	3,000,000	-	3,000,000
Cash and cash equivalents	7	877,720,473	628,715,727	804,769,753	621,884,636
		922,504,449	726,883,257	858,917,407	731,737,556
Non-Current Assets					
Investment property	8	1,757,640,111	1,776,277,742	1,811,535,630	1,772,101,026
Property, plant and equipment	9	1,411,536,903	1,450,027,719	1,286,199,979	1,450,027,719
Intangible assets	10	2,429,461	1,561,322	2,429,461	1,561,322
Heritage assets	11	7,654,358	7,654,358	7,654,358	7,654,358
Investments in controlled entity	12	-	-	1,306,634	1,306,634
Operating lease asset	13	33,046,235	21,733,565	33,046,235	21,733,565
		3,212,307,068	3,257,254,706	3,142,172,297	3,254,384,624
TOTAL ASSETS		4,134,811,517	3,984,137,963	4,001,089,704	3,986,122,180
LIABILITIES					
Current Liabilities					
Loans from shareholders	14	6,554,840	6,554,840	-	-
Current tax payable	15	324,806	667,692	-	667,692
Finance lease obligation	16	137,017	86,127	137,017	86,127
Payables from exchange transactions	17	74,952,473	87,482,426	62,851,464	86,243,916
Unspent conditional grants	18	6,599,367	2,631,579	6,599,367	2,631,579
		88,568,503	97,422,664	69,587,848	89,629,314
Non-Current Liabilities					
Finance lease obligation	16	428,284	16,443	428,284	16,443
TOTAL LIABILITIES		88,996,787	97,439,107	70,016,132	89,645,757
NET ASSETS		4,045,814,730	3,886,698,856	3,931,073,572	3,896,476,423
Net assets attributable to owners of controlling entity					
Reserves					
Capital contribution		871,050	871,050	-	-
Accumulated surplus		4,122,220,723	3,890,087,222	3,931,073,572	3,896,476,423
		4,123,091,773	3,890,958,272	3,931,073,572	3,896,476,423
Non-controlling interest		(77,277,043)	(4,259,416)	-	-
TOTAL NET ASSETS		4,045,814,730	3,886,698,856	3,931,073,572	3,896,476,423

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2015

NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
REVENUE				
REVENUE FROM EXCHANGE TRANSACTIONS				
Rendering of services	12,035,528	6,758,203	12,035,528	6,758,203
Rental from investment properties	36,057,612	21,409,505	35,709,287	21,051,154
Sundry income	759,708	1,130,357	719,315	559,848
Interest received - investments	42,764,124	23,341,412	42,317,099	23,166,068
TOTAL REVENUE FROM EXCHANGE TRANSACTIONS	91,616,972	52,639,477	90,781,229	51,535,273
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
TRANSFER REVENUE				
Government grants and subsidies	454,558,938	310,526,316	454,558,938	310,526,316
TOTAL REVENUE	546,175,910	363,165,793	545,340,167	362,061,589
EXPENDITURE				
Personnel	70,947,195	39,063,151	70,947,195	39,063,151
Depreciation, impairments and amortisation	157,673,579	114,139,476	157,420,647	114,139,476
Finance costs	105,793	46,249	103,298	31,685
Debt impairment	197,030	1,942,329	197,030	1,942,329
Repairs and maintenance	11,258,653	7,607,641	11,258,653	7,607,641
General expenses	152,350,741	83,358,602	144,444,595	79,985,799
TOTAL EXPENDITURE	392,532,991	246,157,448	384,371,418	242,770,081
OPERATING SURPLUS	153,642,919	117,008,345	160,968,749	119,291,508
Gain/(loss) on disposal of assets and liabilities	31,991,762	(10,948)	(125,683,422)	(10,948)
Loss on foreign exchange	(13,182)	(38,000)	(13,182)	(38,000)
	31,978,580	(48,948)	(125,696,604)	(48,948)
SURPLUS BEFORE TAXATION	185,621,499	116,959,397	35,272,145	119,242,560
Taxation	(26,506,030)	-	(675,000)	-
SURPLUS FOR THE YEAR	159,115,469	116,959,397	34,597,145	119,242,560
ATTRIBUTABLE TO:				
Owners of the controlling entity	232,133,096	117,872,662	34,597,145	119,242,560
Non-controlling interest	(73,017,627)	(913,265)	-	-
	159,115,469	116,959,397	34,597,145	119,242,560

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2015

	CAPITAL CONTRIBUTION RESERVE	ACCUMULATED SURPLUS	TOTAL ATTRIBUTABLE TO OWNERS OF THE ECONOMIC ENTITY	NON-CONTROLLING INTEREST	TOTAL NET ASSETS
	R	R	R	R	R
ECONOMIC ENTITY					
BALANCE AT 1 SEPTEMBER 2013	-	617,955,826	617,955,826	(3,346,151)	614,609,675
Changes in net assets					
Change in accounting policies	-	3,225,436,849	3,225,436,849	-	3,225,436,849
Adjustments to opening balances	-	(71,178,115)	(71,178,115)	-	(71,178,115)
Net income recognised directly in net assets	-	3,154,258,734	3,154,258,734	-	3,154,258,734
Surplus for the year	-	117,872,662	117,872,662	(913,265)	116,959,397
Total recognised income and expenses for the year	-	3,272,131,396	3,272,131,396	(913,265)	3,271,218,131
Capital contribution	871,050	-	871,050	-	871,050
Total changes	871,050	3,272,131,396	3,273,002,446	(913,265)	3,272,089,181
BALANCE AT 1 APRIL 2014	871,050	3,890,087,627	3,890,958,677	(4,259,416)	3,886,699,261
Changes in net assets					
Net income recognised directly in net assets	-	-	-	-	-
Surplus for the year	-	232,133,096	232,133,096	(73,017,627)	159,115,469
Total changes	-	232,133,096	232,133,096	(73,017,627)	159,115,469
BALANCE AT 31 MARCH 2015	871,050	4,122,220,723	4,123,091,773	(77,277,043)	4,045,814,730
CONTROLLING ENTITY					
BALANCE AT 1 SEPTEMBER 2013	-	622,975,129	622,975,129	-	622,975,129
Changes in net assets					
Change in accounting policies	-	3,225,436,849	3,225,436,849	-	3,225,436,849
Adjustments to opening balances	-	(71,178,115)	(71,178,115)	-	(71,178,115)
Net income recognised directly in net assets	-	3,154,258,734	3,154,258,734	-	3,154,258,734
Surplus for the year	-	119,242,560	119,242,560	-	119,242,560
Total changes	-	3,273,501,294	3,273,501,294	-	3,273,501,294
BALANCE AT 1 APRIL 2014	-	3,896,476,427	3,896,476,427	-	3,896,476,427
Changes in net assets					
Surplus for the year	-	34,597,145	34,597,145	-	34,597,145
Total changes	-	34,597,145	34,597,145	-	34,597,145
BALANCE AT 31 MARCH 2015	-	3,931,073,572	3,931,073,572	-	3,931,073,572

CASH FLOW STATEMENT

For the year ended 31 March 2015

NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Sale of goods and services	84,631,565	23,394,947	84,631,565	23,830,300
Grants	461,158,305	310,526,316	461,158,305	310,526,316
Interest income	42,250,165	20,697,974	41,874,745	20,522,630
Other receipts	4,692,573	1,130,357	719,315	559,848
	592,732,608	355,749,594	588,383,930	355,439,094
PAYMENTS				
Employee costs	(64,300,134)	(32,430,169)	(64,300,134)	(32,430,169)
Suppliers	(183,514,642)	(135,748,301)	(187,145,987)	(135,720,467)
Finance costs	(105,793)	(46,249)	(103,298)	(31,685)
Taxes on surpluses	(26,830,836)	-	(667,692)	-
	(274,751,405)	(168,224,719)	(252,217,111)	(168,182,321)
NET CASH FLOWS FROM OPERATING ACTIVITIES	29 317,981,203	187,524,875	336,166,819	187,256,773
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	9 (100,019,666)	(55,377,423)	(100,019,667)	(55,377,423)
Proceeds from sale of property, plant and equipment	9 -	-	18,013	-
Purchase of investment property	8 (558,889)	(474,372,012)	(52,794,517)	(473,976,167)
Proceeds from sale of investment property	8 32,087,630	-	-	-
Purchase of intangible assets	10 (948,261)	(1,032,458)	(948,261)	(1,032,458)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(69,439,186)	(530,781,893)	(153,744,432)	(530,386,048)
CASH FLOWS FROM FINANCING ACTIVITIES				
Movements in finance lease	462,729	(102,723)	462,731	(102,723)
NET CASH FLOWS FROM FINANCING ACTIVITIES	462,729	(102,723)	462,731	(102,723)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
	249,004,746	(343,359,741)	182,885,118	(343,231,998)
Cash and cash equivalents at the beginning of the year	628,715,727	972,075,468	621,884,636	965,116,634
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7 877,720,473	628,715,727	804,769,754	621,884,636

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 31 March 2015

ECONOMIC ENTITY	BUDGET			ACTUAL	VARIANCE		NOTES
	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	COMPARABLE BASIS R		%	
<i>Budget prepared on a cash basis</i>							
Revenue	90,768,328	12,638,015	103,406,343	102,110,697	1,295,646	1,3%	
Grants received	630,375,000	(115,000,000)	515,375,000	515,375,000	-	0,0%	
Roll-over	8,704,781	-	8,704,781	8,704,781	-	0,0%	
CURRENT PAYMENTS	319,123,280	(28,307,162)	290,816,118	262,506,870	28,309,248	9,7%	
Compensation of employees	97,579,004	(20,887,756)	76,691,248	78,701,771	(2,010,523)	(2,6%)	
Goods and Services of which:							
Computer services	2,931,484	(1,783,827)	1,147,657	707,192	440,465	38,4%	1
Consultants, contractors and special services	69,476,517	(36,250,826)	33,225,691	18,037,136	15,188,555	45,7%	2
Maintenance, repairs and running costs	105,073,050	53,039,129	158,112,179	146,338,367	11,773,811	7,4%	
Operating leases	482,871	(203,000)	279,871	292,529	(12,658)	(4,5%)	
Travel and subsistence	3,007,928	(659,536)	2,348,392	1,512,420	835,972	35,6%	3
Advertising	34,206,586	(20,771,346)	13,435,240	13,247,540	187,700	1,4%	
Training	6,365,840	(790,000)	5,575,840	3,669,913	1,905,927	34,2%	4
CAPITAL ASSETS	410,724,830	(74,054,823)	336,670,007	325,963,944	10,706,063	3,2%	
Buildings and other fixed structures	277,115,149	(168,634,863)	108,480,286	110,304,460	(1,824,174)	(1,7%)	
Machinery and equipment	24,626,408	4,299,088	28,925,496	17,979,273	10,946,224	37,8%	5
Software and other intangible assets	9,165,238	(6,450,000)	2,715,238	1,103,755	1,611,482	59,3%	6
Land and subsoil assets	99,818,035	96,730,952	196,548,987	196,576,456	(27,469)	0,0%	
	-	-	-	37,719,664	(37,719,664)	(7,3%)	
LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED							
Total revenue	12,155,713	99,945,464	112,101,177	111,722,046	379,131	0,3%	
Total expenditure	58,443,666	(2,619,403)	55,824,263	45,602,418	10,221,845	18,3%	
	(46,287,953)	(102,564,867)	56,276,914	66,119,628	(9,842,714)	(17,5%)	7
TOTAL	(46,287,953)	(102,564,867)	56,276,914	103,839,292	(47,562,378)		

Material variances (greater than 10%) between budget and actual amounts

- Computer Services:* Computer maintenance costs were reduced after certain systems were implemented later in the year than expected.
- Consultants, contractors and special services:* Research costs and costs relating to the DTP IDZ were not required or were funded through the Department of Trade and Industry.
- Travel and subsistence:* Fewer trips, particularly international trips, were required, in line with cost-cutting regulations.
- Training:* Savings due to staff attending free training wherever possible, and some invoices were received too late for payment to be made before year-end.
- Machinery and equipment:* Certain procurements were still in progress at year-end, and therefore could not be paid for before the end of March.
- Software and other intangible assets:* Planned procurements were concluded later than expected, which delayed spending.
- La Mercy JV Property Investments Proprietary Limited:* The material difference between actual expenditure and budgeted amounts was due to delays in carrying out the rehabilitation work as a result of challenges in obtaining environmental authorisations, as well as delays in the registration of the Dube City land sale, which resulted in the postponement of the VAT liability.

Changes from approved budget to final budget

Dube TradePort Corporation: Adjustments made to the Approved Budget were made to accommodate a decrease in the transfers received from the Department of Economic Development, Tourism and Environmental Affairs.

La Mercy JV Property Investments Proprietary Limited: The Approved Budget was adjusted to take into account the sale of land by La Mercy JV Property Investments Proprietary Limited to its shareholders.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)

CONTROLLED ENTITY	BUDGET			ACTUAL	VARIANCE		NOTES
	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	COMPARABLE BASIS R		%	
<i>Budget prepared on a cash basis</i>							
Revenue	90,768,328	12,638,015	103,406,343	102,110,697	1,295,646	1,3%	
Grants received	630,375,000	(115,000,000)	515,375,000	515,375,000	-	0,0%	
Roll-over	8,704,781	-	8,704,781	8,704,781	-	0,0%	
CURRENT PAYMENTS	319,123,280	(28,307,162)	290,816,118	262,506,870	28,309,248	9,7%	
Compensation of employees	97,579,004	(20,887,756)	76,691,248	78,701,771	(2,010,523)	(2,6%)	
Goods and Services of which:							
Computer services	2,931,484	(1,783,827)	1,147,657	707,192	440,465	38,4%	1
Consultants, contractors and special services	69,476,517	(36,250,826)	33,225,691	18,037,136	15,188,555	45,7%	2
Maintenance, repairs and running costs	105,073,050	53,039,129	158,112,179	146,338,367	11,773,811	7,4%	
Operating leases	482,871	(203,000)	279,871	292,529	(12,658)	(4,5%)	
Travel and subsistence	3,007,928	(659,536)	2,348,392	1,512,420	835,972	35,6%	3
Advertising	34,206,586	(20,771,346)	13,435,240	13,247,540	187,700	1,4%	
Training	6,365,840	(790,000)	5,575,840	3,669,913	1,905,927	34,2%	4
CAPITAL ASSETS	410,724,830	(74,054,823)	336,670,007	325,963,944	10,706,063	3,2%	
Buildings and other fixed structures	277,115,149	(168,634,863)	108,480,286	110,304,460	(1,824,174)	(1,7%)	
Machinery and equipment	24,626,408	4,299,088	28,925,496	17,979,273	10,946,224	37,8%	5
Software and other intangible assets	9,165,238	(6,450,000)	2,715,238	1,103,755	1,611,482	59,3%	6
Land and subsoil assets	99,818,035	96,730,952	196,548,987	196,576,456	(27,469)	0,0%	
TOTAL	-	-	-	37,719,664	(37,719,664)	(7,3%)	

Material variances (greater than 10%) between budget and actual amounts

- Computer Services:* Computer maintenance costs were reduced after certain systems were implemented later in the year than expected.
- Consultants, contractors and special services:* Research costs and costs relating to the DTP IDZ were not required or were funded through the Department of Trade and Industry.
- Travel and subsistence:* Fewer trips, particularly international trips, were required, in line with cost-cutting regulations.
- Training:* Savings due to staff attending free training wherever possible, and some invoices were received too late for payment to be made before year-end.
- Machinery and equipment:* Certain procurements were still in progress at year-end, and therefore could not be paid for before the end of March.
- Software and other intangible assets:* Planned procurements were concluded later than expected, which delayed spending.

Changes from approved budget to final budget

Adjustments made to the Approved Budget were made to accommodate a decrease in the transfers received from the Department of Economic Development, Tourism and Environmental Affairs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. ACCOUNTING POLICIES PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated financial statements have been prepared on an accrual basis of accounting, and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 CONSOLIDATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the controlling entity and the controlled entity, including special purpose entities, which are controlled by the controlling entity.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the fair value on initial recognition of a financial asset, in accordance with the Standards of GRAP on Financial Instruments.

The consolidated financial statements of the controlling entity and its controlled entity used in the preparation of the consolidated financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the financial statements of the controlled entity to bring their accounting policies in line with those of the controlling entity.

All inter-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Minority interests in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets. Losses applicable to the minority in a consolidated controlled entity may exceed the minority interest in the controlled entity's net assets. The excess, and any further losses applicable to the minority, are allocated against the majority interest, except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity subsequently reports surpluses, such surpluses are allocated to the majority interest, until the minority's share of losses previously absorbed by the majority has been recovered.

Minority interests in the surplus or deficit of the economic entity are separately disclosed.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the consolidated financial statements. Significant judgements include:

Receivables from exchange transactions and loans and receivables

The economic entity assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

No provisions and contingencies were identified by management during the period under review.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors' carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 INVESTMENT PROPERTY

Investment property is property (land or a building, or part of a building, or both) held to earn rentals, or for capital appreciation, or both, rather than for:

- Use in the production or supply of goods or services; or
- Administrative purposes; or
- Sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services, or for administrative purposes.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially, and costs incurred subsequently, to add to, or to replace a part of, or to service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

ITEM	USEFUL LIFE
Property - land	Indefinite
Property - buildings	8 - 50 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.4 PROPERTY, PLANT AND EQUIPMENT

Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above, are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property, plant and equipment are measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

Incomplete construction work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

Infrastructure assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the entity.

Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit for the year when the item is derecognised.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	AVERAGE USEFUL LIFE
Land	Indefinite
Buildings	8 - 50 years
Plant and machinery	
• Tools and equipment	2 - 20 years
• Sundry and office equipment	3 - 15 years
Furniture and fixtures	3 - 15 years
Motor vehicles	5 years
IT equipment	
• Hardware and operating systems	3 - 5 years
• Networks	5 - 10 years
Infrastructure	
• Roads	3 - 100 years
• Sewerage	10 - 60 years
• Solid waste disposal	5 - 55 years

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate, unless expectations differ from the previous estimate.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

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

Items are derecognised when the asset is disposed of, or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 INTANGIBLE ASSETS

An asset is identified as an intangible asset when it:

- Is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- Arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separate from the economic entity or from other rights and obligations.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- The cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits or service potential;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; or
- The expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment, and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	USEFUL LIFE
Licenses	Indefinite
Computer software	3 years

1.6 HERITAGE ASSETS

Assets are resources controlled by an economic entity as a result of past events, and from which future economic benefits or service potential are expected to flow to the economic entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an economic entity's operations, that is shown as a single item for the purpose of disclosure in the consolidated financial statements.

Cost is the amount of cash or cash equivalents paid, or the fair value of the other consideration given, to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance, and are held indefinitely for the benefit of present and future generations.

Recognition

The economic entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The economic entity assesses at each reporting date whether there is an indication that heritage assets may be impaired. If any such indication exists, the economic entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The economic entity derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. The difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.7 INVESTMENTS IN CONTROLLED ENTITY

Economic entity consolidated financial statements

The economic entity consolidated financial statements include those of the controlling entity and its controlled entity. The revenue and expenses of the controlled entity are included from the effective date of acquisition.

On acquisition, the economic entity recognises the controlled entity's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Controlling entity consolidated financial statements

In the entity's separate consolidated financial statements, investments in controlled entity are carried at cost less any accumulated impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The cost of an investment in a controlled entity is the aggregate of:

- The fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the entity; plus
- Any costs directly attributable to the purchase of the controlled entity.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.8 FINANCIAL INSTRUMENTS

The entity has various types of financial instruments, and these can be broadly categorised as either financial assets or financial liabilities.

A financial asset is any asset consisting of cash or a contractual right to receive cash.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

Classification

The entity has the following types of financial assets (class and category), as reflected on the face of the statement of financial position, or in the notes thereto:

CLASS	CATEGORY
Receivable from exchange transactions	Financial asset measured at amortised cost
Receivable from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (class and category), as reflected on the face of the statement of financial position, or in the notes thereto:

CLASS	CATEGORY
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are recognised on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost; and
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

- If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.
- If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

- If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.9 TAX

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

1.10 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset, and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 INVENTORIES

Inventories are initially measured at cost, except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently, inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- Distribution at no charge, or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge, or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the economic entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs

incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects, is assigned using specific identification of the individual costs.

The cost of all other items, apart from those that are required to use a specific identification method, are assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value, or current replacement cost, and all losses of inventories, are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the economic entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation/(amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation/(amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

1.13 COMMITMENTS

A capital commitment is a binding agreement to undertake expenditure at some set time in the future which has not yet become an actual liability.

1.14 EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Wages and salaries;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related service; and
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related service.

When an employee has rendered services to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense when the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance-related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.15 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- The economic entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.16 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Measurement

Revenue is measured at the fair value of the consideration received or receivable net of value added tax.

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the entity, and when specific criteria have been met for each of the entity's activities as described below.

Rentals

Revenue from the rental of properties classified as operating leases is recognised on a straight-line basis over the term of the lease agreement, where such lease periods span over more than one financial year.

Rendering of services

Rendering of services include the following:

- Supply of IT services within the Dube TradePort precinct; and
- Cargo handling services.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Sale of plants

Sale of plants includes the following:

- Propagation of plants at the Tissue Culture Facility.

Revenue from the sale of plants is recognised when all the following conditions have been satisfied:

- The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Finance income

Interest is recognised in surplus or deficit using the effective interest rate method.

1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits, or service potential, received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Government grants

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised, and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, is recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs, or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

1.18 COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value, and all deficits of inventories, are recognised as an expense in the period that the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.19 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at rates different from those at which they were translated on initial recognition during the period, or in previous consolidated financial statements, are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.20 COMPARATIVE FIGURES

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year.

1.21 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- Overspending of a vote or a main division within a vote; and
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure would be recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and, where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure would be recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and, where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 IRREGULAR EXPENDITURE

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including:

- (a) The PMFA; or
- (b) The State Tender Board Act No. 86 of 1968, or any regulations made in terms of the Act; or
- (c) Any provincial legislation providing for procurement procedures in the provincial government.

National Treasury practice note no. 4 of 2008/09, which was issued in terms of sections 76(1) to 76(4) of the PFMA, requires the following (effective from 1 April 2008):

- Irregular expenditure that was incurred and identified during the current financial year, and which was condoned before year-end and/or before finalisation of the financial statements, must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required, with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year, and for which condonement is being awaited at year-end, must be recorded in the irregular expenditure register. No further action is required, with the exception of updating the note to the financial statements.

- Where irregular expenditure was incurred in the previous financial year, and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.
- Irregular expenditure that was incurred and identified during the current financial year, and which was not condoned by the National Treasury or the relevant authority, must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment, and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned, and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.24 CONDITIONAL GRANTS

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

1.25 BUDGET INFORMATION

Economic entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2014 to 31 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The budget for the economic entity includes all the entities' approved budgets under its control.

The consolidated financial statements and the budget are not on the same basis of accounting, therefore a reconciliation between the statement of financial performance and the budget have been included in the consolidated financial statements. Refer to note 40.

1.26 RELATED PARTIES

The economic entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

A person, or a close member of that person's family, is related to the reporting entity if that person:

- Has control or joint control over the reporting entity;
- Has significant influence over the reporting entity; or
- Is a member of management of the entity or controlling entity.

Only transactions with related parties not at arm's length, or not in the ordinary course of business, are disclosed.

1.27 EVENTS AFTER REPORTING DATE

The events after the reporting date that are classified as non-adjusting events after the reporting date, have been disclosed in the notes to the Consolidated Financial Statements.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET RELEVANT TO THE ENTITY

The entity has not fully adopted the following standards and interpretations, however it has applied the principles contained therein. The standard is effective to the group entity's accounting periods beginning on or after 1 April 2015, or later periods:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's consolidated financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties, and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- Identifying related party relationships and transactions;
- Identifying outstanding balances, including commitments, between an entity and its related parties;
- Identifying the circumstances in which disclosure of the items above is required; and
- Determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity, in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual consolidated financial statements.

Disclosure of related party transactions, outstanding balances, including commitments and relationships with related parties, may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control, or jointly control, the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the management of the entity or its controlling entity.

- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party; or
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

The standard furthermore states that related party transactions are a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management.

The economic entity expects to adopt the standard for the first time in the 2016 consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

3. INVENTORIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Finished goods	236,144	168,645	236,144	168,645
Production supplies	1,229,349	185,600	1,229,349	185,600
	1,465,493	354,245	1,465,493	354,245

Inventory comprises of telephone handsets and production supplies for the Tissue Culture Facility. There was no write down of inventories recognised as an expense.

4. LOANS TO CONTROLLED ENTITY

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
CONTROLLED ENTITY				
La Mercy JV Property Investments Proprietary Limited	-	-	9,832,259	9,832,259

The loan was granted to La Mercy JV Property Investments Proprietary Limited before Dube TradePort Corporation was designated a Schedule 3C Provincial Public Entity. The loan may be subjected to interest, at the discretion of the Board of Directors of La Mercy JV Property Investments Proprietary Limited. During the year under review, the loan was not subject to interest. The loan has been subordinated and the subordination agreement remains in force until the controlled entity has sufficient funds to repay the loan.

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Trade debtors	5,716,240	11,378,687	5,319,264	7,397,181
Deposits	3,904,747	3,900,997	3,904,747	3,900,997
Interest receivable	3,157,398	2,643,439	3,085,793	2,643,439
Deposit guarantees held by third parties	2,689,656	2,351,076	2,689,656	2,351,076
Prepaid expenses	2,261,958	2,009,283	2,261,958	2,009,283
Staff advances	36,271	35,271	36,271	35,271
VAT receivable	25,552,213	72,494,532	25,552,213	72,494,532
Sundry debtor - La Mercy JV Property Investments Proprietary Limited	-	-	-	5,834,637
	43,318,483	94,813,285	42,849,902	96,666,416
FAIR VALUE OF TRADE AND OTHER RECEIVABLES				
Trade and other receivables	5,825,270	13,800,371	5,428,294	9,818,865
Less: Provision for doubtful debts	(109,030)	(2,421,684)	(109,030)	(2,421,684)
	5,716,240	11,378,687	5,319,264	7,397,181
ANALYSIS OF ALLOWANCE FOR DOUBTFUL DEBTS				
Opening balance	2,421,684	527,201	2,421,684	527,201
Add: Charge to the income statement	195,072	1,942,329	195,072	1,942,329
Less: Bad debts written-off	(2,507,726)	(47,846)	(2,507,726)	(47,846)
	109,030	2,421,684	109,030	2,421,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2015, R5,716,240 (2014: R11,378,687) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
1 month past due	2,848,421	5,596,176	2,494,742	1,614,670
2 months past due	179,251	504,855	179,251	504,855
3 months past due	2,688,568	5,277,656	2,688,568	5,277,656
	5,716,240	11,378,687	5,319,264	7,397,181

Trade and other receivables impaired

As of 31 March 2015, trade and other receivables of R195,072 (2014: R1,893,596) were impaired and provided for. The amount of the provision is R109,030 (2014: R2,421,684) as at 31 March 2015.

The ageing of these trade receivable is as follows:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Over 6 months	109,030	2,421,684	109,030	2,421,684

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Special Economic Zone Grant	-	3,000,000	-	3,000,000

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Cash on hand	25,000	20,323	25,000	20,323
Bank balances	108,134,098	44,785,594	35,183,378	37,954,503
Deposit held on behalf of third parties	21,778,009	21,943,493	21,778,009	21,943,493
Amounts held in trust accounts	747,783,366	561,966,317	747,783,366	561,966,317
	877,720,473	628,715,727	804,769,753	621,884,636

The amounts held in trust accounts reflect contractual obligations relating mainly to the infrastructure and construction projects. These amounts are ringfenced and are committed towards specialised projects. Included in trust accounts is an amount of R1,000,000 which is held as a SARS guarantee for the Cargo Terminal. Deposits held on behalf of third parties related to tenant deposits and retentions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

8. INVESTMENT PROPERTY

ECONOMIC ENTITY	2015			2014		
	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Investment property	1,844,200,233	(86,560,122)	1,757,640,111	1,842,277,365	(65,999,623)	1,776,277,742

CONTROLLING ENTITY	2015			2014		
	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Investment property	1,898,095,752	(86,560,122)	1,811,535,630	1,838,100,649	(65,999,623)	1,772,101,026

RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2015

	OPENING BALANCE	ADDITIONS	DISPOSALS	CLASSIFIED AS HELD FOR SALE	TRANSFERS FROM WIP	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R
Investment property	1,776,277,742	558,889	(1,970)	158,061	1,199,956	(20,552,567)	1,757,640,111

RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2014

	TRANSFER FROM S21 ENTITY	ADDITIONS	TRANSFERS BETWEEN CLASSES OF ASSETS	TRANSFERS FROM WIP	IMPAIRMENTS	ASSET ADJUSTMENTS	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R	R
Investment property	1,413,772,686	474,372,012	(111,018,050)	23,453,577	(13,382,638)	(244,922)	(10,674,923)	1,776,277,742

RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2015

	OPENING BALANCE	ADDITIONS	TRANSFERS BETWEEN CLASSES OF ASSETS	TRANSFERS FROM WIP	DEPRECIATION	TOTAL	
	R	R	R	R	R	R	
Investment property	1,772,101,026	58,629,154		158,061	1,199,956	(20,552,567)	1,811,535,630

RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2014

	TRANSFER FROM S21 ENTITY	ADDITIONS	TRANSFERS BETWEEN CLASSES OF ASSETS	TRANSFERS FROM WIP	IMPAIRMENTS	ASSET ADJUSTMENTS	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R	R
Investment property	1,409,991,815	473,976,167	(111,018,050)	23,453,577	(13,382,638)	(244,922)	(10,674,923)	1,772,101,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT PROPERTY (CONTINUED)

Details of property

LA MERCY LAND (PORTION 5 AND 9)

This comprises the purchase of subdivisions 5 and 9 in extent of 302.9605 hectares, of the La Mercy site no. 15124 from Airports Company South Africa SOC Limited.

- Purchase price

ECONOMIC ENTITY		CONTROLLING ENTITY	
2015 R	2014 R	2015 R	2014 R
428,815,725	428,815,725	428,815,725	428,815,725

KLIPFONTEIN LAND (HERWOOD FARM)

This comprises the purchase of the remainder and portion 11 (of 3) of the Farm Klipfontein No. 922 in the extent of approximately 57 hectares from Tongaat Hulett Ltd.

- Purchase price

123,733,875	123,733,875	123,733,875	123,733,875
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MOUNT MORELAND LAND

Erf 1000 Mt Moreland in extent of 328.3 hectares held under Title Deed No. T348/2014

- Purchase price

360,696,099	360,696,099	360,696,099	360,696,099
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COTTONLANDS FARM

Remainder of Portion 1220 of the Farm Cottonlands No. 1575, Registration Division FU, Province of KwaZulu-Natal, in extent of 172.3491 hectares, held under Title Deed No. T1949793 together with all fixed improvements thereon.

- Purchase price

90,239,872	90,239,872	90,239,872	90,239,872
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COTTONLANDS FARM

Remainder of Portions 271, 1181, 114, 450, 430, 854, 617, 1907 and 216 of the Farm Cottonlands No. 1575 from the Canelands Trust, in extent of 109.2539 hectares.

- Purchase price

54,281,267	54,281,267	54,281,267	54,281,267
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TRADEHOUSE BUILDING

Construction cost

122,014,668	121,783,494	122,014,668	121,783,494
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Canteen

5,291,323	4,699,248	5,291,323	4,699,248
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127,305,991	126,482,742	127,305,991	126,482,742
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DUBE CITY

Erf 594, 595, 596, 597, 599, 600, 601, 602, 603 and 608, La Mercy, Registration Division FU, Province of KwaZulu-Natal

- Purchase price

-	-	58,294,105	-
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

8. INVESTMENT PROPERTY (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
VALUABLE CARGO BUILDING				
Construction cost	24,123,061	24,123,061	24,123,061	24,123,061
29 DEGREES SOUTH				
Construction cost	146,836,718	146,836,718	146,836,718	146,836,718
Additions since construction	3,732,104	3,632,869	3,732,104	3,632,869
	150,568,822	150,469,587	150,568,822	150,469,587
DUBE AGRIZONE BUILDINGS				
<i>Construction cost :</i>				
Greenhouse C	178,295,868	177,996,580	178,295,868	177,996,580
Greenhouse A	83,585,610	83,397,743	83,585,610	83,397,743
Greenhouse D	109,427,251	109,243,566	109,427,251	109,243,566
Distribution Centre	47,162,285	47,054,611	47,162,285	47,054,611
Packhouse A	6,641,289	6,641,289	6,641,289	6,641,289
Packhouse C	27,094,210	27,094,210	27,094,210	27,094,210
Packhouse D	25,336,013	25,336,013	25,336,013	25,336,013
Canteen	2,494,409	2,494,409	2,494,409	2,494,409
	480,036,935	479,258,421	480,036,935	479,258,421
LA MERCY (PORTION 4, 6, 8, 10 AND 11)				
Additions since purchase	348,194	348,194	-	-
Capitalised expenditure	4,052,362	3,828,522	-	-
Disposals	(1,970)	-	-	-
	4,398,586	4,176,716	-	-
THE FOLLOWING AMOUNTS HAVE BEEN RECOGNISED IN SURPLUS AND DEFICIT FOR INVESTMENT PROPERTIES:				
Rental revenue from investment property	36,057,612	21,409,505	35,709,287	21,051,154
Direct operating expenses that generated revenue	(21,409,360)	(7,228,314)	(21,409,360)	(7,228,314)
	14,648,252	14,181,191	14,299,927	13,822,840

The total contractual obligations relating to investment properties repairs and maintenance amounts to R60,874,711 (2014: R55,340,646).

Details of valuation

The consolidated fair market values for the above investment properties was valued as below as at 31 March 2015.

Dube Tradeport Corporation Valuation

The fair market values for the above investment properties excluding land was valued at R729,064,377 (2014: R755,642,045) as at 31 March 2015. The buildings were valued by an independent professional appraiser, Mr Hanslo, National Diploma: Property Valuation, and National Higher Diploma: Construction Supervision, registered as a valuer in terms of the Property Valuers Profession Act No. 47 of 2000. Mr Hanslo is not connected to the entity and has recent experience in the location and category of the investment properties valued.

La Mercy JV Property Investments Proprietary Limited

The effective date of the valuation was 31 March 2015. Valuations were performed by an independent valuer, Mr Kenneth Ray Davies, B. Comm., MBL., FIV(SA), MDP. (Unisa). Mr Davies is not connected to the company and has recent experience in location and category of the investment property being valued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY	2015			2014		
	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Land	111,000,000	-	111,000,000	111,000,000	-	111,000,000
Buildings	505,411,076	(180,684,430)	324,726,646	505,454,076	(134,594,536)	370,859,540
Plant and machinery	26,961,146	(13,602,651)	13,358,495	26,663,117	(12,773,348)	13,889,769
Furniture and fixtures	35,452,899	(15,622,735)	19,830,164	35,565,456	(11,905,924)	23,659,532
Motor vehicles	16,656,865	(11,356,087)	5,300,778	15,987,271	(9,178,368)	6,808,903
Office equipment	354,049,462	(183,815,838)	170,233,624	352,956,551	(145,065,180)	207,891,371
IT equipment	161,356,877	(97,852,242)	63,504,635	134,207,292	(92,703,371)	41,503,921
Leasehold improvements	-	-	-	253,808	(211,507)	42,301
Infrastructure	803,442,532	(145,015,320)	658,427,212	635,175,787	(105,118,534)	530,057,253
Community assets	669,351	(27,291)	642,060	792,343	(14,373)	777,970
Work in progress	44,513,289	-	44,513,289	143,537,159	-	143,537,159
TOTAL	2,059,513,497	(647,976,594)	1,411,536,903	1,961,592,860	(511,565,141)	1,450,027,719

CONTROLLING ENTITY	2015			2014		
	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Land	111,000,000	-	111,000,000	111,000,000	-	111,000,000
Buildings	499,727,645	(180,458,160)	319,269,485	505,454,076	(134,594,536)	370,859,540
Plant and machinery	26,961,146	(13,602,651)	13,358,495	26,663,117	(12,773,348)	13,889,769
Furniture and fixtures	35,452,899	(15,622,735)	19,830,164	35,565,456	(11,905,924)	23,659,532
Motor vehicles	16,656,865	(11,356,087)	5,300,778	15,987,271	(9,178,368)	6,808,903
Office equipment	354,049,462	(183,815,838)	170,233,624	352,956,551	(145,065,180)	207,891,371
IT equipment	161,356,877	(97,852,242)	63,504,635	134,207,292	(92,703,371)	41,503,921
Leasehold improvements	-	-	-	253,808	(211,507)	42,301
Infrastructure	668,679,238	(129,489,729)	539,189,509	635,175,787	(105,118,534)	530,057,253
Community assets	-	-	-	792,343	(14,373)	777,970
Work in progress	44,513,289	-	44,513,289	143,537,159	-	143,537,159
TOTAL	1,918,397,421	(632,197,442)	1,286,199,979	1,961,592,860	(511,565,141)	1,450,027,719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY - 2015	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS BETWEEN CLASSES OF ASSETS	TRANSFERS FROM WIP	CHANGE IN ACCOUNTING ESTIMATES	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R	R
Land	111,000,000	-	-	-	-	-	-	111,000,000
Buildings	370,859,540	-	-	(35,069)	-	-	(46,097,825)	324,726,646
Plant and machinery	13,889,769	298,029	-	-	-	3,020,472	(3,849,775)	13,358,495
Furniture and fixtures	23,659,532	-	(13,895)	-	-	-	(3,815,473)	19,830,164
Motor vehicles	6,808,903	669,594	-	-	-	840,435	(3,018,154)	5,300,778
Office equipment	207,891,371	1,451,678	(88,400)	23,500	-	2,846,001	(41,890,526)	170,233,624
IT equipment	41,503,921	27,201,375	(9,285)	(23,500)	-	28,716,210	(33,884,086)	63,504,635
Leasehold improvements	42,301	-	-	-	-	-	(42,301)	-
Infrastructure	530,057,253	3,639,613	-	-	164,583,291	-	(39,852,945)	658,427,212
Community assets	777,970	-	-	(122,992)	-	-	(12,918)	642,060
Work in progress	143,537,159	66,759,377	-	-	(165,783,247)	-	-	44,513,289
	1,450,027,719	100,019,666	(111,580)	(158,061)	(1,199,956)	35,423,118	(172,464,003)	1,411,536,903

ECONOMIC ENTITY - 2014	TRANSFER FROM S21 ENTITY	ADDITIONS	DISPOSALS	TRANSFERS BETWEEN CLASSES OF ASSETS	TRANSFERS FROM WIP	CHANGE IN ACCOUNTING ESTIMATES	ASSET ADJUSTMENTS	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R	R	R
Land	-	-	-	111,000,000	-	-	-	-	111,000,000
Buildings	322,619,326	-	-	38,792,371	20,455,257	-	(22,874)	(10,984,540)	370,859,540
Plant and machinery	15,284,983	-	-	-	-	616,847	-	(2,012,061)	13,889,769
Furniture and fixtures	30,592,680	226,120	-	(7,041,075)	141,904	-	1,995,112	(2,255,209)	23,659,532
Motor vehicles	8,091,560	719,015	-	-	-	-	(142,099)	(1,859,573)	6,808,903
Office equipment	221,803,324	16,985	(5,223)	1,050,829	12,556,749	-	91,689	(27,622,982)	207,891,371
IT equipment	44,314,343	7,265,103	(5,725)	(110,456)	860,066	7,735,217	(121,147)	(18,433,480)	41,503,921
Leasehold improvements	114,214	-	-	-	-	-	-	(71,913)	42,301
Infrastructure	517,816,669	6,613,761	-	(40,584,286)	81,363,976	-	-	(35,152,867)	530,057,253
Community assets	-	122,992	-	655,936	-	-	-	(958)	777,970
Work in progress	241,955,239	40,413,447	-	-	(138,831,527)	-	-	-	143,537,159
Parks and gardens	425,280	-	-	(510,083)	-	-	84,803	-	-
	1,403,017,618	55,377,423	(10,948)	103,253,236	(23,453,575)	8,352,064	1,885,484	(98,393,583)	1,450,027,719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

CONTROLLING ENTITY - 2015	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS BETWEEN CLASSES OF ASSETS	TRANSFERS FROM WIP	CHANGE IN ACCOUNTING ESTIMATES	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R	R
Land	111,000,000	-	-	-	-	-	-	111,000,000
Buildings	370,859,540	-	(5,457,162)	(35,069)	-	-	(46,097,824)	319,269,485
Plant and machinery	13,889,769	298,029	-	-	-	3,020,472	(3,849,775)	13,358,495
Furniture and fixtures	23,659,532	-	(13,895)	-	-	-	(3,815,473)	19,830,164
Motor vehicles	6,808,903	669,594	-	-	-	840,435	(3,018,154)	5,300,778
Office equipment	207,891,371	1,451,679	(88,400)	23,500	-	2,846,001	(41,890,527)	170,233,624
IT equipment	41,503,921	27,201,375	(9,285)	(23,500)	-	28,716,210	(33,884,086)	63,504,635
Leasehold improvements	42,301	-	-	-	-	-	(42,301)	-
Infrastructure	530,057,253	3,639,613	(119,489,991)	-	164,583,291	-	(39,600,657)	539,189,509
Community assets	777,970	-	(642,702)	(122,992)	-	-	(12,276)	-
Work in progress	143,537,159	66,759,377	-	-	(165,783,247)	-	-	44,513,289
	1,450,027,719	100,019,667	(125,701,435)	(158,061)	(1,199,956)	35,423,118	(172,211,073)	1,286,199,979

CONTROLLING ENTITY - 2014	TRANSFER FROM S21 ENTITY	ADDITIONS	DISPOSALS	TRANSFERS BETWEEN CLASSES OF ASSETS	TRANSFERS	CHANGE IN ACCOUNTING ESTIMATES	ASSET ADJUSTMENTS	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R	R	R
Land	-	-	-	111,000,000	-	-	-	-	111,000,000
Buildings	322,619,326	-	-	38,792,371	20,455,257	-	(22,874)	(10,984,540)	370,859,540
Plant and machinery	15,284,983	-	-	-	-	616,847	-	(2,012,061)	13,889,769
Furniture and fixtures	30,592,680	226,120	-	(7,041,075)	141,904	-	1,995,112	(2,255,209)	23,659,532
Motor vehicles	8,091,560	719,015	-	-	-	-	(142,099)	(1,859,573)	6,808,903
Office equipment	221,803,324	16,985	(5,223)	1,050,829	12,556,749	-	91,689	(27,622,982)	207,891,371
IT equipment	44,314,343	7,265,103	(5,725)	(110,456)	860,066	7,735,217	(121,147)	(18,433,480)	41,503,921
Leasehold improvements	114,214	-	-	-	-	-	-	(71,913)	42,301
Infrastructure	517,816,669	6,613,761	-	(40,584,286)	81,363,976	-	-	(35,152,867)	530,057,253
Community assets	-	122,992	-	655,936	-	-	-	(958)	777,970
Work in progress	241,955,239	40,413,447	-	-	(138,831,527)	-	-	-	143,537,159
Parks and gardens	425,280	-	-	(510,083)	-	-	84,803	-	-
	1,403,017,618	55,377,423	(10,948)	103,253,236	(23,453,575)	8,352,064	1,885,484	(98,393,583)	1,450,027,719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in the carrying value of property, plant and equipment are fully depreciated assets with a total cost of R30,252,090. Management has reassessed the useful lives of these assets and has determined that the financial impact of any change in the remaining useful lives will be minimal and therefore no adjustment is required.

The company leases photocopy machines under non-cancellable finance lease agreements. The lease term is 4-5 years, and ownership lies with the lessor. Plant and equipment includes the following amounts where the company is a lessee under a finance lease:

CAPITALISED FINANCE LEASE ASSETS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Cost	684,335	465,848	684,335	465,848
Accumulated depreciation	(136,423)	(273,409)	(136,423)	(273,409)
	547,912	192,439	547,912	192,439

10. INTANGIBLE ASSETS

ECONOMIC ENTITY	2015			2014		
	COST R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Licenses	330,000	-	330,000	330,000	-	330,000
Computer software	2,310,695	(211,234)	2,099,461	1,362,433	(131,111)	1,231,322
TOTAL	2,640,695	(211,234)	2,429,461	1,692,433	(131,111)	1,561,322

CONTROLLING ENTITY	2015			2014		
	COST R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Licenses	330,000	-	330,000	330,000	-	330,000
Computer software	2,310,695	(211,234)	2,099,461	1,362,433	(131,111)	1,231,322
TOTAL	2,640,695	(211,234)	2,429,461	1,692,433	(131,111)	1,561,322

RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2015

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Licenses	330,000	-	-	330,000
Computer software	1,231,322	948,261	(80,122)	2,099,461
	1,561,322	948,261	(80,122)	2,429,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INTANGIBLE ASSETS (CONTINUED)

RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2014

	TRANSFER FROM S21 ENTITY	ADDITIONS	TRANSFERS BETWEEN CLASSES ASSETS	AMORTISATION	TOTAL
	R	R	R	R	R
Licenses	330,000	-	-	-	330,000
Computer software	128,804	1,032,458	110,456	(40,396)	1,231,322
	458,804	1,032,458	110,456	(40,396)	1,561,322

RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2015

	OPENING BALANCE	ADDITIONS	AMORTISATION	TOTAL
	R	R	R	R
Licenses	330,000	-	-	330,000
Computer software	1,231,322	948,261	(80,122)	2,099,461
	1,561,322	948,261	(80,122)	2,429,461

RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2014

	TRANSFER FROM S21 ENTITY	ADDITIONS	TRANSFERS BETWEEN CLASSES ASSETS	AMORTISATION	TOTAL
	R	R	R	R	R
Licenses	330,000	-	-	-	330,000
Computer software	128,804	1,032,458	110,456	(40,396)	1,231,322
	458,804	1,032,458	110,456	(40,396)	1,561,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

11. HERITAGE ASSETS

ECONOMIC ENTITY	2015			2014		
	COST	ACCUMULATED IMPAIRMENT LOSSES	CARRYING VALUE	COST	ACCUMULATED IMPAIRMENT LOSSES	CARRYING VALUE
	R	R	R	R	R	R
Art collections, antiquities and exhibits	7,654,358	-	7,654,358	7,654,358	-	7,654,358

CONTROLLING ENTITY	2015			2014		
	COST	ACCUMULATED IMPAIRMENT LOSSES	CARRYING VALUE	COST	ACCUMULATED IMPAIRMENT LOSSES	CARRYING VALUE
	R	R	R	R	R	R
Art collections, antiquities and exhibits	7,654,358	-	7,654,358	7,654,358	-	7,654,358

RECONCILIATION OF HERITAGE ASSETS ECONOMIC ENTITY - 2015

	OPENING BALANCE	TOTAL
	R	R
Art collections, antiquities and exhibits	7,654,358	7,654,358

RECONCILIATION OF HERITAGE ASSETS ECONOMIC ENTITY - 2015

	OPENING BALANCE	TOTAL
	R	R
Art collections, antiquities and exhibits	7,654,358	7,654,358

RECONCILIATION OF HERITAGE ASSETS CONTROLLING ENTITY - 2015

	OPENING BALANCE	TOTAL
	R	R
Art collections, antiquities and exhibits	7,654,358	7,654,358

RECONCILIATION OF HERITAGE ASSETS CONTROLLING ENTITY - 2014

	OPENING BALANCE	TRANSFERS FROM DIFFERENT CLASSES OF ASSETS	TOTAL
	R	R	R
Art collections, antiquities and exhibits	-	7,654,358	7,654,358

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. INVESTMENTS IN CONTROLLED ENTITY

	CONTROLLING ENTITY	
	2015 R	2014 R
NAME OF COMPANY		
La Mercy JV Property Investments Proprietary Limited	60	60
La Mercy JV Property Investments Proprietary Limited	1,306,574	1,306,574
	1,306,634	1,306,634
% holding	60	60

13. OPERATING LEASE ASSET

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
STRAIGHT-LINING				
Opening balance	21,733,565	14,214,168	21,733,565	14,214,168
Straight-line accrual for the year	11,312,669	7,639,084	11,312,669	7,639,084
Decrease in provision for bad debts	-	(119,687)	-	(119,687)
	33,046,234	21,733,565	33,046,234	21,733,565
ANALYSIS OF PROVISION				
Opening balance	646,888	527,201	646,888	527,201
Charge to the income statement	-	119,687	-	119,687
	646,888	646,888	646,888	646,888

Included in the lease smoothing calculation are 49 year development leases which were straight-lined over a lesser period. The leases have not been smoothed over the entire lease term as the review of rentals and escalations occur at 10 year intervals. An estimate of the rentals was made over the remaining lease period and is disclosed under contingent rentals (Refer to note 30).

14. LOANS FROM SHAREHOLDERS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Airports Company South Africa SOC Limited	6,554,840	6,554,840	-	-

The loan is repayable from time to time when La Mercy JV Property Investments Proprietary Limited has funds available for that purpose, having regard to its liabilities and commitments. The loan may be subjected to interest at the discretion of the Board of Directors of La Mercy JV Property Investments Proprietary Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

15. CURRENT TAX PAYABLE

Current tax payable relates to the tax liability of La Mercy JV Property Investment Proprietary Limited.

16. FINANCE LEASE OBLIGATION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
MINIMUM LEASE PAYMENTS DUE				
- within one year	180,245	92,051	180,245	92,051
- in second to fifth year inclusive	488,317	17,473	488,317	17,473
	668,562	109,524	668,562	109,524
less: future finance charges	(103,261)	(6,954)	(103,261)	(6,954)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	565,301	102,570	565,301	102,570
PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE				
- within one year	137,017	86,127	137,017	86,127
- in second to fifth year inclusive	428,284	16,443	428,284	16,443
	565,301	102,570	565,301	102,570
Non-current liabilities	428,284	16,443	428,284	16,443
Current liabilities	137,017	86,127	137,017	86,127
	565,301	102,570	565,301	102,570

The economic entity leases photocopier machines under finance leases.

The average lease term is for 4-5 years and the average effective borrowing rate was linked to prime.

17. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Trade payables	10,526,520	43,563,292	10,483,534	43,196,798
Payments received in advance	338,619	652,106	338,819	639,943
Retention creditors	20,039,966	18,704,603	19,661,597	18,591,975
Accrued leave pay	2,846,063	2,986,397	2,846,063	2,986,397
Accrued expenses	21,414,826	13,138,572	20,737,396	12,788,619
Deposits received	4,983,058	4,393,599	4,983,058	4,393,599
Performance bonuses	3,800,997	3,646,585	3,800,997	3,646,585
VAT	11,002,424	397,272	-	-
	74,952,473	87,482,426	62,851,464	86,243,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. UNSPENT CONDITIONAL GRANTS

ECONOMIC ENTITY		CONTROLLING ENTITY	
2015 R	2014 R	2015 R	2014 R
6,599,367	2,631,579	6,599,367	2,631,579

UNSPENT CONDITIONAL GRANTS COMPRISES OF:

Special Economic Zone

The funds were granted in order to plan and prepare for the establishment of a Special Economic Zone (SEZ) in the Dube TradePort precinct, and to develop a suitable business organisation to successfully attract investors for such SEZ.

19. REVENUE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Rendering of services	12,035,528	6,758,203	12,035,528	6,758,203
Rental of facilities and equipment	36,057,612	21,409,505	35,709,287	21,051,154
Sundry income	759,708	1,130,357	719,315	559,848
Interest received - investments	42,764,124	23,341,412	42,317,099	23,166,068
Government grants and subsidies	454,558,938	310,526,316	454,558,938	310,526,316
	546,175,910	363,165,793	545,340,167	362,061,589

THE AMOUNTS INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

Rendering of services	12,035,528	6,758,203	12,035,528	6,758,203
Rental of facilities and equipment	36,057,612	21,409,505	35,709,287	21,051,154
Sundry income	759,708	1,130,357	719,315	559,848
Interest received - investments	42,764,124	23,341,412	42,317,099	23,166,068
	91,616,972	52,639,477	90,781,229	51,535,273

THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:

Transfer revenue

Government grants and subsidies	454,558,938	310,526,316	454,558,938	310,526,316
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20. RENTAL FROM INVESTMENT PROPERTIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Rental from investment properties	24,744,943	13,890,109	24,396,618	13,531,757
Straight-lining of leases	11,312,669	7,519,397	11,312,669	7,519,397
	36,057,612	21,409,506	35,709,287	21,051,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

21. GOVERNMENT GRANTS AND SUBSIDIES

Department of Economic Development, Tourism and Environmental Affairs
Department of Trade and Industry

ECONOMIC ENTITY		CONTROLLING ENTITY	
2015 R	2014 R	2015 R	2014 R
452,083,333	310,526,316	452,083,333	310,526,316
2,475,605	-	2,475,605	-
454,558,938	310,526,316	454,558,938	310,526,316

22. INVESTMENT REVENUE

INTEREST REVENUE

Bank
Interest charged on receivables from exchange transactions

ECONOMIC ENTITY		CONTROLLING ENTITY	
2015 R	2014 R	2015 R	2014 R
42,716,566	23,241,010	42,269,541	23,065,666
47,558	100,402	47,558	100,402
42,764,124	23,341,412	42,317,099	23,166,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. EMPLOYEE RELATED COSTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Basic	69,594,962	38,386,252	69,594,962	38,386,252
UIF	263,938	147,844	263,938	147,844
WCA	93,981	13,877	93,981	13,877
SDL	692,441	347,609	692,441	347,609
Cellphone allowances	301,873	167,569	301,873	167,569
	70,947,195	39,063,151	70,947,195	39,063,151
REMUNERATION OF THE EXECUTIVE OFFICERS				
CHIEF EXECUTIVE OFFICER				
Salary	2,557,008	1,285,669	2,557,008	1,285,669
Performance bonus	-	143,750	-	143,750
	2,557,008	1,429,419	2,557,008	1,429,419
CHIEF FINANCIAL OFFICER				
Salary	1,571,628	820,260	1,571,628	820,260
Performance bonus	94,477	123,039	94,477	123,039
	1,666,105	943,299	1,666,105	943,299
CORPORATE SERVICES EXECUTIVE				
Salary	1,284,000	700,000	1,284,000	700,000
Performance bonus	112,350	56,250	112,350	56,250
	1,396,350	756,250	1,396,350	756,250
ICT AND PROPERTY EXECUTIVE				
Salary	1,540,596	820,260	1,540,596	820,260
Performance bonus	131,625	87,885	131,625	87,885
Acting allowance (Acting from 20 February 2015)	23,258	-	23,258	-
	1,695,479	908,145	1,695,479	908,145
PROPERTY OPERATIONS EXECUTIVE				
Salary	-	114,490	-	114,490
DEVELOPMENT PLANNING AND INFRASTRUCTURE EXECUTIVE				
Salary	1,766,724	812,700	1,766,724	812,700
Performance bonus	96,170	87,075	96,170	87,075
	1,862,894	899,775	1,862,894	899,775
AGRIZONE AND CARGO OPERATIONS EXECUTIVE				
Salary	1,258,620	682,969	1,258,620	682,969
Performance bonus	78,664	102,445	78,664	102,445
	1,337,284	785,414	1,337,284	785,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
REMUNERATION OF NON-EXECUTIVE BOARD MEMBERS				
CHAIRPERSON - B. GASA				
Board fees	952,158	469,359	952,158	469,359
DEPUTY CHAIRPERSON - C. SIBIYA				
Board fees (includes fees for role as Chairperson of the Remuneration and Human Resources Committee)	472,993	287,300	472,993	287,300
MEMBER - M. RAMGOBIN				
Board fees (includes fees for role as member of the Remuneration and Human Resources Committee)	186,660	101,718	186,660	101,718
MEMBER - G. MULLER				
Board fees (includes fees for role as member of Audit and Risk Committee)	210,149	145,586	210,149	145,586
MEMBER - V. MTSHALI				
Board fees (includes fees for role as member of Audit and Risk Committee)	242,885	145,586	242,885	145,586
MEMBER - P. NGCOBO				
Remuneration and Human Resources Committee fees	32,736	-	32,736	-
CHAIRPERSON OF THE AUDIT COMMITTEE - S. KHUMALO				
Audit and Risk Committee fees	97,984	69,117	97,984	69,117
CHAIRPERSON - AUDIT AND RISK COMMITTEE - LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED - K. SCHMIDT				
Audit and Risk Committee fees	45,000	15,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. COST OF SALES

RENDERING OF SERVICES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Cost of services	1,775,506	986,660	1,775,506	986,660
Tissue culture	67,974	80,163	67,974	80,163
	1,843,480	1,066,823	1,843,480	1,066,823

25. FINANCE COSTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Penalties and interest	2,495	14,564	-	-
Payables from exchange transactions	103,298	31,685	103,298	31,685
	105,793	46,249	103,298	31,685

26. DEBT IMPAIRMENT PROVISION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Contributions to debt impairment provision	(2,312,664)	1,894,483	(2,312,664)	1,894,483
Debts impaired	2,509,694	47,846	2,509,694	47,846
	197,030	1,942,329	197,030	1,942,329

The impairment relates to two tenants, a former short term Dube Cargo Terminal tenant and a former Dube AgriZone tenant (fully provided for in previous financial year). The total debt owing was R2,508,514. Judgements were obtained against both debtors.

27. GENERAL EXPENSES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Advertising	11,324,327	7,964,357	11,324,327	7,964,357
Consulting and professional fees	56,045,356	29,263,216	54,581,426	28,724,740
Lease rentals on operating leases	2,243,929	1,378,410	2,243,929	1,378,410
Security	11,792,897	8,021,213	11,792,897	8,021,213
Rates and utilities	40,470,997	20,634,641	39,722,276	19,288,724
Other operating expenses	28,629,755	15,029,942	22,936,260	13,541,532
Rendering of services	1,843,480	1,066,823	1,843,480	1,066,823
	152,350,741	83,358,602	144,444,595	79,985,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

28. TAXATION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
MAJOR COMPONENTS OF THE TAX EXPENSE				
CURRENT				
Local income tax - current period	25,831,030	-	-	-
STT	675,000	-	675,000	-
	26,506,030	-	675,000	-

A significant portion of the income tax paid by La Mercy JV Property Investments Proprietary Limited comprised of capital gain tax paid on sale of land.

29. CASH GENERATED FROM OPERATIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Surplus before taxation	185,621,499	116,959,397	34,597,145	119,242,560
ADJUSTMENTS FOR:				
Depreciation, impairments and amortisation	157,673,579	114,139,476	157,420,647	114,139,476
(Gain)/loss on sale of property, plant and equipment	(31,991,762)	10,948	125,683,422	10,948
Debt impairment	197,030	1,942,329	197,030	1,942,329
Movements in operating lease assets and accruals	(11,312,668)	(7,519,397)	(11,312,668)	(7,519,397)
Interest accrual	(3,157,398)	(2,643,439)	(3,085,793)	(2,643,439)
Payroll accruals	6,647,060	6,632,982	6,647,060	6,632,982
CHANGES IN WORKING CAPITAL:				
Inventories	(1,111,248)	142,305	(1,111,248)	142,305
Receivables from exchange transactions	54,427,398	(68,591,521)	50,842,858	(67,797,817)
Payables from exchange transactions	(18,780,819)	26,451,795	(30,318,310)	23,106,826
Unspent conditional grants	6,599,368	-	6,599,368	-
Tax paid	(26,830,836)	-	7,308	-
	317,981,203	187,524,875	336,166,819	187,256,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. COMMITMENTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
AUTHORISED CAPITAL EXPENDITURE				
ALREADY CONTRACTED Infrastructure and construction projects	488,305,895	311,220,129	488,305,895	298,952,520
APPROVED BUT NOT YET CONTRACTED Infrastructure and construction projects	100,115,478	237,298,960	100,115,478	222,396,638

This committed expenditure relates to the acquisition of capital assets, infrastructure and construction projects across the precinct (including Dube AgriZone, Dube TradeZone, Dube City and the Cargo Terminal).

OPERATING LEASES - AS LESSEE (EXPENSE)

Minimum lease payments due:

- within one year	23,082	26,078	23,082	26,078
- in second to fifth year inclusive	-	9,059	-	9,059
- later than five years	-	400	-	400
	23,082	35,537	23,082	35,537

The entity has entered into leases for certain photocopiers. No contingent rent is payable on leases.

OPERATING LEASES - AS LESSOR (INCOME)

Minimum lease payments due:

- within one year	16,028,661	18,461,083	16,028,661	18,461,083
- in second to fifth year inclusive	74,457,108	83,891,021	74,457,108	83,891,021
- later than five years	130,565,188	160,137,737	130,565,188	160,137,737
	221,050,957	262,489,841	221,050,957	262,489,841

Certain of the entity's property is held to generate rental income. Lease agreements are cancellable and have terms from 1 to 49 years. Rental income is subject to escalation of between 5-10%.

Contingent rentals are receivable for certain leases and amount to R4,017,048,981 (2014: R4,017,106,869).

The basis for calculating the contingent rentals are as follows:

- Development leases - the last rental and escalation rate before review is carried forward for the remaining period of the lease term;
- Rental escalations linked to CPI - the base rental is included in the operating lease commitments and the escalations linked to CPI are included in the contingent rental.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

31. RELATED PARTIES

Relationships

Controlled entity	La Mercy JV Property Investments Proprietary Limited
Members of key management	S. van Coller A. Swalah H. Erskine

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
RELATED PARTY BALANCES				
LOAN ACCOUNTS - OWING TO RELATED PARTIES	(6,554,840)	(6,554,840)	-	-
Airports Company South Africa SOC Limited				
LOAN ACCOUNTS - OWING (TO) BY RELATED PARTIES	-	-	9,832,259	9,832,259
La Mercy JV Property Investments Proprietary Limited				
AMOUNTS INCLUDED IN TRADE RECEIVABLE/ (TRADE PAYABLE) REGARDING RELATED PARTIES	-	-	674,075	5,834,637
La Mercy JV Property Investments Proprietary Limited				
RATES PAID TO RELATED PARTIES	-	-	6,152,992	-
La Mercy JV Property Investments Proprietary Limited				
RENT PAID TO RELATED PARTIES	-	-	100	58
La Mercy JV Property Investments Proprietary Limited				
PURCHASE OF LAND FORM RELATED PARTIES	-	-	58,294,105	-
La Mercy JV Property Investments Proprietary Limited				
LOSS ON DISPOSAL TO RELATED PARTIES	-	-	125,589,855	-
La Mercy JV Property Investments Proprietary Limited				

32. CHANGE IN ESTIMATE

PROPERTY, PLANT AND EQUIPMENT

In terms of the requirements of GRAP 17, the useful lives of all assets were reviewed by management at year-end. The remaining useful life expectations of some computer equipment and plant differed from previous estimates. This resulted in a revision of some of the previous estimates which was accounted for as a change in accounting estimate. The effect of this revision has decreased the depreciation charges for the current period by R35,423,117.

33. PRIOR PERIOD ERRORS

PROPERTY, PLANT AND EQUIPMENT

Adjustments to the opening balances were made to property, plant and equipment relating to furniture and fixtures, equipment and leasehold improvements and infrastructure of R209,071.

RETENTIONS

Adjustment to the retentions balance of R1,211,895 and VAT on retentions of R148,829.

ELECTRICITY RECOVERIES

The prior period error related to excessive electricity recoveries charged to a tenant amounting to R15,420.

LEASE SMOOTHING ADJUSTMENT

In terms of GRAP 13, a lessee should recognise lease payments under an operating lease as an expense in the statement of financial performance on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. The same principle is then applied by the lessor when recognising lease revenue in accordance with paragraph 61.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. PRIOR PERIOD ERRORS (CONTINUED)

In addition, contingent rent is defined as that portion of the lease revenue that is not fixed in amount but is based on a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices, and future market rates of interest). Therefore, when determining the lease rentals, the variable component (that which is based on CPI or unknown factors) of the lease rentals is disregarded for straight-lining and recognised separately as contingent rent.

Based on the above, the following prior year errors were identified when re-performing the lease smoothing calculation:

- 10 year leases with CPI-linked escalations were incorrectly straight-lined in the previous year's, using an average CPI rate of 7% for the duration of the lease term. The variable components were disclosed as contingent rental. This error amounted to R1,892,440.
- 49 year development leases with rentals and escalations will be negotiated on the 10th anniversary of the rental commencement date. These leases were incorrectly straight-lined for the duration of the entire lease period (49 years) at the rental and escalation rate set at the commencement of the lease. The calculation was re-performed to include the straight-lining of rentals up until the 10th anniversary of the rental commencement date, and the variable components disclosed as contingent rental. This error amounted to R97,965,826.

The correction of the errors results in adjustments as follows:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
STATEMENT OF FINANCIAL POSITION				
Property, plant and equipment	209,071	(195,028)	209,071	(195,028)
Receivables from exchange transactions	(164,249)	47,500	(164,249)	47,500
VAT receivable	-	(5,833)	-	(5,833)
Investment property	-	(248,190)	-	(248,190)
Operating lease asset	(99,858,266)	(70,776,564)	(99,858,266)	(70,776,564)
Payables from exchange transactions	1,211,896	-	1,211,896	-
Opening accumulated surplus or deficit	(98,601,548)	(71,178,115)	(98,601,548)	(71,178,115)
OPERATING LEASE ASSET				
Balance as previously reported	121,591,832	84,990,732	121,591,832	84,990,732
Adjustment	(99,858,266)	(70,776,564)	(99,858,266)	(70,776,564)
RESTATED BALANCE	21,733,566	14,214,168	21,733,566	14,214,168
PROPERTY, PLANT AND EQUIPMENT				
Balance as previously reported	1,449,818,651	1,404,080,685	1,449,818,651	1,404,080,685
Adjustment	209,071	(195,026)	(2,516,503)	(195,026)
RESTATED BALANCE	1,450,027,722	1,403,885,659	1,447,302,148	1,403,885,659
RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Balance as previously reported	94,977,534	376,657,899	96,830,665	376,168,492
Adjustment	(164,249)	497,284	(164,249)	47,500
RESTATED BALANCE	94,813,285	377,155,183	96,666,416	376,215,992
VAT RECEIVABLE				
Balance as previously reported	-	8,078,383	-	8,078,383
Adjustment	-	(5,833)	-	(5,833)
RESTATED BALANCE	-	8,072,550	-	8,072,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

33. PRIOR PERIOD ERRORS (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
INVESTMENT PROPERTY				
Balance as previously reported	1,776,272,817	1,409,991,815	-	1,409,991,815
Adjustment	4,925	(248,190)	-	(248,190)
RESTATED BALANCE	1,776,277,742	1,409,743,625	-	1,409,743,625
RETAINED EARNINGS				
Balance as previously reported	3,988,688,774	614,609,595	3,995,077,975	622,975,129
Adjustment	(98,601,548)	(71,178,115)	(98,601,548)	(71,178,115)
RESTATED BALANCE	3,890,087,226	543,431,480	3,896,476,427	551,797,014
VAT RECEIVABLE				
Balance as previously reported	-	54,969,604	-	-
Adjustment	-	449,784	-	-
RESTATED BALANCE	-	55,419,388	-	-
PAYABLES FROM EXCHANGE TRANSACTIONS				
Balance as previously reported	88,694,322	-	87,455,812	-
Adjustment	(1,211,896)	-	(1,211,896)	-
RESTATED BALANCE	87,482,426	-	86,243,916	-
STATEMENT OF FINANCIAL PERFORMANCE				
Rental from investment properties	29,096,762	-	29,096,762	-
Depreciation expense	(1,320,486)	-	(1,320,486)	-

34. COMPARATIVE FIGURES

The prior period figures were for 7 months as result of a voluntary winding up of Dube TradePort Non-Profit Company. Assets and liabilities were transferred after the transition was completed.

Certain comparative figures have been restated (refer to note 33).

35. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The economic entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The economic entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the economic entity's financial performance. Risk management is carried out under policies approved by the accounting authority. The accounting authority provides written principles for overall risk management.

LIQUIDITY RISK

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments.

The table opposite analyses the economic entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. RISK MANAGEMENT (CONTINUED)

ECONOMIC ENTITY	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
	R	R	R	R
AT 31 MARCH 2015				
Payables from exchange transactions	74,952,473	-	-	-
AT 31 MARCH 2014				
Payables from exchange transactions	87,482,426	-	-	-
CONTROLLING ENTITY	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
	R	R	R	R
AT 31 MARCH 2015				
Payables from exchange transactions	62,851,464	-	-	-
AT 31 MARCH 2014				
Payables from exchange transactions	86,243,916	-	-	-

INTEREST RATE RISK

As the economic entity has no significant interest-bearing assets, the economic entity's income and operating cash flows are substantially independent of changes in market interest rates.

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables from exchange transactions comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year-end were as follows:

FINANCIAL INSTRUMENT	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Receivables from exchange transactions (neither past due nor impaired - current)	5,825,270	13,800,371	5,428,294	9,818,865
Receivables from exchange transactions (impaired)	109,030	2,421,684	109,030	2,421,684
Loan to controlled entity	-	-	9,832,259	9,832,259

36. EVENTS AFTER THE REPORTING DATE

Subsequent to period end, the entity received summons from a defaulting debtor (Carmel Nurseries CC), totaling approximately R38 million in respect of alleged breach of agreements. The entity's management consider the likelihood of the action against the entity being successful as unlikely.

37. UNAUTHORISED EXPENDITURE

There was no unauthorised expenditure during the period under review.

38. FRUITLESS AND WASTEFUL EXPENDITURE

There was no fruitless and wasteful expenditure for the period under review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2015

39. IRREGULAR EXPENDITURE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2015 R	2014 R	2015 R	2014 R
Opening balance	1,132,621	377,959	1,132,621	377,959
Add: Irregular Expenditure - current year	-	769,662	-	769,662
Less: Amounts condoned	-	(15,000)	-	(15,000)
	1,132,621	1,132,621	1,132,621	1,132,621

Details of irregular expenditure not recoverable (not condoned)

The procurement of the forensic investigative services: R1,132,621

The procurement of the service provider was approved by the CEO between May and July 2013. The preferred service provider had been selected due to experience in resolving similar cases.

Our internal control procedures identified that the procurement of the forensic investigative services was deemed to be irregular in terms of S51 (1) (a) (iii) of the Public Management Finance Act No.1 of 1999 and is consequently disclosed as such.

The senior manager involved was subjected to a disciplinary process resulting in the termination of his employment contract. Given the fact that services were rendered, a legal opinion obtained on the matter reflected that recoverability of expenditure from the employee will be limited to the difference between the amount paid and amount that would have been paid had the correct process been followed. An assessment of various options with regard to potential recovery of the amount involved is underway.

40. RECONCILIATION OF ACTUAL AMOUNTS ON A COMPARABLE BASIS TO CASH FLOW STATEMENT

DESCRIPTION	OPERATING R	FINANCING R	INVESTING R	BALANCE R
Actual amounts on a comparable basis to the budget	349,808,831	-	(245,969,539)	103,839,292
Entity difference	(4 310,840)	-	4,310,840	-
Timing difference	-	-	-	-
Basis difference	(27,516,788)	462,730	172,219,511	145,165,453
Actual amounts per cash flow statement	317,981,203	462,730	(69,439,188)	249,004,745

29° South, 7 Umsinsi Junction, Dube City, La Mercy, KwaZulu-Natal, 4399

Tel: +27 32 814 0000 | Fax: +27 32 814 0100
info@dubetradeport.co.za | www.dubetradeport.co.za