



**dube**  
tradePORT

SOUTHERN AFRICA'S PREMIER  
AIR LOGISTICS PLATFORM

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DUBE TRADEPORT CORPORATION  
**ANNUAL REPORT**  
**2015/2016**

# CONTENTS

Foreword .....	1
Company Profile.....	2
Accounting Authority and Executive Management.....	4
Chairperson's Statement .....	6
Acting CEO's Review.....	7
Corporate Services Report.....	10
Corporate Governance Report .....	12
Annual Performance Report .....	16
- Programme 1: Administration .....	17
- Programme 2: Cargo Development .....	19
- Programme 3: Property .....	20
- Programme 4: Dube AgriZone .....	22
- Programme 5: Information and Communications Technology (Dube iConnect) .....	24
- Programme 6: Development Planning and Infrastructure.....	25
- Programme 7: Dube TradePort Industrial Development Zone (IDZ)/Special Economic Zone (SEZ).....	27
General Information .....	28
Annual Financial Statements .....	29

For supporting documents, please refer to: [www.dubetradeport.co.za/annual\\_reports](http://www.dubetradeport.co.za/annual_reports)

# FOREWORD

**Mr Sihle Zikalala, MPL**

**MEC: KwaZulu-Natal Department of Economic Development,  
Tourism and Environmental Affairs**



Dube TradePort Corporation has proven its resilience by continuing to attract Foreign Direct Investment in the face of adverse economic growth, with the organisation securing over R1.3 billion in private investment to date. The organisation continues to refine its value proposition by enhancing its offerings through a multitude of measures designed to provide world-class infrastructure and services, as well as support to investors in a manner that creates a conducive operating environment for business in this distinguished prime investment destination.

In the last year alone, the organisation secured investment from several local and international companies (such as Laser Junction, Retractable and Tufbag) which will create around 1 500 direct jobs when these investors begin operating at full capacity in the coming months. We are confident too that this momentum will be carried through into the new financial year as Dube TradePort continues to attract investment, and as the number of facilities that are completed and become operational increases. Some of these include the following:

- Yangtze Optics Africa Holdings, a fibre optics and accessory manufacturer, is set to invest R250 million in their new facility and equipment. This facility will be creating 150 jobs in the highly skilled telecoms sector. Of these jobs, 98% will go to local people.
- Samsung Electronics SA will be taking occupation of an additional R35 million warehouse facility, which is currently

under construction, adding further capacity to Samsung Electronics SA's local production.

- A condom manufacturing plant by SA Health and US-based HBM was launched on the 19<sup>th</sup> of July 2016. The company will be investing R150 million and creating 145 jobs.
- iDube Cold Storage is yet another significant investment to come into Dube TradeZone. Valued at R90 million, this local firm has seized the opportunity to provide a cold storage solution within the Dube TradePort Special Economic Zone.
- GT Logistics, another investment by a local firm at R20 million, is geared for the construction of a new warehouse that will support the entity's continuing growth since first moving into the Dube TradePort precinct in 2010.

This progress and performance underscores the position of Dube TradePort as a prime investment destination, set to be further enhanced by the fact that Dube TradePort is in the process of transitioning from an Industrial Development Zone to a Special Economic Zone (SEZ). This SEZ status will greatly stimulate the manufacturing and agro-processing sectors, driving increased local production, which we anticipate will lead to an increase in exports.

Dube Cargo Terminal has registered a spirited growth in the cargo tonnage that is processed through the facility, with over 8 000 tonnes of international cargo processed in 2015/16. This is effectively a 12% year-on-year increase, which is impressive in a national economic climate where growth is 0.9%. We are confident that this trend will hold in the coming year, as we expect cargo throughput to grow at a rate of 13% to 9 100 tonnes in 2016/17. We anticipate that this will be driven primarily by the increased capacity provided by the airlines servicing the Durban route, namely: Emirates, Turkish Airlines, Ethiopian Airlines and Qatar Airways, which link KwaZulu-Natal to 700 destinations worldwide from their hubs in Dubai, Istanbul, Addis Ababa and Doha respectively.

These developments play favourably into the province's greater ambitions to realise the development of an aerotropolis, an integrated development using King Shaka International Airport as an anchor around which regional growth will be encouraged. It will thereby serve as an iconic platform, which will facilitate the growth of the province's economic prospects through investments in business and tourism.

The Route Development Committee attracted four new international airlines to King Shaka International Airport during the 2015/16 financial year. The committee continues to engage with existing and new airline customers through various platforms to promote direct air services to and from Durban.

King Shaka International Airport accommodated 4.9 million passengers in the 2015/16 financial year, which is a 9% growth on the previous financial year, as well as just under 300 000 passengers travelling on direct international air services to and from King Shaka International Airport.

I would like to thank the board of Dube TradePort Corporation and its executive team for being bold in taking on the challenge of driving the mammoth task of securing strategic investments, and developing key services and infrastructure that, as the government, we know will bring about the economic and social transformation of KwaZulu-Natal.

**Mr Sihle Zikalala, MPL**

MEC: KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs

# COMPANY PROFILE

## CORPORATION STRUCTURE

Dube TradePort Corporation is structured as follows:



## VISION

To be the leading global air logistics platform in Southern Africa, seamlessly integrated with inter-modal road, rail and sea infrastructure.

## MISSION

- To enable the development of an aerotropolis by providing leading-edge spatial planning and infrastructure;
- To attract investment through the creation and operation of a Special Economic Zone (SEZ) and related commercial zones; and
- To grow business and trade through enabling new regional and international air services.

## VALUES

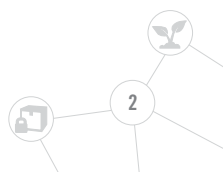
In conducting its day-to-day business activities with honesty and integrity, Dube TradePort Corporation is mindful of the need to adhere to a further clear set of values, which include:

- **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.

## STRATEGIC GOALS

Dube TradePort Corporation's strategic outcome-oriented goals are as follows:

- To maintain effective corporate governance;
- To ensure the efficacy of Supply Chain Management (SCM) for radical economic transformation;
- To act as a catalyst for targeted private sector investment;
- To plan and enable the development of a sustainable aerotropolis, cargo and air services;
- To provide infrastructure and service the development and operational needs of Dube TradePort; and
- To establish and effectively operate the Dube TradePort IDZ/SEZ.



# COMPANY PROFILE (continued)

## CODE OF BUSINESS CONDUCT

Dube TradePort Corporation has in place a Code of Business Conduct, giving effect to the business culture of the organisation and its staff members. Principles contained in the Code of Business Conduct include:

- Upholding the values of the organisation in all dealings with customers, suppliers and stakeholders;
- Treating all people with respect and dignity, while fostering a productive environment free of harassment, intimidation and discrimination;
- Being professional at all times;
- Refraining from using any position of power afforded by the organisation for the furtherance of self-interest or the interests of family and friends;
- Avoiding being compromised by allowing personal interests to influence business decisions, or by any conflict of interest;
- Honouring the content and spirit of any and all business transactions and agreements;
- Addressing any and all instances of crime, bribery, corruption or inducements by adopting a policy of zero tolerance against offenders;
- Displaying the highest levels of confidentiality;
- Maintaining records in an appropriate manner and complying with all policies, procedures and internal control systems; and
- Embracing a culture of tolerance regarding diversity, especially as it applies to culture, religion and sexual orientation.

## OVERVIEW

### DUBE TRADEPORT CORPORATION, OPERATOR OF THE DUBE TRADEPORT SPECIAL ECONOMIC 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 Special Economic Zone (SEZ) 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 2 940 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 the emerging Durban Aerotropolis, the first purpose-built aerotropolis in Africa, and is fast becoming a premier business and trade hub, with its coastal location making 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 centred on a world-class passenger and airfreight hub surrounded by multiple zones, namely:

### DUBE CARGO TERMINAL

A state-of-the-art cargo facility, and the most secure in Africa. With digital tracking and secure cargo flow through six on-site statutory bodies, and ultra-modern facilities, Dube Cargo Terminal prides itself on providing an ideal 24/7 cargo handling solution.

### DUBE TRADEZONE 1 AND 2

77 net developable hectares – growing to 300 hectares with future development phases – of specialised, prime and fully serviced industrial real estate within Dube TradePort SEZ. In close proximity to Dube Cargo Terminal, and containing Dube TradeHouse (the first facility in Africa to house freight forwarders and shippers in a single facility), this zone is ideally positioned for new-generation warehousing, manufacturing, assembling, air-related cargo distribution and more.

### DUBE CITY

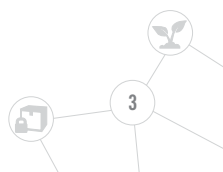
12 hectares (rising to 24 hectares with the completion of the second development phase) of premium office, retail, and hospitality space, all located in an ultra-modern urban 'green' hub just three minutes from King Shaka International Airport's passenger terminal.

### DUBE AGRIZONE

Part of Dube TradePort SEZ, 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. The zone also contains Dube AgriLab, the province's only commercial tissue culture laboratory.

### DUBE ICONNECT

All these zones are supported by Dube iConnect, the precinct's dedicated IT and telecommunications provider, and KwaZulu-Natal's premium locally hosted cloud service, making it the prime offering for regional data storage and disaster recovery.



# ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT

## ACCOUNTING AUTHORITY (BOARD)

Dube TradePort Corporation's Board is specifically structured 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 (Acting Chief Executive Officer).

### DETAILS OF NON-EXECUTIVE BOARD AND COMMITTEE MEMBERS

NAME	DESIGNATION	AGE	QUALIFICATIONS	OTHER MEMBERSHIPS/DIRECTORSHIPS
<b>Dr Zanele Bridgette Gasa</b>	Board Chairperson	39	<ul style="list-style-type: none"> <li>B. Building Arts in Architecture</li> <li>M. Comm Project Management</li> <li>PhD in Construction Management</li> </ul>	<ul style="list-style-type: none"> <li>Director: Elilox Group Pty Ltd</li> <li>Umso Construction Pty Ltd</li> <li>Allan Gray Orbis Foundation</li> <li>Nelson Mandela Metropolitan University Business School</li> <li>Visiting Fellow of Nottingham Trent University, UK</li> </ul>
<b>Adv Carol Silindile Sibiya</b>	Board Deputy Chairperson	40	<ul style="list-style-type: none"> <li>B. Proc</li> <li>LLB (Post Grad)</li> <li>Member of the Society of Advocates of KwaZulu-Natal</li> </ul>	<ul style="list-style-type: none"> <li>Trustee of Adams College Educational Trust Fund</li> </ul>
<b>Mr Velenkosini Lindokuhle Mtshali</b>	Board Member	38	<ul style="list-style-type: none"> <li>CA (SA)</li> <li>B. Comm (Hons) Accounting</li> <li>IRBA B-BBEE - Approved Registered Auditor</li> </ul>	<ul style="list-style-type: none"> <li>Bonakude Consulting Pty Ltd</li> <li>Chairperson: Umzimvubu Audit Committee</li> <li>Member of the following Audit Committees: <ul style="list-style-type: none"> <li>- Alfred Nzo District Municipality</li> <li>- Umzimkhulu Municipality</li> </ul> </li> </ul>
<b>Mr Graham Muller</b>	Board Member	65	<ul style="list-style-type: none"> <li>B.A. (Hons) Economics</li> <li>M.Sc. Statistics</li> <li>ACMA</li> <li>GCMA</li> </ul>	<ul style="list-style-type: none"> <li>Proprietor: Graham Muller Associates</li> </ul>
<b>Mr Mewa Ramgobin</b>	Board Member	84	<ul style="list-style-type: none"> <li>B.A. (Hons)</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson: Phoenix Settlement Trust</li> <li>Member of Parliament (retired)</li> </ul>
<b>Mr Paulos Ngcobo</b>	Remuneration and Human Resources Committee Member	53	<ul style="list-style-type: none"> <li>Dip. Special Human Resources</li> <li>Dip. Labour Economics</li> </ul>	<ul style="list-style-type: none"> <li>BEIER Industries</li> <li>Durban Infrastructure Development Trust</li> <li>Southern Palace Investment Development Company</li> <li>360X Pty Ltd</li> <li>Transman SA</li> <li>Cornubia Square</li> <li>Uniplate</li> </ul>
<b>Ms Hlengiwe Makhathini</b>	Investment Committee Member	36	<ul style="list-style-type: none"> <li>CA (SA)</li> <li>B. Comm (Hons) Accounting</li> <li>B. Comm Accounting</li> </ul>	<ul style="list-style-type: none"> <li>Road Traffic Infringement Agency (RTIA) – Member of the Audit Committee</li> </ul>
<b>Mr Shadrack Khumalo</b>	Audit and Risk Committee Chairperson	41	<ul style="list-style-type: none"> <li>B. Comm Accounting</li> </ul>	<ul style="list-style-type: none"> <li>FSG Group Pty Ltd</li> <li>Malpensa Holdings Pty Ltd</li> <li>RZT Zelpy 4823 Pty Ltd</li> </ul>

# ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT (continued)

## BOARD RESPONSIBILITIES AS PER THE BOARD CHARTER

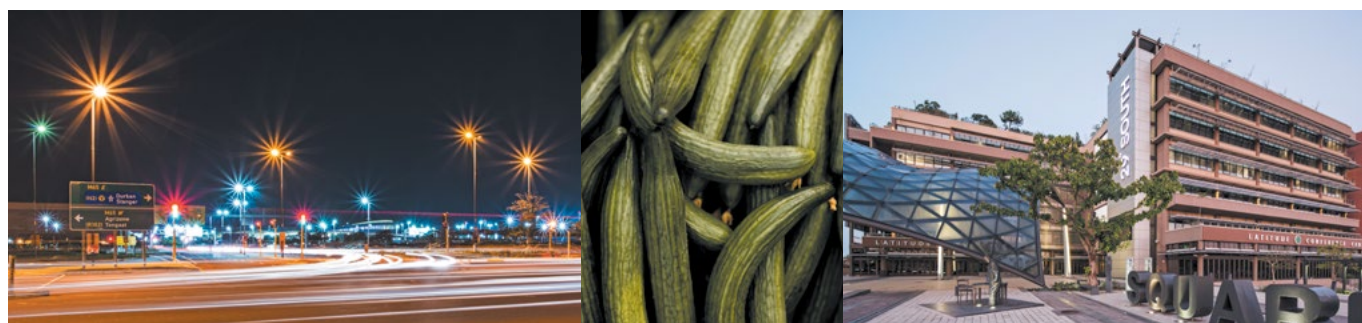
In line with the organisation's annually reviewed Board Charter, the Board has the following responsibilities:

- Ensuring that the strategic planning, establishment, design, construction, operation, management and control of Dube TradePort is effectively performed by management;
- Implementing and activating the Master Plan for the economic growth of Dube TradePort and KwaZulu-Natal;
- Managing and utilising resources in accordance with the objects and requirements of the Master Plan;
- Ensuring that risks associated with the strategy have been thoroughly assessed by management, and that effective risk management and internal control exist;
- Providing effective leadership on an ethical foundation, and ensuring that Dube TradePort Corporation's ethics are effectively managed;
- Ensuring that Dube TradePort Corporation is, and is seen to be, a good corporate citizen;
- Being responsible for IT governance;
- Ensuring that there is an effective risk-based internal audit;
- Ensuring that Dube TradePort Corporation complies with all laws and regulations; and
- Ensuring stakeholder communication through the integrity of the Annual Report.

## EXECUTIVE MANAGEMENT

Dube TradePort Corporation's executive team is comprised of the following members:

<b>Mr Hamish Erskine</b>	Acting Chief Executive Officer and ICT and Property Executive
<b>Ms Ayesha Swalah</b>	Chief Financial Officer
<b>Mr Kayaletu Ngqaka</b>	Chief Operating Officer
<b>Mr Mlibo Bantwini</b>	AgriZone and Cargo Operations Executive
<b>Mr Owen Mungwe</b>	Development Planning and Infrastructure Executive
<b>Ms Zodwa Mbatha</b>	Corporate Services Executive



# CHAIRPERSON'S STATEMENT

**Dr Zanele Bridgette Gasa**

**Chairperson of the Board of Dube TradePort Corporation**



As the Board of Dube TradePort Corporation, we are pleased to report that the organisation is well on its way to delivering on the 50-year Master Plan, as is evident in the growth in development and the value of private investment secured.

At this stage there are a number of our developments that have entered the planning stage of their second phase, where Environmental Impact Assessments have been submitted. Once approved, these will clear the way for new developments to get underway.

Dube TradePort Corporation is in the process of transitioning from an Industrial Development Zone to its new status as a Special Economic Zone (SEZ), which will further push the organisation to deliver on its economic development mandate. We are in the process of coordinating with the relevant authorities to bring Dube TradePort Corporation in line with the requirements of the SEZ Act.

While these processes are underway, we are responding to the growth in demand for industrial land and have taken the decision to accelerate the implementation of Dube TradeZone 2. We are also actively focusing on Dube TradeZone 3, which will allow us to bring an additional 34 developable hectares on-stream in close proximity to the existing

boundaries of the SEZ. In support of this expansion, Dube TradePort completed the R200 million International Trade Avenue dual carriage highway, which opens up parcels of land to the north of the current site, providing direct access to the N2 and R102 via the Watson Highway.

Dube City is another real estate offering that is attracting increased investment and is fast becoming a preferred business hub for companies with interests locally and internationally. Dube TradePort Corporation's investment in a double basement parking structure is providing a solid foundation for the attraction of new investment into the precinct: an office block, innovation centre and hotel are now earmarked for construction on top of the basement parking structure, which has brought a sizable amount of private investment into the precinct. This speaks directly to Dube TradePort's catalyst effect in attracting international investors who drive economic development and job creation.

Similar economic impact assessments can be concluded in many of the investments we have attracted to the region, where there is a clear correlation between each project's construction and operation and the subsequent impact on job creation, which in turn feeds into the economic growth of local communities.

Economic growth is also the factor underscoring our ongoing efforts to attract new air services to the province. Dube TradePort Corporation has participated effectively in continuing airline engagements, seeking and obtaining carriers to fly directly to King Shaka International Airport, thereby improving the airport's network connectivity and helping to position it as a hub airport in its own right.

The Board is mindful of the fact that the impact of our activities as an organisation feeds into the ambitions of the province and the country as a

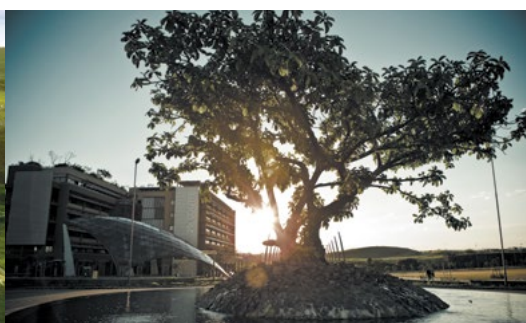
whole, as articulated in the Provincial Growth and Development Plan, which regards Dube TradePort as a key intervention in enhancing the province's competitive advantage in the transportation, logistics and communications sector as a means of strengthening KwaZulu-Natal's natural position as the gateway to Southern Africa.

The magnitude of this responsibility is certainly not lost on us. It is only as the developments progress and become operational that we begin to encounter, first-hand, the real needs of our people as they come forward seeking jobs and proposing new business ventures, and of our youth looking for opportunities to learn and develop themselves. It is in working to address these needs that we truly realise the magnitude of the responsibility and faith that the people of this province have placed in us.

I would therefore like to conclude by thanking the provincial government of KwaZulu-Natal for their unwavering support, always; my fellow Board members for your sharp and considered input; the executive team; and all the staff at Dube TradePort Corporation, who arrive every day to meet the challenges of delivering on the organisation's mandates and leave every day having made their mark. We as the Board are grateful for and humbled by your contributions towards uplifting the people of this province.



**Dr Zanele Bridgette Gasa**  
Chairperson of the Board  
Dube TradePort Corporation





# ACTING CEO'S REVIEW

Mr Hamish Erskine

Acting Chief Executive Officer



2015/16 was certainly a year of tremendous growth for Dube TradePort, especially in terms of growing our network and family. This year we welcomed:

- 4 new airlines to King Shaka International Airport;
- 3 new international airlines choosing Dube Cargo Terminal to handle their cargo;
- 344 new permanent jobs created within the Dube TradePort IDZ/SEZ;
- R254 million private sector investment secured;
- 1 new development commenced in Dube TradeZone 1;
- 2 new tenants to Dube TradeZone 1;
- 2 new lease agreements signed in Dube TradeZone 1;
- 2 new tenants to Dube AgriZone;
- 1 new road, with the official launch of International Trade Avenue;
- 7 new resellers to Dube iConnect;
- 37 new on-site clients to Dube iConnect;
- 56% increase in revenue for Dube iConnect;
- 12% increase in cargo growth achieved in Dube Cargo Terminal;
- 38% carbon emission reduction achieved (since the 2011 analysis);
- 82% tenant satisfaction rating achieved for Dube TradePort Corporation;
- 18 new employees who joined Dube TradePort Corporation;
- 28 new interns who joined Dube TradePort Corporation for a year;
- 20 new crèches and pre-schools supported by our CSI initiatives;
- 19 students who received bursaries to broaden their potential; and
- 1 100 students who received full school uniforms, enhancing the self-esteem of learners from destitute families.

## INTRODUCTION

This 2015/16 financial year, Dube TradePort's relentless commitment and drive to be Southern Africa's Premier Air Logistics Platform is clearly evidenced by the impressive achievement of 84% of our Annual Performance Plan. We are proud of this achievement as it demonstrates the tremendous efforts of the Dube TradePort Board, executive team, staff, tenants and stakeholders.

This year we were very pleased to welcome two new executives into the Dube TradePort family: Mr Kayaletu Ngqaka is Dube TradePort's new Chief Operating Officer and is leading Dube TradePort's IDZ/SEZ; Ms Zodwa Mbatha is Dube TradePort's new Corporate Services Executive responsible for HR, CSI, SHEQ and Information Management. The impact that these two dynamic executives have already made on Dube TradePort Corporation is clear.

## OVERALL PERFORMANCE



### FINANCIAL

The 2015/16 financial year saw our total assets increase to R4.3 billion, generating revenue of R109.5 million. Revenue is expected to increase in the future as Dube TradePort Corporation's investment in a solid asset base comes to fruition.



### PROPERTY, COMMERCIAL, ADMINISTRATION AND OPERATIONS

Dube TradePort's industrial and commercial property zones have continued to grow, with an increase in the development of facilities over the course of 2015/16.

Many tenants are already operational in Dube TradeZone 1, including Samsung Electronics SA, DB Schenker, Amsted Reelin, Tufbag, Rossi SA, Pilosio, Laser Junction and Retractable. Construction is almost complete on Air Chefs' flight kitchen, as well as a warehouse for the Gift of the Givers Foundation. Construction has also commenced on-site for a new cold storage facility being built by iDube Cold Storage. This is a KZN Growth Fund financed project.

Dube TradeZone 1B is now ready for occupation, and lease negotiations with a global pharmaceuticals company (who intend building a cutting-edge manufacturing facility on the site) are at an advanced stage.

With a strong pipeline in place, Dube TradePort Corporation is now preparing for the launch of Dube TradeZone 2, and the subsequent release of additional land.

The designation of Dube TradeZone as a Special Economic Zone (SEZ) continues to bring in very strong interest, particularly from international

investors, who are attracted by both the world-class infrastructure that Dube TradePort offers and the opportunities and benefits that come with being located within the SEZ.

In Dube City, the construction of a double underground basement, which will house a 21 500m<sup>2</sup> office and retail development by Eureka Holdings, is progressing well. The design of a multi-storey parkade on Blocks A and B has also been given the go-ahead, with construction expected to begin at the start of next year. This will assist Dube TradePort in achieving long term revenue, and also encourage additional development from the private sector within Dube City.

The cumulative value of private sector investment by financial year-end totalled over R1.3 billion.

In terms of Property Administration, a major focus this year was to negotiate new leases across our buildings, as a large number of them came up for renewal. The net result is that we achieved occupancy levels of 100% for buildings within Dube City, and over 90% within Dube TradeZone. The average rentals achieved across both our Dube City and Dube TradeZone properties were again in excess of the targets set.

From a facilities operations perspective, Dube TradePort continues to achieve in excess of 90% of planned maintenance schedules. No major security incidents with negative financial impact were reported. Dube TradePort Corporation's security successfully facilitated the security of national and international dignitaries attending the five major events held at Dube TradePort in the past year. The maintenance team continued to maintain customer satisfaction, exceeding the targets set in the organisation's APP as follows: 91% completion of planned preventative maintenance programmes, and 99% completion of tenant-logged work orders. Customer satisfaction was measured at 80%, which was an improvement on the previous year.



### DUBE AGRIZONE

Dube AgriZone's major area of focus this year was ensuring that all operational requirements and services were in place for existing and new tenants, to ensure their smooth and efficient establishment into Dube AgriZone. Whilst the new tenants took occupation as intended, there were delays in obtaining certain regulatory approvals, which impacted the overall value of production from Dube AgriZone this year. These delays have since been addressed, with the necessary approvals having been obtained, ensuring they can operate optimally in the future.



# ACTING CEO'S REVIEW (continued)

A number of new developments were undertaken to enhance the service offering of Dube AgriZone and improve its efficiency. These include two new solar plants to increase renewable energy production. These will reduce reliance on the municipal supply and reduce costs, whilst also reducing Dube AgriZone's environmental impact, thus ensuring that sustainable farming practices are increased. Another key focus area was ensuring a continuous water supply (a challenge given the lack of rain, which had been the source of most of the water for irrigation since inception). This was achieved by enhancing the water treatment system, enabling it to utilise other water sources and still meet the irrigation and water quality specifications needed by producers. All these initiatives ensured Dube AgriZone maintained a high tenant satisfaction level of 86.6%.

There were also challenges in this period, the main one being high contamination rates and inadequate multiplication rates in Dube AgriLab. Nonetheless, the percentage of production showed a significant increase year-on-year, and new products were introduced following successful Research and Development (R&D). The focus now is to convert this R&D into commercial-scale production, and to continue providing a quality service to the agricultural industry in the province.



## DUBE CARGO TERMINAL

The cargo division's main focus was on negotiating and securing Standard Ground Handling Agreements with three new airlines: Turkish Airlines, Ethiopian Airlines and Qatar Airways. This required extensive discussion, inspection and evaluation to ensure that Dube Cargo Terminal was able to deliver on the necessary service level standards.

With the introduction of the new airlines and additional growth in cargo, Dube Cargo Terminal continued to achieve a 12% growth in cargo volumes. This fell short of the targeted 15% growth due to a significant decline in the December to January period. Nonetheless the growth rate achieved is impressive given a decline in the airfreight volumes for the region, and the general weakness in economic growth and trade volumes, which have a relationship with airfreight traffic.

Given the increase in cargo volumes, another key priority was increasing revenue. Revenue from Dube AiRoad grew significantly, and far exceeded the targeted 12% growth, while cargo handling revenue also grew significantly by 19% (falling just 3% short of the targeted growth due to a significant slump in the December to January period). The last quarter of the financial year provided signs that revenue will continue to

grow moving forward, given the change in some of the international services, and the market being more aware of the value they offer.

Dube Cargo Terminal managed to meet all standards in the Service Level Agreements, and kept its impressive record of 0% cargo loss. With safety still a key priority, the cargo terminal also managed to meet all South African Civil Aviation Authority (SACAA) standards and maintained a successful audit outcome with no exceptions.



## DUBE AIR SERVICES

The Air Services team is very proud to have attracted four new international airlines to King Shaka International Airport during the 2015/16 financial year.

Proflight Zambia commenced its new service between Durban and Lusaka during September 2015; Turkish Airlines introduced a four-per-week service between Durban and Istanbul in November 2015; Ethiopian Airlines started its three-per-week service between Durban and Addis Ababa in December 2015; and Qatar Airways introduced a four-per-week service between Durban and Doha, also during the month of December 2015.

The focus for the next financial year will be continued international passenger growth through the airport. This will entail further engagement with existing and new airline customers.



## DUBE ICONNECT – INFORMATION AND COMMUNICATIONS TECHNOLOGY

Dube iConnect experienced exciting times in the 2015/16 financial year with the launch of a new Data Centre hosting solution. In partnership with Microsoft, Dube iConnect launched its Windows Azure Pack environment, and was listed on the Microsoft website as one of only eight Cloud OS Network partners in Africa.

The improved operational up-time of Dube iConnect's core infrastructure – in excess of 99.5% – allowed them to meet the targets set in their client Service Level Agreements.

Dube iConnect continues its rapid growth, with total revenue increasing by 56%, a marked improvement on the previous year's 41% increase. December 2015 saw a further shift in the revenue generating streams, with Dube iConnect resellers exceeding on-site tenant monthly revenues for the first time.

With digital transformation being a core focus for both the private and public sectors, and a continued acceleration in the adoption of cloud-based services, Dube iConnect is well positioned for growth.



## DEVELOPMENT PLANNING AND INFRASTRUCTURE

The Development Planning and Infrastructure division saw the successful completion of a number of projects in the last financial year. These included a new building for Air Chefs, a new multi-purpose warehouse, a maintenance facility, and the completion of bulk services for Dube TradeZone 1B. The division continues to push forward with the construction of the double basement in Block D in Dube City, and new structures (including a biotech facility and a multi-storey parkade) are at advanced stages of planning. Detailed designs are also underway for Dube TradeZone 2, Dube AgriZone 2, and the Hlawe River sewer pipeline, with the intention to commence construction on-site this financial year.

With the approval of the Integrated Aerotropolis Strategy in the preceding year, which establishes Dube TradePort Corporation as an implementing agent, the master-planning process has continued in earnest. On the back of the master-planning process, a governance structure has been set up, with a number of municipalities and provincial departments in the aerotropolis region being key and active participants, to ensure alignment and integrated development. Dube TradePort Corporation is actively engaged in all working groups in the following thematic areas: Route Development and Air Services; Spatial Planning, Sustainability and Commercial Development; Multi-modal Transport and Infrastructure; and Knowledge Support, ICT and Smart Cities.

Work is continuing in the area of land use management, with the preparation of detailed layout plans for submission to the local authority, once positive environmental authorisations have been secured for the Dube TradeZone 2 and Support Zone 2 developments. Dube TradePort Corporation is also working hard to implement a permanent public transport solution, which is set to benefit the large proportion of public transport users on-site, linking them with existing transport nodes in close proximity to the precinct.

The year under review witnessed a milestone achievement in the concluding and finalising of the long outstanding 'Delineation of the conservation area' as part of the original Record of Decision (ROD). This approval will pave the way for a number of Environmental Impact Assessment (EIA) applications, in particular for the northern section of the Dube TradePort precinct. The following developments will be unlocked by this approval, and are at different stages of assessment: Ushukela Development (encompassing Dube TradeZone 3), Dube TradeZone 2, Dube AgriZone 2 and the Hlawe River sewer pipeline.



# ACTING CEO'S REVIEW (continued)

The strategic partnership with Tongaat Hulett Developments, eThekweni Municipality and Dube TradePort Corporation on the Climate Resilience Framework is gaining momentum. The parties are currently finalising an implementation strategy that will result in an environmentally resilient region.

Another success on the climate change side was the 16.6% carbon emission reduction since the 2014/15 baseline. This impressive 38% reduction since the 2011 analysis was largely due to the success of the solar panel installations in Dube AgriZone. Dube TradePort Corporation's latest State of the Environment Report can be found at [www.dubetradeport.co.za/Documents](http://www.dubetradeport.co.za/Documents).



## CORPORATE SERVICES

Corporate Services continues to be an enabler to the organisation, ensuring that Dube TradePort Corporation has all the requisite skills in the right places. During the period under review, the Human Resources Strategy was approved and the Employee Wellness Programme was fully implemented.

The Employment Equity Committee continued to focus on achieving Employment Equity targets as set out in our Employment Equity Plan. Dube TradePort Corporation has once again made remarkable progress in this regard, in that 100% of the appointments made were equity candidates.



## INDUSTRIAL DEVELOPMENT ZONE/SPECIAL ECONOMIC ZONE

Dube TradePort Corporation has been working towards building its capacity to deliver on its Industrial Development Zone (IDZ)/Special Economic Zone (SEZ) mandate. A Chief Operating Officer was appointed to oversee the implementation of the SEZ programme at Dube TradePort Corporation. Efforts to fill four other managerial positions were made.

By 31 March 2016, Dube TradePort Corporation had achieved 81% compliance with its IDZ

license terms and conditions, exceeding its 75% annual target. Some work on developing an implementation plan for SEZ transitional arrangements was in progress.

On the investment front, R137.3 million of private sector investment was injected into the IDZ/SEZ, exceeding the initial target of R77 million. The value of exports from Dube TradePort was R248 million. During the period under review, investments with a combined value of R211 million commenced their operations at Dube TradePort. It is estimated that these investments, which cover a range of industries including steel fabrication and laser cutting, manufacture of laundry products and accessories, and manufacture of plastic packaging products, will create in the region of 1 500 direct jobs when they become fully operational in the short- to medium-term.

Dube TradePort Corporation continued to attract investors and develop infrastructure in the IDZ/SEZ. These activities led to the creation of 229 temporary construction jobs and 344 permanent jobs.

Dube TradePort's SEZ activities during the year under review (which include construction, investments and manufacturing) have led to the creation, directly, indirectly and endogenously, of 9 880 jobs in the South African economy, of which 7 395 were within KwaZulu-Natal. Of the 7 395 jobs created by Dube TradePort in the province, the majority (4 160) were created through Dube TradePort's IDZ activities (Dube TradeZone 1 and Dube AgriZone 1). 6 550 jobs were created during the operational phase of Dube TradePort investments. The manufacturing sector in the Dube TradePort IDZ designated zones has contributed 36% (or 1 515 jobs) towards the total jobs created, followed by agriculture and agro-processing. When combined with Trade and Accommodation, and Financial and Business Services, these five sectors have the highest impact on job creation in the Dube TradePort IDZ/SEZ.

## CONCLUSION

On behalf of my executive colleagues and myself, I would like to extend a vote of thanks to Mr Sihle Zikalala, MEC for Economic Development, Tourism and Environmental Affairs, for his interest and support of Dube TradePort's efforts.

My thanks also go to our Chairperson, Dr Zanele Bridgette Gasa, and the members of the Board. Their leadership, expertise, passion and commitment have enabled us to continue to grow in the face of difficult economic circumstances, and their efforts are reflected in Dube TradePort Corporation's performance over the past financial year.

Thanks once again to the Dube TradePort Corporation staff for their dedication and hard work in 2015/16. Our success depends on their impressive and tireless efforts.

Lastly, I would like to extend a warm welcome to everyone who joined the Dube TradePort network and family this year; and to all our tenants, clients and stakeholders who have been a part of this exciting development for the past years, thank you for your ongoing commitment to our vision, and for continuing to make Dube TradePort Southern Africa's Premier Air Logistics Platform.

**Mr Hamish Erskine**  
Acting Chief Executive Officer  
Dube TradePort Corporation



# CORPORATE SERVICES REPORT

## HUMAN RESOURCES

The total staff complement remained relatively stable, with 181 permanent employees at Dube TradePort Corporation as at 31 March 2016. Our vacancy rate remained below our target at 6.7%, with an annual labour turnover rate of 7%.

## WORKFORCE MOVEMENT

<b>Total number of employees on 31 March 2015</b>	<b>176</b>
Permanent employee appointments	18
Permanent employee terminations	(13)
<b>Total number of employees as at 31 March 2016</b>	<b>181</b>
Contracted employees	4
<b>Total number of employees and contractors as at 31 March 2016</b>	<b>185</b>

## DIVERSITY CHARTER

One of the highlights this year has been the launch of Dube TradePort Corporation's Diversity Charter, which captures our commitment to embracing diversity and taking full advantage of the diverse nature of our environment. The charter is as follows:

### Dube TradePort is a place that:

- Is free of discrimination on the basis of ethnicity, race, gender, class, nationality, religion, sexual orientation and disability;
- Is socially cohesive and inclusive;
- Recognises, respects and celebrates diversity;
- Nurtures a culture of tolerance and understanding of differences;
- Attracts, develops and retains good people, then empowers them to reach their full potential;
- Is working towards developing its people to achieve equitable representation throughout the organisation;
- Has staff who aspire to live Dube TradePort's values in everything that they do; and
- Empowers its staff to recognise that transformation is the responsibility of everyone within the organisation.

## EMPLOYMENT EQUITY

### EMPLOYMENT EQUITY REPORT AS AT 31 MARCH 2016 (INCLUDING CONTRACTORS)

OCCUPATIONAL LEVEL	MALE					FEMALE					GRAND TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL	
Top Management	3	0	0	1	4	1	0	1	0	2	6
Senior Management	2	0	1	2	5	2	1	0	5	8	13
Middle Management	8	2	6	5	21	6	1	7	1	15	36
Junior Management	13	0	10	3	26	10	1	4	2	17	43
Semi-skilled	25	1	10	2	38	12	1	6	0	19	57
Unskilled	18	0	0	0	18	12	0	0	0	12	30
<b>TOTAL</b>	<b>69</b>	<b>3</b>	<b>27</b>	<b>13</b>	<b>112</b>	<b>43</b>	<b>4</b>	<b>18</b>	<b>8</b>	<b>73</b>	<b>185</b>
<b>DUBE TRADEPORT CORPORATION</b>	<b>37%</b>	<b>2%</b>	<b>15%</b>	<b>13%</b>	<b>61%</b>	<b>23%</b>	<b>2%</b>	<b>9%</b>	<b>6%</b>	<b>39%</b>	<b>100%</b>
Employees with Disabilities	0	0	0	0	0	1	0	0	0	1	1
<b>KWAZULU-NATAL EAP</b>	<b>45.1%</b>	<b>0.8%</b>	<b>5.8%</b>	<b>2.7%</b>	<b>54%</b>	<b>39.7%</b>	<b>0.6%</b>	<b>3.3%</b>	<b>1.8%</b>	<b>46%</b>	<b>100%</b>

Dube TradePort Corporation submitted its Annual Employment Equity Reports 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). 100% of all appointments made were of equity candidates, equating to 17 African and one Coloured appointment. This reflects our continued commitment to focus on and drive employment equity practices within the organisation.

This year, we launched the Dube TradePort Corporation Diversity Charter that pledges and formalises our commitment to acknowledging the diversity of our workforce. This was done under the theme 'Diversity is our Strength'.

# CORPORATE SERVICES REPORT (continued)

## LEARNING AND DEVELOPMENT

Dube TradePort Corporation continues to ensure that our employees have opportunities for learning and development, to assist with their professional development and the performance of their job functions. We are committed to creating an enabling, equitable, supportive, challenging and stimulating working environment, which values and empowers its employees at all levels.

The total learning and development spend for the period under review amounted to 2.1% of our payroll. 338 learning interventions took place.

The Adult Education and Training (AET) Programme continues to grow, with one employee completing Level 3, and four employees completing Level 4.

Internship and Artisanship Programmes continue to be a focus for us, as we develop our qualified youth and equip them with the necessary skills and experience.

## EMPLOYEE WELLNESS

The implementation of Employee Wellness Programmes (EWPs) is a continued focus for us. Dube TradePort Corporation has partnered with Metropolitan Health Risk Management to provide a comprehensive wellness service to employees and their immediate families. The utilisation rate for EWP services for the period is 42%. It is pleasing to note that employees are proactive about their psychosocial wellness, as self-referrals measured at 100%.

There were three sessions on TB Awareness, three sessions on Breast Cancer Awareness and one Men's Health Awareness campaign. Financial Wellness sessions were also held during the period under review, and will continue to be an ongoing focus, to equip our employees to deal with the ever-increasing pressures of our economy. A Wellness Day was held during the month of November 2015 and was very well received. Further to this, monthly wellness newsletters are consistently sent to all employees, aligned to national and international awareness days.

## BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Broad-Based Black Economic Empowerment (B-BBEE) is one of the key performance indicators in Dube TradePort Corporation's Strategic and Annual Performance Plans. We implemented our comprehensive Enterprise, Supplier and Socio-Economic Development Strategy (ESD/SED) this year, with good results. Dube TradePort Corporation was verified as a Level 3 BEE Contributor this financial year

(improving from a Level 6 Contributor in the previous financial year), and we are pleased to continue our contribution to the socio-economic development and transformation of KwaZulu-Natal.

## CORPORATE SOCIAL INVESTMENT

The Corporate Social Investment programme of Dube TradePort Corporation continues to touch the lives of ordinary people in different communities of KwaZulu-Natal. This is done through different projects and sub-programmes falling under three key focus areas: education and skills development, environmental sustainability and socio-economic development. The following projects and programmes were implemented in 2015/16:

### BURSARY SCHEME

A total of 19 students received financial support through Dube TradePort Corporation's bursary scheme this year. The scheme targets students from institutions within KwaZulu-Natal, provided the students themselves are also from the province. The four universities of KwaZulu-Natal are the University in KwaZulu-Natal, Durban University of Technology, Mangosuthu University of Technology and the University of Zululand.

### INTERNSHIP PROGRAMME

28 new interns were placed during the 2015/16 financial year. The programme continues to provide unemployed graduates with much needed experience, so that they can be employable. A number of these interns do not complete their internship because they secure permanent employment while they are still in the programme.

### SCHOOL UNIFORM PROGRAMME

1 100 learners benefited from this programme in 2015/16. They received full school uniforms. These learners were from ten different primary schools. The programme continues to enhance the self-esteem of learners from impoverished families.

### COMMUNITY SKILLS DEVELOPMENT PROGRAMME

A new programme was implemented in this financial year, benefiting learners living with disabilities. A school for people with disabilities was provided with three sewing machines and two cooking stoves. These will be used to teach skills to the learners.

### EARLY CHILDHOOD DEVELOPMENT PROGRAMME

Another new project was implemented in this financial year, benefiting 20 crèches and pre-schools. These crèches received stationery,

educational toys, teaching aid charts and furniture. The crèches provide a very important foundation for children who are preparing to start Grade R, and eventually Grade 1.

### SOLAR POWER GENERATING SYSTEM PROJECT

An additional school benefited from this project this financial year. The school is a technical secondary school that uses heavy equipment. The installation will help the school to reduce its electricity bill by using renewable solar energy.

### EMERGING FARMERS DEVELOPMENT PROGRAMME

Dube TradePort Corporation, through its Corporate Social Investment programme, continues to support emerging farmers from the nearby communities. During this financial year the programme provided tools, seeds and protective wear to farmers. These farmers will also be helped with access to markets so that they can sell their produce. Dube TradePort has also provided a platform for these emerging farmers to sell their produce to Dube TradePort Corporation staff members. In 2015, farmers were also provided with a platform to sell their produce at the popular Royal Show in Pietermaritzburg.

### STAFF INVOLVEMENT PROJECTS

Over the past four years, Dube TradePort Corporation staff members have been part of different initiatives, contributing both with donations and by their presence in some of those initiatives. The staff involvement projects included Mandela Day, Arbor Day, and the donation of books, school shoes and clothing, etc.

### INFORMATION MANAGEMENT

We reviewed our Public Access to Information Act (PAIA) Manual and have developed our Records Management Policy and Procedure, which is awaiting approval from the Provincial Archivist. In addition, we have also developed the File Plan, which was approved by the Provincial Archivist. Knowledge Management Awareness sessions were held across the organisation. One session was held on the Protection of Personal Information Act to educate our employees.

# 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 01 April 2011, Dube TradePort Corporation operated as a Non-Profit Company (formerly known as a Section 21 Company), registered under the Companies Act. However, from 01 April 2011, Dube TradePort Corporation became a Schedule 3C Provincial Public Entity, formalised in September 2011 in line with the publication of the notice in the Government Gazette. 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 Company. Furthermore, the Act provided for Dube TradePort Corporation to be the successor in law of the Dube TradePort Non-Profit Company. The Non-Profit Company was concluded on 31 August 2013.

## PUBLIC FINANCE MANAGEMENT ACT

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 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 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. Therefore, Dube TradePort Corporation has committed itself to adherence to the principles contained in King III wherever appropriate.

However, while the organisation sets out to apply King III principles and practices, it is not possible as a 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 are further augmented at the Audit and Risk, Remuneration and Human Resources and Investment Committees as a result of the inclusion of external members of the Committees whose participation, while not being members of the Board, is permissible in terms of the PFMA.

The non-executive members of the Board collectively bring a wealth of expertise from their own specialist fields, ensuring that the Board discussions on strategy, policy and performance are lively, constructive and robust.

Board members are appointed for a term of five years, in line with the provisions of the KwaZulu-Natal Dube TradePort Corporation Act, No. 2 of 2010.

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 and the inclusion of legislative changes or best practice.

Board members have unrestricted access to management.

## BOARD RESPONSIBILITIES

The Board is responsible for strong ethical leadership and receives reports on ethics initiatives in the organisation. The Board, as custodian of Corporate Governance, accepts responsibility for ensuring that the entity conducts its business in line with ethically sound governance principles which extend beyond mere legislative and regulatory compliance. This is achieved by annual review of key policies and

ensuring that the organisation's obligations to key stakeholders are effectively met. The Board also 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 Board Charter is reviewed annually. For more information on the specific Board responsibilities, please refer to: [www.dubetradeport.co.za/Corp\\_Gov](http://www.dubetradeport.co.za/Corp_Gov). Training for Board members is conducted when required. During the year, a workshop on Special Economic Zones was held for Board members and the executive team.

## CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The roles of the Chairperson of the Board and the Chief Executive Officer are separate and distinct. 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 to take responsibility for the effective management of Dube TradePort Corporation and the implementation of the 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. The Delegation of Authority document is reviewed at least annually, or whenever required.

## BOARD EVALUATION

An evaluation of the Board's effectiveness against the recommendation of King III was undertaken during the year by an independent service provider.

The recommendations of the independent service provider are being analysed and utilised to further improve the operation of the Board.

## DECLARATIONS OF BOARD MEMBERS' INTERESTS

As with employees of Dube TradePort Corporation, all Board members 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.

# CORPORATE GOVERNANCE REPORT (continued)

## SCHEDULE OF ATTENDANCE AT BOARD AND COMMITTEE MEETINGS (INCLUDING SPECIAL MEETINGS)

BOARD/ COMMITTEE MEMBERS	BOARD/ COMMITTEE MEMBERSHIP	BOARD				AUDIT AND RISK COMMITTEE	REMUNERATION AND HR COMMITTEE	INVESTMENT COMMITTEE
		4 ORDINARY MEETINGS	2 EXTRAORDINARY MEETINGS	1 STRATEGY MEETING	1 STRATEGIC RISK ASSESSMENT	4 ORDINARY MEETINGS	3 ORDINARY MEETINGS	1 ORDINARY MEETING
<b>Dr Zanele Bridgette Gasa</b>	<ul style="list-style-type: none"> <li>Chairperson of Board</li> <li>Member of Investment Committee</li> </ul>	4	2 (1 via conference call)	1	1	-	-	1
<b>Adv Carol Sibiya</b>	<ul style="list-style-type: none"> <li>Deputy Chairperson of Board</li> <li>Chairperson of Remuneration and HR Committee</li> </ul>	4	2 (1 via conference call)	1	1	-	3	-
<b>Mr Graham Muller</b>	<ul style="list-style-type: none"> <li>Board member</li> <li>Member of: <ul style="list-style-type: none"> <li>- Audit and Risk Committee</li> <li>- Investment Committee</li> </ul> </li> </ul>	4	2	1	1	4	-	1
<b>Mr Vela Mtshali</b>	<ul style="list-style-type: none"> <li>Board member</li> <li>Member of Audit and Risk Committee</li> </ul>	3	2	1	1	4	-	-
<b>Mr Mewa Ramgobin</b>	<ul style="list-style-type: none"> <li>Board member</li> <li>Member of Remuneration and HR Committee</li> </ul>	2	1 (via conference call)	A	A	-	2	-
<b>Mr Shadrack Khumalo</b>	<ul style="list-style-type: none"> <li>Independent Chairperson of Audit and Risk Committee</li> </ul>	3	-	-	1	4	-	-
<b>Mr Paulos Ngcobo</b>	<ul style="list-style-type: none"> <li>Independent member of Remuneration and HR Committee</li> </ul>	-	-	-	-	-	3	-
<b>Ms Hlengiwe Makhathini</b>	<ul style="list-style-type: none"> <li>Independent member of Investment Committee</li> </ul>	-	-	1	-	-	-	1
<b>Mr Hamish Erskine</b>	<ul style="list-style-type: none"> <li>Acting Chief Executive Officer</li> </ul>	4	1	1	1	4	3	1
<b>Ms Ayesha Swalah</b>	<ul style="list-style-type: none"> <li>Chief Financial Officer</li> </ul>	4	-	1	1	4	-	1
<b>Mr Kayaletu Nqgaka</b>	<ul style="list-style-type: none"> <li>Chief Operating Officer</li> </ul>	-	-	A	1	-	-	1

- = Not required at meeting or not a member of the committee.

A = Apologies with reasons which are tendered in advance from those unable to attend meetings.

# CORPORATE GOVERNANCE REPORT (continued)

## BOARD MEETINGS

Dube TradePort Corporation's Board meets at least four times per annum and retains full control over the organisation. During the 2015/16 financial year, four ordinary Board meetings, two extraordinary meetings and one strategy planning meeting, and a Strategic risk assessment (involving the executive 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.

## 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. For more information on the specific committee responsibilities, please refer to: [www.dubetradeport.co.za/Corp\\_Gov](http://www.dubetradeport.co.za/Corp_Gov)

The Audit and Risk Committee met four times during the 2015/16 financial year.

The detailed report of the work of the Audit and Risk Committee may be found in the Annual Financial Statements on page 31.

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

## 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:

- Financial policies have been developed and are reviewed annually to ensure that the system of internal financial controls is seamlessly integrated into the processes at Dube TradePort Corporation;
- 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 strategic risks facing Dube TradePort, please refer to: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

The Board reviews the strategic risks together with the executive team 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.

## IT GOVERNANCE

During the year, an ICTG Steering Committee began to meet regularly to review the existing ICTG Policies and draft new policies as required. In line with the Dube TradePort Corporation governance framework, all new policies were approved by the Board and the review of existing policies was undertaken by the Audit and Risk Committee as per the delegations in place.

## 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 that are reviewed annually and approved by the Board. For more information on the specific committee responsibilities, please refer to: [www.dubetradeport.co.za/Corp\\_Gov](http://www.dubetradeport.co.za/Corp_Gov)

The Remuneration and Human Resources Committee is chaired by Adv Carol Sibiyi, the Deputy Chairperson of the Board. Mr Mewa Ramgobin (Board member) and Mr Paulos Ngcobo (independent) are non-executive members of the committee.

The Remuneration and Human Resources Committee met three times during the 2015/16 financial year. The Chief Executive Officer attends the meetings as a member of the Committee, and the Corporate Services Executive attends Remuneration and Human Resources Committee meetings by invitation. They recuse themselves during any discussion pertaining to their performance or remuneration.

Dube TradePort Corporation remunerates according to cost to company based on the 50<sup>th</sup> percentile. Bonuses are performance-based, calculated on the achievement of predetermined key performance indicators. The scores achieved are assessed by the employee, line manager and executive and approved by the Remuneration and Human Resources Committee.



# CORPORATE GOVERNANCE REPORT (continued)

## INVESTMENT COMMITTEE

During the year the Board formed an Investment Committee, which is convened in terms of formal Terms of Reference that are reviewed annually and approved by the Board. The Committee met once during the year. The Chairperson of the Board chaired the meeting to facilitate proceedings of the first meeting, although not in line with the recommendations of King III.

The committee comprises Dr Zanele Bridgette Gasa and Mr Graham Muller, and an independent member, Ms Hlengiwe Makathini.

The Chief Executive Officer and Chief Operating Officer attend the meetings as executive members of the Committee, and the Chief Financial Officer attends by invitation.

## CODE OF CONDUCT

Dube TradePort Corporation has a policy of zero tolerance to unethical activities and the Code of Conduct governs the behaviour of all employees. All employees receive training on the Code of Conduct during their induction and all are expected to sign an annual declaration that they understand the contents of the code and that contravention of the code will result in consequences, including disciplinary action.

## 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 company 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 the organisation's website. For more information on the manual, please refer to: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

During the period of 01 April 2015 to 31 March 2016, Dube TradePort Corporation did not receive any requests for information requiring a specific response. All other requests related to information that was automatically available on the organisation's website, or was contained in marketing and promotional materials. During this period 63 tours were conducted, with a total of 1 375 people undertaking tours of the Dube TradePort precinct.

For details of other stakeholder engagements please refer to: [www.dubetradeport.co.za/Annual\\_Reports](http://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 activities that are reported on the hotline or to management, 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.

## PROGRAMME STRUCTURE

PROGRAMMES	SUB-PROGRAMMES
 <b>PROGRAMME 1</b> Administration	<ul style="list-style-type: none"> <li>• Office of the Chief Executive Officer</li> <li>• Finance</li> <li>• Corporate Services</li> </ul>
 <b>PROGRAMME 2</b> Cargo Development	<ul style="list-style-type: none"> <li>• Cargo Operations</li> <li>• Air Cargo Business Development</li> </ul>
 <b>PROGRAMME 3</b> Property	<ul style="list-style-type: none"> <li>• Commercial</li> <li>• Operations</li> </ul>
 <b>PROGRAMME 4</b> Dube AgriZone	<ul style="list-style-type: none"> <li>• Dube AgriZone Services</li> <li>• Dube AgriZone Sustainable Farming Initiatives</li> <li>• Tissue Culture Facility (Dube AgriLab)</li> <li>• Landscaping and Rehabilitation</li> <li>• Dube AgriZone Expansion</li> </ul>
 <b>PROGRAMME 5</b> Information and Communications Technology (Dube iConnect)	<ul style="list-style-type: none"> <li>• Commercial</li> <li>• Operations</li> </ul>
 <b>PROGRAMME 6</b> Development Planning and Infrastructure	<ul style="list-style-type: none"> <li>• Planning</li> <li>• Environment</li> <li>• Infrastructure and Development</li> </ul>
 <b>PROGRAMME 7</b> Dube TradePort Industrial Development Zone/ Special Economic Zone	

The following tables highlight the performance of each programme (and their respective sub-programmes) for the 2015/16 financial year, against targets reflected in the Annual Performance Plan 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) 2015/16	ACTUAL PERFORMANCE	COMMENT
To provide strategic direction and leadership to Dube TradePort Corporation	% Achievement of APP targets	85%	84%	84% of the targets were met during the year, falling just short mainly due to low levels of economic growth, which impacted passenger numbers and cargo volumes through King Shaka International Airport. Reductions in Dube TradePort Corporation's budget during the year also meant that investment in infrastructure and construction spend on SMMEs was lower than initially planned.
	% Increase in own revenue	8%	27.8%	Dube TradePort Corporation's own revenue consisted mainly of property rentals, cargo handling charges and revenue from the provision of ICT services. Rental income grew by 38% in 2015/16 as a result of rental commencing on land development leases at Dube TradeZone after the initial development phase was concluded.
	Number of marketing activities developed and implemented to support the external business communication channels	12	12	The following marketing activities were implemented during the year: (1) Annual Report 2014/15; (2) Routes 2015 events; (3) Route Development support; (4) Dube AgriZone: local awareness of offerings; (5) Property: investment opportunities; (6) Brand Momentum; (7) Brand Awareness: mass media – community; (8) Brand Awareness: mass media – business and niche; (9) Public Relations; (10) Client communications and surveys; (11) Community stakeholder engagement; and (12) Branding and materials.
To secure beneficial partnerships for Dube TradePort Corporation	Number of partnerships secured	2	2	A Memorandum of Understanding was signed with Transnet to develop projects of mutual interest relating to sea and air cargo movements and an agreement was signed with Artisan Development Academy for Dube TradePort Corporation to act as a host employer.
To promote sound corporate governance to Dube TradePort Corporation and its Board	Board effectiveness as determined by comparison to the appropriate recommendations of King III	70%	80%	An independent service provider assessed the effectiveness of the Board at 80% as compared to the recommendations of King III.
	% Implementation of ICT Governance Framework and Policies requirements	80%	96.8%	Dube TradePort Corporation complied with the requirements of the ICT Governance Framework and policies. The ICTG Strategy and Enterprise Architecture Framework were drafted but not finalised before year-end.
To facilitate new international and regional air services	% Increase in international/regional passengers through King Shaka International Airport	3.5%	(2.3%)	While passenger numbers declined in the first three quarters of 2015/16, as compared to the same period in the prior year, three international carriers launched new routes from King Shaka International Airport at the end of the third quarter, and this resulted in passenger numbers increasing by 11% in the fourth quarter and by 23% in March alone.
	Number of air services business cases or business opportunity proposals submitted	8	14	Proposals were presented to airlines at the Routes Middle East and Africa event held in Bahrain, as well as World Routes held in Durban in September 2015.

# ANNUAL PERFORMANCE REPORT (continued)

## Programme 1: Administration (continued)

### SUB-PROGRAMME 2: FINANCE

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To provide effective, efficient and transparent financial management	External audit opinion	Clean audit	Clean audit	Dube TradePort Corporation received a clean audit for the 2014/15 financial year. This was the third year running that this result was achieved.
	% Of prior period external audit report items resolved prior to commencement of the audit	80%	100%	No audit findings were raised by the Auditor General during the 2014/15 audit.
	% Increase in the value of assets	10%	11.5%	Two new land parcels were registered in Dube TradePort Corporation's name in 2015/16, increasing the value of its assets to more than R3.3 billion.
To promote radical economic transformation through the adoption of relevant supply chain management practices	Procurement spend on targeted businesses	30%	78%	78% of the value of procurements finalised and awarded during the 2015/16 financial year were awarded to black-owned or black women-owned businesses or SMMEs.

### SUB-PROGRAMME 3: CORPORATE SERVICES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To effectively manage human resource recruitment, learning and development and corporate support services	Number of vacant positions as % of total staff requirement	7%	6.7%	During the year, a circular was issued prohibiting the filling of vacant posts. This necessitated a revision of the organisational structure and a number of vacant posts were frozen and removed from the calculation of this percentage.
	% Of employee costs spent on learning and development	2%	2.1%	Approximately R1.65 million was spent on learning and development interventions in 2015/16.
	Dube TradePort Corporation's B-BBEE level	Level 4	Level 3	Dube TradePort Corporation's B-BBEE level was assessed based on the 2007 B-BBEE Codes of Good Practice.
	Number of CSI projects	4	4	The following CSI projects were completed during the year: (1) Women empowerment: Irrigation systems for women farmers; (2) Crèche support project; (3) Special schools support project; and (4) Emerging farmers support: provision of tools and seeds.  Additional projects, including the granting of bursaries to engineering students, continued from the previous year.
	Number of apprenticeships and internships	25	28	28 New interns and apprentices were employed by Dube TradePort Corporation in 2015/16.

# ANNUAL PERFORMANCE REPORT (continued)

## Programme 2: Cargo Development

### SUB-PROGRAMME 1: CARGO OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To ensure cargo handling equipment, resources and systems are reliable and functioning optimally to meet user needs	Processing time against Service Level Agreements	90%	100%	Dube Cargo Terminal consistently exceeded the service levels required by airline operators.
	Revenue from cargo handling (imports and exports)	R9.4 million	R9.1 million	Despite a significant increase from the previous year, revenue fell 3% short of the target, as it was linked to cargo throughput volumes, which were also slightly below target.
	Increase in revenue generated by trucking services	12% year-on-year	65.4% year-on-year	Revenue from Dube AiRoad trucking services far exceeded that generated in the previous year, due to significant growth in local trips after agreements were signed with new customers in the region, and with the new service providing last mile trips to freight forwarders.
To facilitate effective air cargo security measures, in line with national and international standards	Results of Annual SACAA audit: Dube Cargo Terminal	Part 108 Certification received	Part 108 Certification received	No exceptions were noted during the audit conducted by the South African Civil Aviation Authority (SACAA) in 2015/16.

### SUB-PROGRAMME 2: AIR CARGO BUSINESS DEVELOPMENT

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To grow the volume of cargo through the Dube Cargo Terminal	Tonnage throughput from Dube Cargo Terminal – International	8 300	8 062	12% Growth in international tonnage was achieved, which is significant given the current economic environment. Three new airlines began operations at the end of the third quarter of 2015/16 and were still developing their customer base. The weak Rand also had a negative impact on import volumes.
	Tonnage throughput from Dube Cargo Terminal – Domestic	6 645	6 427	Established trucking routes between Durban and Johannesburg affected domestic air cargo volumes. The grounding of a freighter for three weeks during the year, and a significant drop in domestic cargo volumes by all domestic operators, also affected the tonnage throughput.
	Value of international goods through Dube Cargo Terminal	R4 billion	R4.8 billion	Despite cargo volumes being lower than anticipated, the value of international cargo was higher than expected.
	Number of freighters using King Shaka International Airport	1	0	No new scheduled freighters began operations through King Shaka International Airport in 2015/16; however, two freighters were already established and several others landed at the airport.
	Number of business cases or logistics solutions initiated	4	6	Business cases or logistics solutions were prepared for: (1) Bell Equipment; (2) Freitan Logistics; (3) Mayo Macs; (4) DHL; (5) Morgan Air; and (6) Operation of the Valuable Cargo Building.

# ANNUAL PERFORMANCE REPORT (continued)

## Programme 3: Property

### SUB-PROGRAMME 1: COMMERCIAL

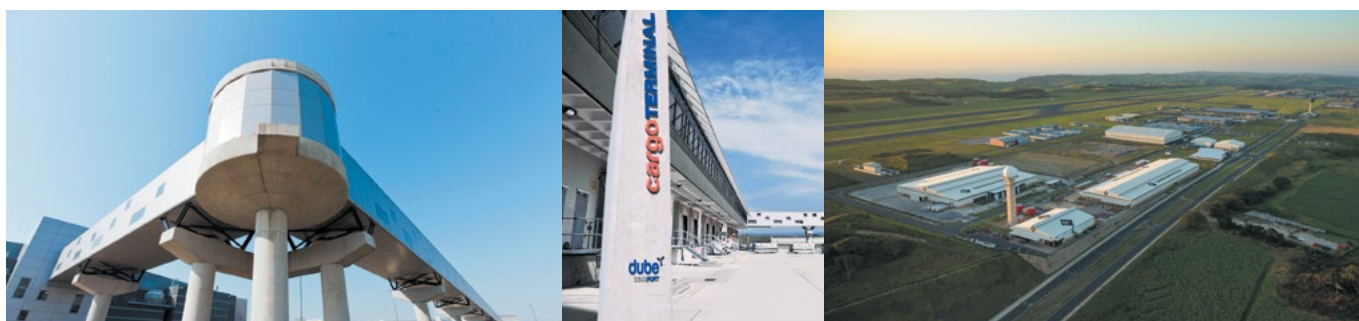
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To plan and enable the development of a sustainable aerotropolis, cargo and air services	Total revenue from all Dube TradePort Corporation's properties	R22 million	R24.3 million	Lease renewals have been negotiated at the highest possible rates, and new leases signed at rates above the minimum allowed to drive Dube TradePort Corporation's revenues towards financial sustainability.
To secure private sector investment in Dube TradePort Corporation's property zones	Total value of new private sector investment (buildings and capital equipment) committed in all of Dube TradePort Corporation's property zones	R115 million	R117 million	A new lease was signed with GT Logistics and the value of investment made by existing developers, such as iDube Cold Storage and Hodari Properties, was increased.
	Total value of new investment (buildings and capital equipment) by black-owned and/or black-empowered companies (including IDZ/SEZ investments)	R44 million	R84 million	Additional investment was received in buildings and equipment by iDube Cold Storage.
	Number of square metres of land leased in Dube TradeZone Phases 1 and 2 (cumulative)	240 000m <sup>2</sup>	254 761m <sup>2</sup>	The total number of square metres of land leased includes sites at Dube TradeZone leased to third parties for development, as well as those developed by Dube TradePort Corporation and leased out to tenants on completion.
	Number of bulk square metres let in Dube City (cumulative)	28 500m <sup>2</sup>	40 740m <sup>2</sup>	In addition to the lease signed on Block D at Dube City, parking to be constructed on Blocks A and B was leased.
	Total value of new investment by companies with at least 51% black African ownership for property developments (including IDZ/SEZ investments)	R15 million	R27.8 million	Additional investment in buildings was made by iDube Cold Storage, which has the required black African shareholding.
	Total value of new investment by companies with >25% black African ownership locating their operations at Dube TradePort (including IDZ/SEZ investments)	R10 million	R56.2 million	Investment was made in equipment by iDube Cold Storage.

# ANNUAL PERFORMANCE REPORT (continued)

## Programme 3: Property

### SUB-PROGRAMME 2: OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To effectively manage Dube TradePort Corporation's property zones and buildings	% Occupancy of Dube TradePort Corporation's owned buildings	90%	90.23%	There were two double units at Dube TradeHouse and the Valuable Cargo Building that were vacant at year-end.
	% Of sites leased to private sector developers levied	35%	50%	The charging of levies was implemented to recover costs related to the maintenance of common areas used by all occupants of Dube TradeZone.
	Minimum average rental rate per m <sup>2</sup> (total rental/area rented) – owned buildings (Dube TradeZone)	R52.00/m <sup>2</sup>	R57.72/m <sup>2</sup>	All new leases in Dube TradeZone were concluded at the highest possible rates. Escalations on existing leases had also increased average rentals.
	Minimum average rental rate per m <sup>2</sup> (total rental/area rented) – owned buildings (Dube City)	R65.00/m <sup>2</sup>	R68.24/m <sup>2</sup>	No new leases were concluded in Dube City, as it remained 100% let. Existing leases at Dube City had increased by a standard annual escalation.
To effectively maintain Dube TradePort Corporation's infrastructure, buildings and facilities	% Completion of planned maintenance programmes	90%	91%	With the exception of a few minor inspections, all planned maintenance was completed as scheduled.
	% Completion of tenant-logged job cards	90%	99%	The majority of maintenance requests logged by tenants were resolved timeously.



# ANNUAL PERFORMANCE REPORT (continued)

## Programme 4: Dube AgriZone

### SUB-PROGRAMME 1: DUBE AGRIZONE SERVICES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To provide reliable, effective and efficient Dube AgriZone services	Value produced and processed/handled at Dube AgriZone	R80.4 million	R36.3 million	The commencement of one tenant's operations was delayed when the licence required to begin production was not received on time, and another tenant experienced lower than usual production volumes due to problems with one of their production inputs.
	% Occupancy of available Dube AgriZone facilities	75%	77%	A lease was signed on Greenhouse D and, following a Call for Proposals process, negotiations were underway with a potential new tenant for the last available facility.
	% Of tenant satisfaction (customer survey)	85%	86.6%	The survey conducted at year-end indicated that Dube AgriZone tenants were highly satisfied with the level of service provided.

### SUB-PROGRAMME 2: DUBE AGRIZONE SUSTAINABLE FARMING INITIATIVES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To ensure that Dube AgriZone is used to initiate and promote sustainable farming initiatives and businesses	% Of energy derived from renewable sources	15%	31%	Solar energy systems worked efficiently. Other energy efficiency initiatives have also reduced the demand for energy from the grid.
	Number of projects initiated	1	2	A Memorandum of Understanding was signed between The Waste Transformers, Bosch Holdings and Dube TradePort Corporation to initiate a waste to energy project, and a contract was signed for the installation of new solar plants at Greenhouses A and D at Dube AgriZone.

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

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To manage, operate and maintain the Tissue Culture Facility (Dube AgriLab)	% Increase in production volumes	8%	28%	Although growing off a low base, production volumes greatly exceeded the targeted levels.
	Revenue generated from tissue culture sales	R1.5 million	R94 915	Technical challenges were experienced with the protocols necessary for production. Additional staff were needed to address these issues and an application was made requesting approval to fill these posts.



# ANNUAL PERFORMANCE REPORT (continued)

## Programme 4: Dube AgriZone

### SUB-PROGRAMME 4: LANDSCAPING AND REHABILITATION

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To assist in providing rehabilitation and maintenance services for Dube TradePort Corporation's RoD requirements	Number of hectares rehabilitated	15ha	60.8ha	Additional areas were incorporated into the land rehabilitation plan.
	% Of rehabilitated land maintained	100%	100%	All land previously rehabilitated was maintained on an ongoing basis.
	% Satisfaction with landscaping and landscape maintenance of Dube TradePort precincts	80%	94%	A landscape audit was conducted by an independent service provider, and most of the landscaped areas in the precinct were found to be in excellent condition.

### SUB-PROGRAMME 5: DUBE AGRIZONE EXPANSION

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To identify and conclude agreements with suitable operators and producers	Number of hectares leased to, or reserved by, operators and/or tenants	5ha	10ha	Proposals were accepted for Phase 2 of Dube AgriZone on a continuous basis and all proposals received were reviewed. A number of Memoranda of Understanding and Letters of Intent had been signed as a result of this process.



# ANNUAL PERFORMANCE REPORT (continued)

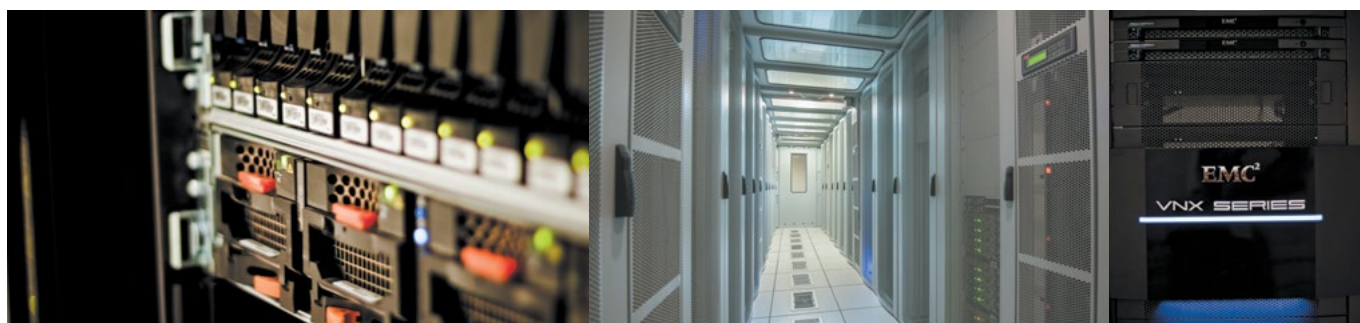
## Programme 5: Information and Communications Technology (Dube iConnect)

### SUB-PROGRAMME 1: COMMERCIAL

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To develop and provide cost competitive and reliable commercial ICT services to Dube TradePort Corporation's clients	Total Dube iConnect revenue	R4.53 million	R4.96 million	Dube iConnect revenue grew by 56% over the revenue achieved in 2014/15.
	% Margin achieved on voice services	10%	22.77%	Despite the market for voice services being very price competitive, the margins earned remained satisfactory.
	% Margin achieved on internet access bandwidth	10%	13.56%	To retain bandwidth service levels, it was necessary to increase capacity beyond that required. This was carefully managed to ensure that additional expenditure was not excessive and targeted margins were achieved.

### SUB-PROGRAMME 2: OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To operate and maintain Dube iConnect IT infrastructure and commercial IT services	% Uptime of commercial IT services	99%	99.68%	Downtime on commercial IT services was minimal.
	Resolution of all faults logged within Service Level Agreement specification	95%	96.08%	The requirements of the Service Level Agreements with customers were met, despite the Incident Management System not allowing for different timelines for different types of faults to be entered for monitoring.



# ANNUAL PERFORMANCE REPORT (continued)

## Programme 6: Development Planning and Infrastructure

### SUB-PROGRAMME 1: PLANNING

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To ensure the availability of land for future expansion in support of the establishment of the aerotropolis	Number of land use rights acquisitions and environmental authorisations obtained	2	3	The following authorisations were received: (1) Delineation of the conservation area; (2) Dube AgriZone Development Operational Environmental Management Plan; and (3) Watson Highway Operational Environmental Management Plan.
	Deliver and implement the Aerotropolis Master Plan	Submit draft master plan to the secretariat (EDTEA)	Draft master plan in progress	An inception report and stakeholder workshop was conducted, and the Aerotropolis Master Plan was in the process of being drafted.
To identify and acquire strategic land parcels for future developments	Number of hectares acquired in terms of signed agreements	100ha	1 258ha	Purchase agreements for two land parcels were signed during the year, one to the west of the R102 and one in Illovo, south of Durban, for the Automotive Supplier Park undertaken by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA).

### SUB-PROGRAMME 2: ENVIRONMENT

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To ensure that the aerotropolis is environmentally sustainable	% Of enterprise-wide carbon offset	7% reduction from baseline	16.6% reduction from baseline	900.7 tonnes CO <sub>2</sub> equivalent of carbon emissions were avoided by undertaking the solar panel initiative at Dube AgriZone.
	Number of strategic reports on environmental sustainability (State of Environment Reports)	1	2	The 2015/16 State of the Environment Report and the first annual Carbon Footprint Report were completed.
	% Compliance with environmental authorisations and licenses	90%	90.9%	Despite multiple projects being on site, the targeted levels of compliance with environmental requirements have been maintained.
	Number of hectares of land rehabilitated annually	85ha	0ha	No new land parcels were required to be rehabilitated this year as some land remained under lease for sugarcane farming while other areas, rehabilitated in previous years, were maintained.

# ANNUAL PERFORMANCE REPORT (continued)

## Programme 6: Development Planning and Infrastructure (continued)

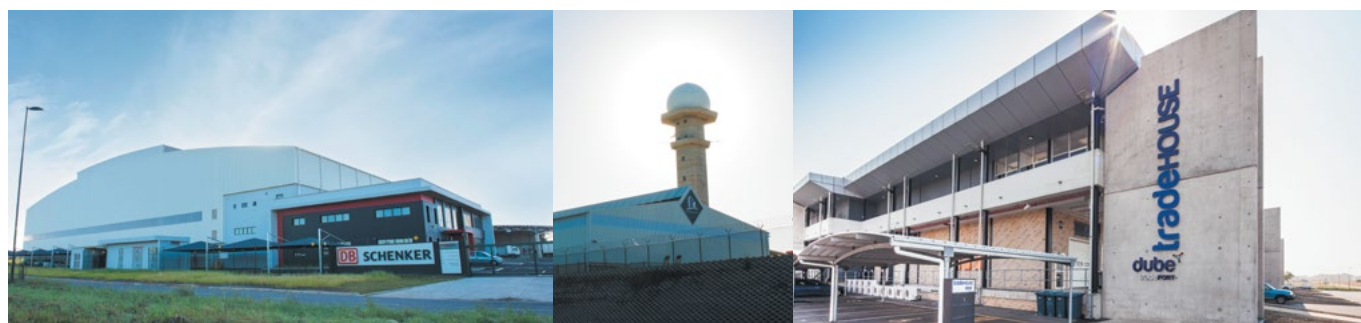
### SUB-PROGRAMME 3: INFRASTRUCTURE AND DEVELOPMENT

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To adequately plan for Dube TradePort Corporation's public infrastructure requirements	Number of public infrastructure projects delivered	2	2	The following public infrastructure projects were completed this year: (1) Bulk infrastructure at Dube TradeZone 1B; and (2) Upgrade of the public space at Mount Moreland.
To procure, manage and monitor Dube TradePort Corporation's infrastructure provisioning	Number of construction (top structure) projects delivered	5	3	The following projects, initiated in the previous year, reached practical completion in 2015/16: (1) Dube AgriZone hardening facility; and (2) Dube AgriZone waste facility.  The following project was initiated and completed during the year: (3) Air Chefs building.  The Dube TradePort Corporation maintenance facility and warehouse for Gift of the Givers were substantially complete at 31 March 2016 but had not yet reached practical completion.
	Number of construction jobs created	581	823	Jobs were created on the design and construction of numerous projects in progress throughout the year.
	Maximum % deviation above contract budget	10%	0%	At year-end, final accounts had not yet been received on those projects completed during the year.
	% Construction projects with 1% of budget allocated to enterprise development	30%	67%	The main contractors for the construction of Dube AgriZone waste facility and Air Chefs building were SMMEs.
To provide technical support and manage the roll-out of services to all Dube TradePort Corporation's programmes	Construction expenditure on SMMEs	R74 million	R22 million	Overall, Dube TradePort Corporation's spend on infrastructure was below target and the SMME component of that spend was impacted by this.
	Public sector investment in infrastructure	R213 million	R172 million	A portion of Dube TradePort Corporation's funding initially allocated for investment in infrastructure was reprioritised to enable the purchase of land for the Automotive Supplier Park, as mandated by the Department of Economic Development, Tourism and Environmental Affairs.
	Number of projects designed	5	5	Concept designs were completed for the following projects: (1) Mini-factories in Dube TradeZone 1; (2) Multi-storey parkade; (3) Block F in Dube City; (4) Facilities for potential tenant in Dube TradeZone 1B; and (5) Dube TradePort Corporation's Data Centre.
	Maximum % deviation from construction programme timelines	15%	4%	While the majority of projects concluded during the year were completed within their agreed timelines, one project was behind schedule.

# ANNUAL PERFORMANCE REPORT (continued)

## Programme 7: Dube TradePort Industrial Development Zone (IDZ)/ Special Economic Zone (SEZ)

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2015/16	ACTUAL PERFORMANCE	COMMENT
To establish a world class Special Economic Zone operated in an effective and compliant manner	% Of compliance with conditions of IDZ/SEZ Operator permit	75%	81%	A matrix of compliance requirements of Dube TradePort Corporation's IDZ Operator permit was drawn up and measured. At year-end, the guardhouses at Dube TradeZone 1 were not yet complete.
To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the Dube TradePort IDZ/SEZ	Value of private sector investment committed in Dube TradePort IDZ/SEZ	R77 million	R137.3 million	Samsung Electronics SA invested in additional capital equipment during the year.
	Number of investors established at Dube TradePort IDZ/SEZ	1	1	Samsung Electronics SA was established in Dube TradePort IDZ in 2014. No additional IDZ enterprises were registered in 2015/16.
	Number of new jobs created – Permanent	120	344	Samsung Electronics SA, the only IDZ enterprise currently operational in Dube TradePort IDZ, began operations in the previous year and did not increase their staff numbers significantly in 2015/16. Other entities located in the IDZ but not yet registered as IDZ enterprises employed a number of permanent staff during the year.
	Number of new jobs created – Temporary (during construction)	137	229	Construction jobs were created for the provision of bulk infrastructure in Dube TradeZone 1B.
	Number of operational investors in Dube TradePort IDZ/SEZ (cumulative)	1	1	Samsung Electronics SA is currently the only IDZ enterprise operating in the Dube TradePort IDZ. Other investors have commenced operations but have yet to confirm whether they wish to register as IDZ enterprises.
	Number of indirect jobs created in KwaZulu-Natal as a result of Dube TradePort IDZ/SEZ (cumulative to date)	285	3 272	An independent service provider was engaged to conduct an economic study to determine the number of indirect jobs created as a result of Dube TradePort IDZ.
	Value of goods sold to other countries (exports)	R100 million	R247.8 million	R247.8 million worth of goods were exported by the IDZ enterprise located in Dube TradePort IDZ between April 2015 and March 2016.



# GENERAL INFORMATION

## Dube TradePort Corporation

### Consolidated Annual Financial Statements for the year ended 31 March 2016

<b>Country of Incorporation and Domicile</b>	South Africa
<b>Nature of Business and Principal Activities</b>	Design, construction and operation of the Dube TradePort project, as well as other related projects.
<b>Board Members</b>	Dr Zanele Bridgette Gasa Adv Carol Sibiya Mr Velenkosini Mtshali Mr Graham Muller Mr Mewa Ramgobin Mr Hamish Erskine (Acting CEO)
<b>Registered Office</b>	29° South 7 Umsinsi Junction Dube City, La Mercy, 4399
<b>Business Address</b>	29° South 7 Umsinsi Junction Dube City, La Mercy, 4399
<b>Postal Address</b>	P.O. Box 57757 King Shaka International Airport 4407
<b>Bankers</b>	ABSA Business Banking: Public Sector KZN
<b>Auditors</b>	Auditor-General
<b>Company Secretary</b>	Ms Ann Easton



# ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

## INDEX

Accounting Authority's Responsibilities and Approval.....	30
Audit Committee Report.....	31
Report of the Auditor-General.....	32
Report of the Accounting Authority ("Board").....	34
Statement of Financial Position.....	36
Statement of Financial Performance.....	37
Statement of Changes in Net Assets.....	38
Cash Flow Statement.....	39
Statement of Comparison of Budget and Actual Amounts.....	40
Notes to the Consolidated Annual Financial Statements.....	42



# ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

For the year ended 31 March 2016

The Board, in its role as Accounting Authority, is required to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the consolidated annual 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 annual financial statements and were given unrestricted access to all financial records and related data.

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

The Board acknowledges that they are ultimately responsible for the system of internal financial control established by the economic entity, and place considerable importance on maintaining a strong control environment. To enable the Board 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 in ensuring 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 Board 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Board has reviewed the economic entity's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are 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 annual 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 annual financial statements. The consolidated annual financial statements have been examined by the economic entity's external auditors and their report is presented on page 32.

The consolidated annual financial statements set out on pages 34 to 80, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2016 and were signed on its behalf by:



**Dr Zanele Bridgette Gasa**  
Chairperson of the Board  
Dube TradePort Corporation



**Mr Hamish Erskine**  
Acting Chief Executive Officer  
Dube TradePort Corporation



# AUDIT COMMITTEE REPORT

For the year ended 31 March 2016

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.

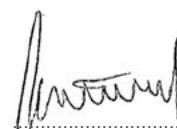
During the year, the Audit and Risk Committee met four times and undertook the following activities:

- Reviewed the Audit and Risk Committee's Term of Reference to ensure relevance.
- Internal Audit Function:
  - Reviewed the Internal Audit Charter and approved the 2015/16 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 2015 for submission to the Dube TradePort Board;
  - Reviewed the external audit report tabled for the period ended 31 March 2015;
  - 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:
  - Reviewed various financial and IT governance policies;
  - Received information on assurance of other independent assurance providers as part of the Combined Assurance Plan;
  - Took part in the strategic risk assessment; and
  - Reviewed the insurance claims and high risk contracts each quarter.
- Performance Information:
  - Reviewed interim financial statements for the six months ended 30 September 2015;
  - Reviewed management accounts for the period under review; and
  - Reviewed quarterly performance reports for the period under review.

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

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 Public Finance Management Act (PFMA) and related regulatory environment that governs a Schedule 3C Provincial Public Entity.



**Mr Shadrack Khumalo**

Chairperson of the Audit and Risk Committee  
Dube TradePort Corporation

# 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 Dube TradePort Corporation set out on pages 34 to 80, which comprise the consolidated and separate statement of financial position as at 31 March 2016, 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 consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the 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 Dube TradePort Corporation, as at 31 March 2016 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.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. 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, non-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

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for Programme 6 – Development Planning and Infrastructure presented in the annual performance report of the entity for the year ended 31 March 2016.

9. 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).

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

11. I did not identify any material findings on the usefulness and reliability of the reported performance information for Programme 6 – Development Planning and Infrastructure on pages 25 to 28.

#### ADDITIONAL MATTER

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

# REPORT OF THE AUDITOR-GENERAL (continued)

## To the KwaZulu-Natal Provincial Legislature on Dube TradePort Corporation

### ACHIEVEMENT OF PLANNED TARGETS

13. The annual performance report page(s) 16 to 27 includes information on the achievement of the planned targets for the year.

### COMPLIANCE WITH LEGISLATION

14. I performed procedures to obtain evidence that the entity 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

15. 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

16. I draw attention to the following engagements that could potentially have an impact on the entity's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that have been completed.

### AUDIT-RELATED SERVICES

17. An assurance engagement report for the period ended the 31 March 2015 was issued to the Independent Communication Authority of South Africa (ICASA) on compliance with the Electronics Communications Act (Act No. 36 of 2005) relating to the universal service and access fund.

18. An assurance engagement report covering the period ended the 31 March 2015 was issued to the National Department of Trade and Industry on the accuracy of the expenditure incurred on the grant funds received relating to the Special Economic Zone.

*Auditor-General*

Auditor-General  
Pietermaritzburg  
29 July 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# REPORT OF THE ACCOUNTING AUTHORITY ('BOARD')

For the year ended 31 March 2016

The Accounting Authority ('Board') presents its report on the activities of the entity for the period ended 31 March 2016.

## 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 2010 (Act No. 2 of 2010) was promulgated on 21 October 2010 and subsequently Dube TradePort Corporation was registered as a Schedule 3C Public Entity (in the government gazette dated 30 September 2011) with an effective date of 01 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 2008 (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 was concluded in 2013/14 when all assets, liabilities, rights, duties and obligations were transferred to, and vested in, Dube TradePort Corporation.

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

During 2014, Dube TradeZone and Dube AgriZone were designated Industrial Development Zones (IDZs); during 2015/16 the Special Economic Zone Act and regulations were promulgated. The regulations provide for a three-year transition period for the conversion from IDZ to Special Economic Zone (SEZ).

On 20 February 2015, Saxen 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 Property and ICT Executive, was appointed as Acting Chief Executive Officer in the interim period.

## 2. RELEVANT LEGISLATION GOVERNING DUBE TRADEPORT OPERATIONS

Dube TradePort Corporation 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 group and place considerable importance on maintaining a strong control environment.

Dube TradePort Corporation and its subsidiary have maintained satisfactory accounting records and an effective system of internal controls to ensure the integrity of the underlying information. Appropriate accounting policies, supported by sound material judgements and estimates, have been consistently applied. 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 Corporation 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 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 Standards 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 a previous section (Accounting Authority's Responsibilities and Approval).

## 4. JOINT VENTURE

In fulfilling one of the requirements of the Cooperation Agreement (signed between Dube TradePort Corporation and the Airports Company of South Africa (ACSA)), Dube TradePort Corporation 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 object of the JV Company (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.

The Department of Environmental Affairs (DEA) has approved, with stringent conditions, the delineated conservation area that comprises of 878 hectares, which is a 13.4% increase to the

# REPORT OF THE ACCOUNTING AUTHORITY ('BOARD') (continued)

For the year ended 31 March 2016

original 773 hectares stipulated in the Record of Decision for the construction and operation of the airport. The decision has thus been made by the Board of Directors for the initiation of the process to ensure compliance thereof. This entails the implementation of the initial key objectives that will allow for the development of the detailed execution plan for on-site rehabilitation and restoration programmes, as well as the Rehabilitation Plan for Mount Moreland Wetlands, while seeking mitigation strategies against the loss of developable land.

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

## 5. FINANCIAL RESULTS

The results of operations for the year under review are set out in the annual financial statements, which reflect both the consolidated and entity results.

Due to the fiscal constraints facing the public sector at this time, the grant funding for 2016/17 has been reduced by R259 million (which equates to 38% of the original grant funding). This reduction affects the baseline and will affect the grant funding for future years. The impact will postpone the commencement of certain capital project expenditure.

Dube TradePort Corporation is using the current cost-cutting environment to review all expenditure (both capital and operational) to ensure that savings are effected wherever possible without impacting on the quality of service delivery.

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. CONTINGENCIES

As reported last year, Dube TradePort Corporation obtained judgement against a defaulting debtor (Carmel Nurseries CC). On 29 June 2015 and 01 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 legal advisors consider the success of the action against the entity to be unlikely.

## 8. EVENTS SUBSEQUENT TO YEAR-END

No material events occurred subsequent to the year-end.

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY		
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R	
<b>ASSETS</b>					
<b>Current assets</b>					
Inventories	3	177 514	1 465 493	177 514	1 465 493
Loans to controlled entity	4	-	-	-	9 832 259
Current tax receivable	14	770 176	-	-	-
Receivables from exchange transactions	5	68 028 767	43 318 483	67 726 526	42 849 902
Cash and cash equivalents	6	775 168 429	877 720 473	716 857 155	804 769 754
		844 144 886	922 504 449	784 761 195	858 917 408
<b>Non-current assets</b>					
Investment property	7	1 975 675 856	1 757 640 111	2 029 571 375	1 811 535 630
Property, plant and equipment	8	1 412 660 693	1 411 536 904	1 292 766 121	1 286 199 979
Intangible assets	9	2 643 412	2 429 461	2 643 412	2 429 461
Heritage assets	10	7 654 358	7 654 358	7 654 358	7 654 358
Investments in controlled entities	11	-	-	11 138 893	1 306 634
Operating lease asset	12	42 998 288	33 046 235	42 998 088	33 046 235
		3 441 632 607	3 212 307 069	3 386 772 247	3 142 172 297
<b>TOTAL ASSETS</b>		<b>4 285 777 493</b>	<b>4 134 811 518</b>	<b>4 171 533 442</b>	<b>4 001 089 705</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Loans from shareholders	13	-	6 554 840	-	-
Current tax payable	14	-	324 806	-	-
Finance lease obligation	15	222 647	137 017	222 647	137 017
Payables from exchange transactions	16	60 110 082	74 952 473	59 456 212	62 851 465
Unspent conditional grants and receipts	17	24 399 867	6 599 367	24 399 867	6 599 367
		84 732 596	88 568 503	84 078 726	69 587 849
<b>Non-current liabilities</b>					
Finance lease obligation	15	531 301	428 284	531 301	428 284
Deferred tax		168 662	162 196	-	-
		699 963	590 480	531 301	428 284
<b>TOTAL LIABILITIES</b>		<b>85 432 559</b>	<b>89 158 983</b>	<b>84 610 027</b>	<b>70 016 133</b>
<b>NET ASSETS</b>		<b>4 200 344 934</b>	<b>4 045 652 535</b>	<b>4 086 923 415</b>	<b>3 931 073 572</b>
<b>NET ASSETS</b>					
<b>Net assets attributable to owners of controlling entity</b>					
Reserves					
Capital contribution		7 425 889	871 050	-	-
Accumulated surplus		4 258 258 712	4 113 477 299	4 086 923 415	3 931 073 572
		4 265 684 601	4 114 348 349	4 086 923 415	3 931 073 572
Minority interest		(65 339 667)	(68 695 814)	-	-
<b>TOTAL NET ASSETS</b>		<b>4 200 344 934</b>	<b>4 045 652 535</b>	<b>4 086 923 415</b>	<b>3 931 073 572</b>

# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2016

NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>REVENUE</b>				
<b>Revenue from exchange transactions</b>				
	15 035 409	12 035 528	15 035 409	12 035 528
19	40 355 818	36 057 612	40 072 255	35 709 287
	2 769 404	759 708	2 303 436	719 315
21	51 377 962	42 764 124	47 608 126	42 317 099
	<b>109 538 593</b>	<b>91 616 972</b>	<b>105 019 226</b>	<b>90 781 229</b>
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
<b>Transfer revenue</b>				
20	430 738 226	454 558 938	430 738 226	454 558 938
	<b>540 276 819</b>	<b>546 175 910</b>	<b>535 757 452</b>	<b>545 340 167</b>
<b>EXPENDITURE</b>				
22	78 949 601	70 947 195	78 949 601	70 947 195
	134 097 685	157 673 579	128 655 333	157 420 647
24	339 614	105 793	140 117	103 298
25	2 671 558	197 030	2 671 558	197 030
	14 538 186	11 258 653	14 538 186	11 258 653
26	160 518 693	152 350 741	153 536 015	144 444 595
	<b>391 115 337</b>	<b>392 532 991</b>	<b>378 490 810</b>	<b>384 371 418</b>
<b>OPERATING SURPLUS</b>				
	<b>149 161 482</b>	<b>153 642 919</b>	<b>157 266 642</b>	<b>160 968 749</b>
	(1 435 237)	31 991 762	(1 435 237)	(125 683 422)
	218	(13 182)	218	(13 182)
	(1 435 019)	31 978 580	(1 435 019)	(125 696 604)
	<b>147 726 463</b>	<b>185 621 499</b>	<b>155 831 623</b>	<b>35 272 145</b>
27	411 096	(26 668 226)	18 220	(675 000)
	<b>148 137 559</b>	<b>158 953 273</b>	<b>155 849 843</b>	<b>34 597 145</b>
<b>ATTRIBUTABLE TO:</b>				
	144 781 413	231 970 900	155 849 843	34 597 145
	3 356 146	(73 017 627)	-	-
	<b>148 137 559</b>	<b>158 953 273</b>	<b>155 849 843</b>	<b>34 597 145</b>

# STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2016

	CAPITAL CONTRIBUTION RESERVE	ACCUMULATED SURPLUS	TOTAL ATTRIBUTABLE TO OWNERS OF THE ECONOMIC ENTITY/ CONTROLLING ENTITY	NON-CONTROLLING INTEREST	TOTAL NET ASSETS
	R	R	R	R	R
<b>ECONOMIC ENTITY</b>					
<b>BALANCE AT 1 APRIL 2014</b>	871 050	3 890 087 627	3 890 958 677	(4 259 416)	3 886 699 261
<b>Changes in net assets</b>					
Adjustment to opening balances (refer to note 33)	-	(8 581 228)	(8 581 228)	8 581 228	-
Reversal of impairment losses on revalued capital assets	-	(162 196)	(162 196)	-	(162 196)
Surplus for the year	-	232 133 096	232 133 096	(73 017 626)	159 115 470
<b>RESTATED BALANCE AT 1 APRIL 2015</b>	871 050	4 113 477 299	4 114 348 349	(68 695 814)	4 045 652 535
<b>Changes in net assets</b>					
Surplus for the year	-	144 781 413	144 781 413	3 356 147	148 137 560
Contributions introduced	6 554 839	-	6 554 839	-	6 554 839
<b>BALANCE AT 31 MARCH 2016</b>	<b>7 425 889</b>	<b>4 258 258 712</b>	<b>4 265 684 601</b>	<b>(65 339 667)</b>	<b>4 200 344 934</b>

	CAPITAL CONTRIBUTION RESERVE	ACCUMULATED SURPLUS	TOTAL ATTRIBUTABLE TO OWNERS OF THE ECONOMIC ENTITY/ CONTROLLING ENTITY	NON-CONTROLLING INTEREST	TOTAL NET ASSETS
	R	R	R	R	R
<b>CONTROLLING ENTITY</b>					
<b>BALANCE AT 1 APRIL 2014</b>	-	3 896 476 427	3 896 476 427	-	3 896 476 427
<b>Changes in net assets</b>					
Surplus for the year	-	34 597 145	34 597 145	-	34 597 145
<b>BALANCE AT 1 APRIL 2015</b>	-	3 931 073 572	3 931 073 572	-	3 931 073 572
<b>Changes in net assets</b>					
Surplus for the year	-	155 849 843	155 849 843	-	155 849 843
<b>BALANCE AT 31 MARCH 2016</b>	-	<b>4 086 923 415</b>	<b>4 086 923 415</b>	-	<b>4 086 923 415</b>



# CASH FLOW STATEMENT

For the year ended 31 March 2016

NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
	40 208 834	84 631 565	39 937 918	84 631 565
	448 538 726	461 158 305	448 538 726	461 158 305
	50 299 201	42 250 165	46 716 231	41 874 745
	4 297 204	4 692 573	2 305 436	719 315
	543 343 965	592 732 608	537 498 311	588 383 930
<b>Payments</b>				
	(77 550 773)	(64 300 134)	(77 550 773)	(64 300 134)
	(210 999 830)	(183 514 642)	(193 173 815)	(187 145 987)
	(1 704 265)	(105 793)	(140 117)	(103 298)
	(1 094 936)	(26 830 836)	-	(667 692)
	(291 349 804)	(274 751 405)	(270 864 705)	(252 217 111)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>251 994 161</b>	<b>317 981 203</b>	<b>266 633 606</b>	<b>336 166 819</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
	(114 532 667)	(100 019 666)	(114 532 667)	(100 019 666)
	525 000	-	525 000	18 012
	(240 434 441)	(558 889)	(240 434 441)	(52 794 517)
	-	32 087 630	-	-
	(292 744)	(948 261)	(292 744)	(948 261)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(354 734 852)</b>	<b>(69 439 186)</b>	<b>(354 734 852)</b>	<b>(153 744 432)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
	188 647	462 729	188 647	462 731
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>188 647</b>	<b>462 729</b>	<b>188 647</b>	<b>462 731</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>				
	(102 552 044)	249 004 746	(87 912 599)	182 885 118
	877 720 473	628 715 727	804 769 754	621 884 636
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>775 168 429</b>	<b>877 720 473</b>	<b>716 857 155</b>	<b>804 769 754</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 31 March 2016

ECONOMIC ENTITY STATEMENT OF FINANCIAL PERFORMANCE	BUDGET			ACTUAL	VARIANCE	REF
	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	COMPARABLE BASIS R	R	
<b>REVENUE</b>						
<b>Revenue from exchange transactions</b>						
Revenue	83 069 036	(7 661)	<b>83 061 375</b>	55 552 293	<b>(27 509 082)</b>	a
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants and subsidies	593 609 000	(115 829 000)	<b>477 780 000</b>	477 780 000	-	
Rollover	23 734 143	-	<b>23 734 143</b>	23 734 143	-	
Surplus for retention	13 985 521	-	<b>13 985 521</b>	13 985 521	-	
<b>Total revenue from non-exchange transactions</b>	<b>631 328 664</b>	<b>(115 829 000)</b>	<b>515 499 664</b>	515 499 664	-	
<b>TOTAL REVENUE</b>	<b>714 397 700</b>	<b>(115 836 661)</b>	<b>598 561 039</b>	<b>571 051 957</b>	<b>(27 509 082)</b>	
<b>EXPENDITURE</b>						
Compensation of employees	(100 763 050)	18 580 608	<b>(82 182 442)</b>	(74 906 021)	<b>7 276 421</b>	
Computer services	(2 536 625)	1 520 616	<b>(1 016 009)</b>	(546 154)	<b>469 855</b>	b
Consultants, contractors and other services	(72 398 143)	48 572 241	<b>(23 825 902)</b>	(18 068 857)	<b>5 757 045</b>	c
Maintenance, repairs and running costs	(116 357 095)	874 266	<b>(115 482 829)</b>	(101 305 028)	<b>14 177 801</b>	d
Operating leases	(417 862)	(185 982)	<b>(603 844)</b>	(406 445)	<b>197 399</b>	e
Travel and subsistence	(3 061 388)	652 970	<b>(2 408 418)</b>	(1 470 492)	<b>937 926</b>	f
Advertising	(26 517 999)	9 693 133	<b>(16 824 866)</b>	(9 708 515)	<b>7 116 351</b>	g
Training	(6 263 216)	934 452	<b>(5 328 764)</b>	(1 862 397)	<b>3 466 367</b>	h
Buildings and fixed structures (capital)	(233 674 468)	170 038 663	<b>(63 635 805)</b>	(55 689 027)	<b>7 946 778</b>	i
Machinery and equipment (capital)	(36 917 203)	12 828 044	<b>(24 089 159)</b>	(19 923 442)	<b>4 165 717</b>	j
Software and other intangible assets (capital)	(13 365 936)	7 950 000	<b>(5 415 936)</b>	(789 967)	<b>4 625 969</b>	k
Land and other subsoil assets (capital)	(102 124 715)	(155 622 350)	<b>(257 747 065)</b>	(257 747 065)	-	
<b>TOTAL EXPENDITURE</b>	<b>(714 397 700)</b>	<b>115 836 661</b>	<b>(598 561 039)</b>	<b>(542 423 410)</b>	<b>56 137 629</b>	
<b>LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED</b>						
Total revenue	2 725 462	2 631 116	<b>5 356 578</b>	9 318 493	<b>3 961 915</b>	l
Total expenditure	(28 018 353)	(17 983 165)	<b>(46 001 518)</b>	(23 957 938)	<b>22 043 580</b>	m
<b>LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED (DEFICIT)/SURPLUS</b>	<b>(25 292 891)</b>	<b>(15 352 049)</b>	<b>(40 644 940)</b>	<b>(14 639 445)</b>	<b>26 005 495</b>	
<b>NET (DEFICIT)/SURPLUS</b>	<b>(25 292 891)</b>	<b>(15 352 049)</b>	<b>(40 644 940)</b>	<b>13 989 103</b>	<b>54 634 043</b>	

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (continued)

For the year ended 31 March 2016

CONTROLLING ENTITY  STATEMENT OF FINANCIAL PERFORMANCE	BUDGET			ACTUAL	VARIANCE	REF
	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	COMPARABLE BASIS R	R	
<b>REVENUE</b>						
<b>Revenue from exchange transactions</b>						
Revenue	83 069 036	(7 661)	<b>83 061 375</b>	55 552 293	<b>(27 509 082)</b>	a
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants and subsidies	593 609 000	(115 829 000)	<b>477 780 000</b>	477 780 000	-	
Rollover	23 734 143	-	<b>23 734 143</b>	23 734 143	-	
Surplus for retention	13 985 521	-	<b>13 985 521</b>	13 985 521	-	
<b>Total revenue from non-exchange transactions</b>	<b>631 328 664</b>	<b>(115 829 000)</b>	<b>515 499 664</b>	515 499 664	-	
<b>TOTAL REVENUE</b>	<b>714 397 700</b>	<b>(115 836 661)</b>	<b>598 561 039</b>	<b>571 051 957</b>	<b>(27 509 082)</b>	
<b>EXPENDITURE</b>						
Compensation of employees	(100 763 050)	18 580 608	<b>(82 182 442)</b>	(74 906 021)	<b>7 276 421</b>	
Computer services	(2 536 625)	1 520 616	<b>(1 016 009)</b>	(546 154)	<b>469 855</b>	b
Consultants, contractors and other services	(72 398 143)	48 572 241	<b>(23 825 902)</b>	(18 068 857)	<b>5 757 045</b>	c
Maintenance, repairs and running costs	(116 357 095)	874 266	<b>(115 482 829)</b>	(101 305 028)	<b>14 177 801</b>	d
Operating leases	(417 862)	(185 982)	<b>(603 844)</b>	(406 445)	<b>197 399</b>	e
Travel and subsistence	(3 061 388)	652 970	<b>(2 408 418)</b>	(1 470 492)	<b>937 926</b>	f
Advertising	(26 517 999)	9 693 133	<b>(16 824 866)</b>	(9 708 515)	<b>7 116 351</b>	g
Training	(6 263 216)	934 452	<b>(5 328 764)</b>	(1 862 397)	<b>3 466 367</b>	h
Buildings and fixed structures (capital)	(233 674 468)	170 038 663	<b>(63 635 805)</b>	(55 689 027)	<b>7 946 778</b>	i
Machinery and equipment (capital)	(36 917 203)	12 828 044	<b>(24 089 159)</b>	(19 923 442)	<b>4 165 717</b>	j
Software and other intangible assets (capital)	(13 365 936)	7 950 000	<b>(5 415 936)</b>	(789 967)	<b>4 625 969</b>	k
Land and other subsoil assets (capital)	(102 124 715)	(155 622 350)	<b>(257 747 065)</b>	(257 747 065)	-	
<b>TOTAL EXPENDITURE</b>	<b>(714 397 700)</b>	<b>115 836 661</b>	<b>(598 561 039)</b>	<b>(542 423 410)</b>	<b>56 137 629</b>	
<b>NET SURPLUS/(DEFICIT)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 628 547</b>	<b>28 628 547</b>	

## Explanations for material variances (greater than 10%) between budget and actual amounts

(a) **Revenue:** VAT refund on land purchased is outstanding from South African Revenue Services (SARS). (b) **Computer services:** Computers reaching the end of their useful lives have been replaced rather than repaired. (c) **Consultants, contractors and other services:** Delays in some construction projects and invoices paid after year-end. (d) **Maintenance, repairs and running costs:** A number of invoices were received after year-end, therefore only paid in the next financial year. (e) **Operating leases:** Invoices for lease of photocopier machines were paid shortly after year-end. (f) **Travel and subsistence:** Fewer trips, particularly international trips, were undertaken, in line with cost-cutting circulars issued by Provincial Treasury. (g) **Advertising:** A number of campaigns were concluded close to year-end resulting in payment being delayed into the new financial year. (h) **Training:** Problems were experienced in finding suitable service providers to conduct specialised training. (i) **Buildings and other fixed structures:** Delays in some construction projects and invoices paid after year-end. (j) **Machinery and equipment:** Despite concluding contracts within the financial year, delivery of some equipment was delayed. (k) **Software and other intangible assets:** Cloud management software took longer than expected to procure which delayed spending.

**La Mercy JV Property Investments Proprietary Limited:** (l) The excess of actual revenue over the final budgeted amount was due to receiving interest at more favourable rates on longer term investments. The recovery of rates clearance amounts in respect of the Dube City land sale was omitted from the budget. (m) The material difference arose due to delays in carrying out the rehabilitation work and savings resulting from de-scoping the planting contract. The final delineation of the conservation area was a protracted process which impacted on the Environmental Impact Assessment (EIA), resulting in delays in planned spending. Costs incurred for the Management Association have not been reimbursed due to delays in concluding the Management Association service level agreement. South African Revenue Services have issued a non-binding tax ruling on the payment of securities transfer tax; this amount was not included in the original budget.

## Explanations for changes from approved budget to final budget

After delays were identified with some of the construction projects due to commence during the year, Dube TradePort Corporation was requested by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) to purchase a specific even of land located in the south of Durban. In line with the current restrictive fiscal climate EDTEA also reduced the transfers to Dube TradePort Corporation. The approved budget was adjusted to accommodate these events.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

## 1. ACCOUNTING POLICIES

### PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act No. 1 of 1999 (PFMA).

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these consolidated annual financial statements, is disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note 41: First-time Adoption of Standard of GRAP 18 Segmental Reporting.

#### 1.1 CONSOLIDATION

##### Basis of consolidation

The consolidated annual financial statements incorporate the financial statements of the controlling entity and the controlled 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 Standard of GRAP 104 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 Standard of GRAP 104 on Financial Instruments.

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

Adjustments are made when necessary to the consolidated annual 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.

Non-controlling 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 non-controlling in a consolidated controlled entity may exceed the non-controlling interest in the controlled entity's net assets. The excess, and any further losses applicable to the non-controlling, are allocated against the majority interest except to the extent that the non-controlling 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 non-controlling's share of losses previously absorbed by the majority has been recovered.

Non-controlling interests in the management or deficit of the economic entity are separately disclosed.

#### 1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual 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 annual 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.

##### Contingencies

Contingencies recognised in the current year required estimates and judgements based on the information available at the time of preparation of the consolidated financial statements. Refer to note 30 for further information.

##### Allowance for doubtful debts

Where there is evidence of an impairment loss, the loss is recognised in the surplus and deficit for the year. 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 the time of 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.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

## 1.4 PROPERTY, PLANT AND EQUIPMENT

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 economic entity; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

### Initial recognition

The cost of an item of property, plant and equipment includes 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 determining 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.

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 is 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.

### 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 the 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 proceeds on sale.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

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

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

The depreciation charge for each period is recognised in management or deficit unless it is included in the carrying amount of another asset. Items of property, plant and equipment 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 for the year 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 intangible asset is identifiable if it either:

- Is separable, i.e. 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, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable 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; and
- 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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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.

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

A 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 annual financial statements.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

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.

## 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 initially 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 for the year when the heritage asset is derecognised.

## 1.7 INVESTMENTS IN CONTROLLED ENTITIES

### Economic entity consolidated annual financial statements

The economic entity consolidated annual 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 annual financial statements

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

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

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

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

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

### Initial measurement of financial assets and financial liabilities

The economic entity measures a financial asset or 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 economic 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

At the end of each reporting period, the economic entity assesses 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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

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.
- 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 discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease and is disclosed under revenue in the statement of financial performance.

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.

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 and is disclosed under revenue in the statement of financial performance.

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.

### 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, when 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/net realisable value 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 require the 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 in which 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, is 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.

An 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).



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

The 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.

The 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.

The 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, but not an actual liability to undertake capital expenditure at some set time in the future.

## 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 employee service; and
- Bonus, incentive and performance related payments payable 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
- 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 as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The economic 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 economic entity recognises the expected cost of bonus, incentive and performance related payments when the economic 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 economic 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 economic 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 includes 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.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 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 economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The economic 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

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.

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.

## Government grants

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the economic 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, it reduces the carrying amount of the liability and recognises an amount of revenue equal by the same amount.

## Measurement

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

When, as a result of a non-exchange transaction, the controlling 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, recognised as revenue.

## 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 the spot exchange rate between the Rand currency and the foreign currency at the date of the transaction to the foreign currency amount.

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 annual 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 the surplus or deficit for the year,

any exchange component of that gain or loss is recognised in the surplus or deficit for the year.

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 currency 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 is recognised as an expense in the statement of financial performance. 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 is recognised as an expense in the statement of financial performance. 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 PFMA; 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.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

National Treasury practice note No. 4 of 2009 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 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 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.

## 1.25 BUDGET INFORMATION

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

General purpose financial reporting by 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 01 April 2015 to 31 March 2016.

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

The consolidated annual financial statements and the budget are not prepared on the same basis of accounting, therefore a reconciliation between the statement of financial performance and the budget have been included in the consolidated annual financial statements. Refer to note 39. Comparative information is not required.

## 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 Annual Financial Statements.

## 2. NEW STANDARDS AND INTERPRETATIONS

### STANDARDS AND INTERPRETATIONS ISSUED

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### GRAP 18: Segment reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is presented based on service segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's mandate. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and the surplus or deficit for the year 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 annual 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 annual 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;
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - The entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - The entity is controlled or jointly controlled by a person identified above; and

- A person identified above has significant influence over that entity or is a member of the management of that entity (or its controlling entity). The standard furthermore states that a related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close members of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence.

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

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 3. INVENTORIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Finished goods	177 514	236 144	177 514	236 144
Production supplies	-	1 229 349	-	1 229 349
<b>TOTAL</b>	<b>177 514</b>	<b>1 465 493</b>	<b>177 514</b>	<b>1 465 493</b>

Inventory comprises of telephone handsets and production supplies for the Tissue Culture Facility (Dube AgriLab).

## 4. LOANS TO ECONOMIC ENTITIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>CONTROLLED ENTITY</b>				
La Mercy JV Property Investments Proprietary Limited	-	-	-	9 832 259

The loan was granted to the La Mercy JV Property Investments Proprietary Limited before Dube TradePort Corporation was designated a Schedule 3C Provincial Public Entity. During the year under review, the shareholders resolved to convert the shareholders' loans to contributed capital.

## 5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Trade debtors	7 935 872	5 716 240	8 091 490	5 319 264
Deposits	3 975 347	3 904 747	3 975 347	3 904 747
Interest receivable	4 236 159	3 157 398	3 977 688	3 085 793
Deposit guarantees held by third parties	2 723 808	2 689 656	2 723 808	2 689 656
Prepaid expenses	2 025 409	2 261 958	2 025 091	2 261 958
Staff advances	36 821	36 271	36 821	36 271
VAT receivable	47 095 351	25 552 213	46 896 281	25 552 213
	<b>68 028 767</b>	<b>43 318 483</b>	<b>67 726 526</b>	<b>42 849 902</b>
<b>FAIR VALUE OF TRADE AND OTHER RECEIVABLES</b>				
Trade and other receivables	10 623 976	5 825 270	10 779 594	5 428 294
Less: Bad debt provision	(2 688 104)	(109 030)	(2 688 104)	(109 030)
	<b>7 935 872</b>	<b>5 716 240</b>	<b>8 091 490</b>	<b>5 319 264</b>
<b>ANALYSIS OF ALLOWANCE FOR DOUBTFUL DEBTS</b>				
Opening balance	109 030	2 421 684	109 030	2 421 684
Add: Charge to the income statement	2 623 678	195 072	2 623 678	195 072
Less: Bad debts written off	(44 604)	(2 507 726)	(44 604)	(2 507 726)
<b>TOTAL</b>	<b>2 688 104</b>	<b>109 030</b>	<b>2 688 104</b>	<b>109 030</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 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 2016, R7 935 872 (2015: R5 716 240) was past due but not impaired.

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

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
One month past due	4 051 964	2 848 421	4 051 964	2 494 742
Two months past due	75 204	179 251	75 204	179 251
Three months past due	3 808 704	2 688 568	3 964 322	2 645 271
<b>TOTAL</b>	<b>7 935 872</b>	<b>5 716 240</b>	<b>8 091 490</b>	<b>5 319 264</b>

### TRADE AND OTHER RECEIVABLES IMPAIRED

The amount of the provision is R2 688 104 (2015: R109 030) as of 31 March 2016.

The aging of these trade receivable is as follows:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Three to six months	1 035 648	-	1 035 648	-
Over six months	1 652 456	109 030	1 652 456	109 030

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Cash on hand	25 000	25 000	25 000	25 000
Bank balances	98 699 738	108 134 098	40 388 464	35 183 379
Deposit held on behalf of third parties	21 752 243	21 778 009	21 752 243	21 778 009
Amounts held in trust accounts	654 691 448	747 783 366	654 691 448	747 783 366
<b>TOTAL</b>	<b>775 168 429</b>	<b>877 720 473</b>	<b>716 857 155</b>	<b>804 769 754</b>

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 Dube Cargo Terminal. Deposits held on behalf of third parties relate to tenant deposits and retentions.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 7. INVESTMENT PROPERTY

ECONOMIC ENTITY	2016			RESTATED 2015		
	COST	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Investment property	2 082 812 470	(107 136 614)	1 975 675 856	1 844 200 233	(86 560 122)	1 757 640 111

CONTROLLING ENTITY	2016			RESTATED 2015		
	COST	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Investment property	2 136 707 989	(107 136 614)	2 029 571 375	1 898 095 752	(86 560 122)	1 811 535 630

### RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2016

	OPENING BALANCE	ADDITIONS	DERECOGNITION	TRANSFERS BETWEEN CLASSES OF ASSETS	DEPRECIATION	TOTAL
	R	R	R	R	R	R
Investment property	1 757 640 111	240 434 441	(1 844 767)	22 563	(20 576 492)	1 975 675 856

### 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 - CONTROLLING ENTITY - 2016

	OPENING BALANCE	ADDITIONS	DERECOGNITION	TRANSFERS BETWEEN CLASSES OF ASSETS	DEPRECIATION	TOTAL
	R	R	R	R	R	R
Investment property	1 811 535 630	240 434 441	(1 844 767)	22 563	(20 576 492)	2 029 571 375

### 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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 7. INVESTMENT PROPERTY (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>DETAILS OF PROPERTY</b>				
<b>La Mercy Land (Portion 5 and 9)</b>				
This comprises the purchase of subdivisions 5 and 9 in extent of 302.9605 hectares, held under Title Deed No. T3842/2010 of the La Mercy site No. 15124.				
Purchase price	428 815 725	428 815 725	428 815 725	428 815 725
Derecognition	(1 371 398)	-	(1 371 398)	-
	<b>427 444 327</b>	<b>428 815 725</b>	<b>427 444 327</b>	<b>428 815 725</b>
<b>Klipfontein Farm (Herwood Farm)</b>				
This comprises the purchase of the remainder and portion 11 (of 3) of the Farm Klipfontein No. 922 in the extent of approximately 99.33 hectares held under Title Deed No. T3464/2010.				
Purchase price	<b>123 733 875</b>	<b>123 733 875</b>	<b>123 733 875</b>	<b>123 733 875</b>
<b>Mount Moreland Land</b>				
Erf 1000 Mt Moreland in extent of 408.6977 hectares held under Title Deed No. T348/2014.				
Purchase price	360 696 099	360 696 099	360 696 099	360 696 099
Derecognition	(279 327)	-	(279 327)	-
	<b>360 416 772</b>	<b>360 696 099</b>	<b>360 416 772</b>	<b>360 696 099</b>
<b>Cottonlands Farm</b>				
Remainder of Portion 267, 314 (of 272) and 1219 (of 321) of the Farm Cottonlands No. 1575 in extent of 150.419 hectares held under Title Deed No. T38380/2002.				
Purchase price	<b>104 746 293</b>	-	<b>104 746 293</b>	-
<b>Dube City</b>				
Erven 594, 595, 597, 599, 600, 601, 602, 603 and 608, La Mercy, Registration Division FU, Province of KwaZulu-Natal.				
Purchase price	<b>58 294 105</b>	<b>58 294 105</b>	<b>58 294 105</b>	<b>58 294 105</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 7. INVESTMENT PROPERTY (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>Cottonlands Farm</b> Remainder of Portion 1240 of 1220 and Portion 1970 of 1220 of the Farm Cottonlands, in the extent of 156.0474 hectares.				
Purchase price	135 295 560	-	135 295 560	-
<b>Cottonlands Farm</b> Remainder of Portion 1220 of the Farm Cottonlands No. 1575, in extent of 172.3491 hectares, held under Title Deed No. T16581/2012.				
Purchase price	90 239 872	90 239 872	90 239 872	90 239 872
Derecognition	(194 042)	-	(194 042)	-
	<b>90 045 830</b>	<b>90 239 872</b>	<b>90 045 830</b>	<b>90 239 872</b>
<b>Cottonlands Farm</b> Remainder of Portions 271, 1181, 114, 450, 430, 854, 617, 1907 and 216 of the Farm Cottonlands No. 1575, in extent of 109.2539 hectares held under Title Deed No. T8966/2013.				
Purchase price	54 281 267	54 281 267	54 281 267	54 281 267
<b>Tradehouse Building</b> Construction cost	122 014 668	122 014 668	122 014 668	122 014 668
Canteen	5 291 323	5 291 323	5 291 323	5 291 323
	<b>127 305 991</b>	<b>127 305 991</b>	<b>127 305 991</b>	<b>127 305 991</b>
<b>Valuable Cargo Building</b> Construction cost	24 123 061	24 123 061	24 123 061	24 123 061
<b>29° South</b> Construction cost	146 836 718	146 836 718	146 836 718	146 836 718
Additions	3 955 304	3 732 104	3 955 304	3 732 104
<b>TOTAL</b>	<b>150 792 022</b>	<b>150 568 822</b>	<b>150 792 022</b>	<b>150 568 822</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 7. INVESTMENT PROPERTY (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>Dube AgriZone Buildings</b>				
Construction cost:				
Greenhouse C	178 295 868	178 295 868	178 295 868	178 295 868
Greenhouse A	83 585 610	83 585 610	83 585 610	83 585 610
Greenhouse D	109 427 251	109 427 251	109 427 251	109 427 251
Distribution Centre	47 244 538	47 162 285	47 244 538	47 162 285
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	25 445 845	25 336 013	25 445 845	25 336 013
Canteen	2 494 409	2 494 409	2 494 409	2 494 409
<b>TOTAL</b>	<b>480 229 020</b>	<b>480 036 935</b>	<b>480 229 020</b>	<b>480 036 935</b>
<b>La Mercy (Portion 4, 6, 8, 10 and 11)</b>				
Subdivisions of portions 4, 6, 8, 10 and 11 in extent of 836.31 hectares of the La Mercy Airport No. 15124.				
Purchase price	346 224	348 194	-	-
Capitalised expenditure	4 052 361	4 052 361	-	-
Disposal	-	(1 970)	-	-
<b>TOTAL</b>	<b>4 398 585</b>	<b>4 398 585</b>	<b>-</b>	<b>-</b>

### DETAILS OF VALUATION

#### Dube TradePort Corporation

The fair market value for investment properties (excluding land) was valued at R688 191 647 (2015: R729 064 377) as at 31 March 2016. The land was 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, who is not connected to the company and who has recent experience in the location and category of the investment properties valued.

#### La Mercy JV Property Investments Proprietary Limited

The fair market values for investment properties was valued at R362 175 250 (2015: R475 500 000) as at 31 March 2016. The land was 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, who is not connected to the company and who has recent experience in the location and category of the investment properties valued.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>THE FOLLOWING AMOUNTS HAVE BEEN RECOGNISED IN SURPLUS AND DEFICIT FOR INVESTMENT PROPERTIES:</b>				
Rental revenue from investment properties	30 104 971	36 057 612	30 104 971	35 709 287
Direct operating expenses that generated revenue	(16 287 639)	(21 409 360)	(16 287 639)	(21 409 360)
<b>TOTAL</b>	<b>13 817 332</b>	<b>14 648 252</b>	<b>13 817 332</b>	<b>14 299 927</b>

The total contractual obligations relating to investment properties repairs and maintenance amounted to R30 344 300 (2015: R60 874 711).

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 8. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY	2016			RESTATED 2015		
	COST	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Land	111 250 987	-	111 250 987	111 000 000	-	111 000 000
Buildings	499 813 402	(195 157 039)	304 656 363	499 727 645	(180 458 160)	319 269 485
Plant and machinery	26 961 146	(16 534 639)	10 426 507	26 961 146	(13 602 651)	13 358 495
Furniture and fixtures	35 473 057	(18 784 280)	16 688 777	35 452 899	(15 622 735)	19 830 164
Motor vehicles	16 656 865	(14 130 743)	2 526 122	16 656 865	(11 356 087)	5 300 778
Equipment	362 284 937	(212 242 826)	150 042 111	354 049 462	(183 815 838)	170 233 624
IT equipment	171 207 344	(115 816 997)	55 390 347	161 356 877	(97 852 242)	63 504 635
Infrastructure	808 087 756	(187 343 653)	620 744 103	809 125 964	(145 241 590)	663 884 374
Community assets	1 032 491	(40 678)	991 813	669 351	(27 291)	642 060
Work in progress	139 943 563	-	139 943 563	44 513 289	-	44 513 289
<b>TOTAL</b>	<b>2 172 711 548</b>	<b>(760 050 855)</b>	<b>1 412 660 693</b>	<b>2 059 513 498</b>	<b>(647 976 594)</b>	<b>1 411 536 904</b>

CONTROLLING ENTITY	2016			RESTATED 2015		
	COST	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Land	111 250 987	-	111 250 987	111 000 000	-	111 000 000
Buildings	499 813 402	(195 157 039)	304 656 363	499 727 645	(180 458 160)	319 269 485
Plant and machinery	26 961 146	(16 534 639)	10 426 507	26 961 146	(13 602 651)	13 358 495
Furniture and fixtures	35 473 057	(18 784 280)	16 688 777	35 452 899	(15 622 735)	19 830 164
Motor vehicles	16 656 865	(14 130 743)	2 526 122	16 656 865	(11 356 087)	5 300 778
Equipment	362 284 937	(212 242 826)	150 042 111	354 049 462	(183 815 838)	170 233 624
IT equipment	171 207 344	(115 816 997)	55 390 347	161 356 877	(97 852 242)	63 504 635
Infrastructure	667 641 031	(166 162 827)	501 478 204	668 679 238	(129 489 729)	539 189 509
Community assets	363 140	-	363 140	-	-	-
Work in progress	139 943 563	-	139 943 563	44 513 289	-	44 513 289
<b>TOTAL</b>	<b>2 031 595 472</b>	<b>(738 829 351)</b>	<b>1 292 766 121</b>	<b>1 918 397 421</b>	<b>(632 197 442)</b>	<b>1 286 199 979</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - ECONOMIC ENTITY - 2016

	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS BETWEEN CLASSES OF ASSETS	CHANGE IN ACCOUNTING ESTIMATES	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R
Land	111 000 000	250 987	-	-	-	-	111 250 987
Buildings	319 269 485	85 758	-	-	2 513 520	(17 212 400)	304 656 363
Plant and machinery	13 358 495	-	-	-	-	(2 931 988)	10 426 507
Furniture and fixtures	19 830 164	20 158	-	-	-	(3 161 545)	16 688 777
Motor vehicles	5 300 778	-	-	-	14 412	(2 789 068)	2 526 122
Equipment	170 233 624	8 189 202	(12 712)	32 865	-	(28 400 868)	150 042 111
IT equipment	63 504 635	9 459 905	(110 097)	452 245	-	(17 916 341)	55 390 347
Infrastructure	663 884 374	733 243	-	(507 673)	24 828	(43 390 669)	620 744 103
Community assets	642 060	363 140	-	-	-	(13 387)	991 813
Work in progress	44 513 289	95 430 274	-	-	-	-	139 943 563
<b>TOTAL</b>	<b>1 411 536 904</b>	<b>114 532 667</b>	<b>(122 809)</b>	<b>(22 563)</b>	<b>2 552 760</b>	<b>(115 816 266)</b>	<b>1 412 660 693</b>

### 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)	-	-	(51 554 986)	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
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	-	(34 395 783)	663 884 374
Community	777 970	-	-	(122 992)	-	-	(12 918)	642 060
Work in progress	143 537 159	66 759 377	-	-	(165 783 247)	-	-	44 513 289
<b>TOTAL</b>	<b>1 450 027 719</b>	<b>100 019 666</b>	<b>(111 580)</b>	<b>(158 061)</b>	<b>(1 199 956)</b>	<b>35 423 118</b>	<b>(172 464 002)</b>	<b>1 411 536 904</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - CONTROLLING ENTITY - 2016

	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS BETWEEN CLASSES OF ASSETS	CHANGE IN ACCOUNTING ESTIMATES	DEPRECIATION	TOTAL
	R	R	R	R	R	R	R
Land	111 000 000	250 987	-	-	-	-	111 250 987
Buildings	319 269 485	85 758	-	-	2 513 520	(17 212 400)	304 656 363
Plant and machinery	13 358 495	-	-	-	-	(2 931 988)	10 426 507
Furniture and fixtures	19 830 164	20 158	-	-	-	(3 161 545)	16 688 777
Motor vehicles	5 300 778	-	-	-	14 412	(2 789 068)	2 526 122
Equipment	170 233 624	8 189 202	(12 712)	32 865	-	(28 400 868)	150 042 111
IT equipment	63 504 635	9 459 905	(110 097)	452 245	-	(17 916 341)	55 390 347
Infrastructure	539 189 509	733 243	-	(507 673)	24 828	(37 961 703)	501 478 204
Community assets	-	363 140	-	-	-	-	363 140
Work in progress	44 513 289	95 430 274	-	-	-	-	139 943 563
<b>TOTAL</b>	<b>1 286 199 979</b>	<b>114 532 667</b>	<b>(122 809)</b>	<b>(22 563)</b>	<b>2 552 760</b>	<b>(110 373 913)</b>	<b>1 292 766 121</b>

### 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
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	(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
<b>TOTAL</b>	<b>1 450 027 719</b>	<b>100 019 666</b>	<b>(125 701 435)</b>	<b>(158 061)</b>	<b>(1 199 956)</b>	<b>35 423 118</b>	<b>(172 211 072)</b>	<b>1 286 199 979</b>

Included in the carrying value of property, plant and equipment are fully depreciated assets with a total cost of R144 129 794. 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.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>CAPITALISED FINANCE LEASE ASSETS</b>				
Cost	1 009 335	684 335	1 009 335	684 335
Accumulated depreciation	(351 077)	(136 423)	(351 077)	(136 423)
<b>TOTAL</b>	<b>658 258</b>	<b>547 912</b>	<b>658 258</b>	<b>547 912</b>

## 9. INTANGIBLE ASSETS

ECONOMIC ENTITY	2016			RESTATED 2015		
	COST R	ACCUMULATED AMORTISATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED AMORTISATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Licenses	330 000	-	330 000	330 000	-	330 000
Computer software	2 549 482	(236 070)	2 313 412	2 310 695	(211 234)	2 099 461
<b>TOTAL</b>	<b>2 879 482</b>	<b>(236 070)</b>	<b>2 643 412</b>	<b>2 640 695</b>	<b>(211 234)</b>	<b>2 429 461</b>

CONTROLLING ENTITY	2016			RESTATED 2015		
	COST R	ACCUMULATED AMORTISATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED AMORTISATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Licenses	330 000	-	330 000	330 000	-	330 000
Computer software	2 549 482	(236 070)	2 313 412	2 310 695	(211 234)	2 099 461
<b>TOTAL</b>	<b>2 879 482</b>	<b>(236 070)</b>	<b>2 643 412</b>	<b>2 640 695</b>	<b>(211 234)</b>	<b>2 429 461</b>

### RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2016

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Licenses	330 000	-	-	330 000
Computer software	2 099 461	292 744	(78 793)	2 313 412
<b>TOTAL</b>	<b>2 429 461</b>	<b>292 744</b>	<b>(78 793)</b>	<b>2 643 412</b>

### 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
<b>TOTAL</b>	<b>1 561 322</b>	<b>948 261</b>	<b>(80 122)</b>	<b>2 429 461</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 9. INTANGIBLE ASSETS (CONTINUED)

### RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2016

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Licenses	330 000	-	-	330 000
Computer software	2 099 461	292 744	(78 793)	2 313 412
<b>TOTAL</b>	<b>2 429 461</b>	<b>292 744</b>	<b>(78 793)</b>	<b>2 643 412</b>

### RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING 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
<b>TOTAL</b>	<b>1 561 322</b>	<b>948 261</b>	<b>(80 122)</b>	<b>2 429 461</b>

## 10. HERITAGE ASSETS

ECONOMIC ENTITY	2016			RESTATE 2015		
	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	2016			RESTATE 2015		
	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 - 2016

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

### RECONCILIATION OF HERITAGE ASSETS - ECONOMIC ENTITY - 2015

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

### RECONCILIATION OF HERITAGE ASSETS - CONTROLLING ENTITY - 2016

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

### RECONCILIATION OF HERITAGE ASSETS - CONTROLLING ENTITY - 2015

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



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 11. INVESTMENTS IN CONTROLLED ENTITIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
			CARRYING AMOUNT	CARRYING AMOUNT
<b>NAME OF COMPANY</b>				
La Mercy JV Property Investments Proprietary Limited	-	-	60	60
La Mercy JV Property Investments Proprietary Limited	-	-	11 138 833	1 306 574
<b>TOTAL</b>	-	-	<b>11 138 893</b>	<b>1 306 634</b>

Dube TradePort Corporation has a 60% holding in La Mercy JV Property Investments Proprietary Limited. Since 01 September 2013, expenditure has been funded via capital contributions to the subsidiary. During the year under review, the shareholders passed a special resolution to fund the company with an additional amount of R9 832 259.

## 12. OPERATING LEASE ASSET

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>STRAIGHT-LINING</b>				
Opening balance	33 046 234	21 733 566	33 046 234	21 733 566
Straight-line accrual for the year	9 952 054	11 312 669	9 951 854	11 312 669
<b>TOTAL</b>	<b>42 998 288</b>	<b>33 046 235</b>	<b>42 998 088</b>	<b>33 046 235</b>

Included in the lease smoothing calculation are 49-year development leases which were straight-lined over a lesser period. The leases have not been straight-lined over the entire lease term due to the review of rentals and escalations occurring at ten year intervals. An estimate of the rentals was made over the remaining lease period and is disclosed under contingent rentals (refer to note 29).

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>ANALYSIS OF PROVISION</b>				
Opening balance	-	646 888	-	646 888
Bad debt written off	-	(646 888)	-	(646 888)
<b>TOTAL</b>	-	-	-	-

The prior year's figures for the analysis of the provision were restated as they were incorrectly disclosed. The restatement had no financial impact.

## 13. LOANS FROM SHAREHOLDERS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Airports Company South Africa SOC Limited	-	6 554 840	-	-

The loan was granted prior to La Mercy JV Property Investments Proprietary Limited becoming a deemed Provincial Public Entity. During the current financial year the shareholders resolved to legally set off the existing shareholder's loans with the liability that arose as a result of contributed capital.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 14. CURRENT TAX RECEIVABLE/(PAYABLE)

Current tax receivable/(payable) relates to the tax liability of La Mercy JV Property Investments Proprietary Limited.

## 15. FINANCE LEASE OBLIGATION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>MINIMUM LEASE PAYMENTS DUE</b>				
Within one year	281 209	180 245	281 209	180 245
In second to fifth year inclusive	515 923	488 317	515 923	488 317
	797 132	668 562	797 132	668 562
Less: Future finance charges	(43 184)	(103 261)	(43 184)	(103 261)
<b>PRESENT VALUE OF MINIMUM LEASE PAYMENTS</b>	<b>753 948</b>	<b>565 301</b>	<b>753 948</b>	<b>565 301</b>
<b>PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE</b>				
Within one year	222 647	137 017	222 647	137 017
In second to fifth year inclusive	531 301	428 284	531 301	428 284
<b>TOTAL</b>	<b>753 948</b>	<b>565 301</b>	<b>753 948</b>	<b>565 301</b>
Non-current liabilities	531 301	428 284	531 301	428 284
Current liabilities	222 647	137 017	222 647	137 017
<b>TOTAL</b>	<b>753 948</b>	<b>565 301</b>	<b>753 948</b>	<b>565 301</b>

The economic entity leases photocopier machines under finance leases.

The average lease term is four to five years.

## 16. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Trade payables	5 969 556	10 526 520	5 771 114	10 483 535
Payments received in advanced	415 163	338 619	414 696	338 819
Retention creditors	22 050 639	20 039 966	21 578 951	19 661 597
VAT	-	11 002 424	-	-
Accrued leave pay	3 823 632	2 846 063	3 823 632	2 846 063
Accrued expenses	17 166 984	21 414 826	17 183 711	20 737 396
Deposits received	6 330 970	4 983 058	6 330 970	4 983 058
Performance bonuses	4 353 138	3 800 997	4 353 138	3 800 997
<b>TOTAL</b>	<b>60 110 082</b>	<b>74 952 473</b>	<b>59 456 212</b>	<b>62 851 465</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 17. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

UNSPENT CONDITIONAL GRANTS COMPRISES OF:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>Unspent conditional grants and receipts</b>				
Special Economic Zone	11 834 256	6 599 367	11 834 256	6 599 367
Special Economic Zone - Infrastructure	12 565 611	-	12 565 611	-
<b>TOTAL</b>	<b>24 399 867</b>	<b>6 599 367</b>	<b>24 399 867</b>	<b>6 599 367</b>
<b>Movement during the year</b>				
Balance at the beginning of the year	6 599 367	-	6 599 367	-
Grants received during the year	29 433 463	6 599 367	29 433 463	6 599 367
Income recognition for the year	(11 632 963)	-	(11 632 963)	-
<b>TOTAL</b>	<b>24 399 867</b>	<b>6 599 367</b>	<b>24 399 867</b>	<b>6 599 367</b>

The funds were granted by the Department of Trade and Industry 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 to the SEZ.

## 18. REVENUE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Rendering of services	15 035 409	12 035 528	15 035 409	12 035 528
Rental of facilities and equipment	40 355 818	36 057 612	40 072 255	35 709 287
Sundry income	2 769 404	759 708	2 303 436	719 315
Interest received - investments	51 377 962	42 764 124	47 608 126	42 317 099
Government grants and subsidies	430 738 226	454 558 938	430 738 226	454 558 938
<b>TOTAL</b>	<b>540 276 819</b>	<b>546 175 910</b>	<b>535 757 452</b>	<b>545 340 167</b>
<b>THE AMOUNTS INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:</b>				
Rendering of services	15 035 409	12 035 528	15 035 409	12 035 528
Rental of facilities and equipment	40 355 818	36 057 612	40 072 255	35 709 287
Sundry income	2 769 404	759 708	2 303 436	719 315
Interest received - investments	51 377 962	42 764 124	47 608 126	42 317 099
<b>TOTAL</b>	<b>109 538 593</b>	<b>91 616 972</b>	<b>105 019 226</b>	<b>90 781 229</b>
<b>THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:</b>				
<b>Transfer revenue</b>				
Government grants and subsidies	430 738 226	454 558 938	430 738 226	454 558 938

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 19. RENTAL FROM INVESTMENT PROPERTIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>OPERATING LEASE RENTALS</b>				
Rental from investment properties	30 383 764	24 744 943	30 120 403	24 396 618
Straight-lining of leases	9 952 054	11 312 669	9 951 852	11 312 669
<b>TOTAL</b>	<b>40 335 818</b>	<b>36 057 612</b>	<b>40 072 255</b>	<b>35 709 287</b>

## 20. GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>OPERATING GRANTS</b>				
Department of Economic Development, Tourism and Environmental Affairs	419 105 263	452 083 333	419 105 263	452 083 333
Department of Trade and Industry	816 117	2 475 605	816 117	2 475 605
	419 921 380	454 558 938	419 921 380	454 558 938
<b>CAPITAL GRANTS</b>				
Department of Trade and Industry	10 816 846	-	10 816 846	-
<b>TOTAL</b>	<b>430 738 226</b>	<b>454 558 938</b>	<b>430 738 226</b>	<b>454 558 938</b>

## 21. INVESTMENT REVENUE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>INTEREST REVENUE</b>				
Bank	51 194 209	42 716 566	47 424 373	42 269 541
Interest charged on receivables from exchange transactions	183 753	47 558	183 753	47 558
<b>TOTAL</b>	<b>51 377 962</b>	<b>42 764 124</b>	<b>47 608 126</b>	<b>42 317 099</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 22. EMPLOYEE RELATED COSTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Basic	77 589 366	69 594 962	77 589 366	69 594 962
UIF	275 050	263 938	275 050	263 938
WCA	61 253	93 981	61 253	93 981
SDL	737 165	692 441	737 165	692 441
Cellphone allowances	286 767	301 873	286 767	301 873
<b>TOTAL</b>	<b>78 949 601</b>	<b>70 947 195</b>	<b>78 949 601</b>	<b>70 947 195</b>
<b>REMUNERATION OF THE EXECUTIVE OFFICERS</b>				
<b>Chief Executive Officer</b>				
Salary (dismissed in June 2015)	615 252	2 461 008	615 252	2 461 008
<b>TOTAL</b>	<b>615 252</b>	<b>2 461 008</b>	<b>615 252</b>	<b>2 461 008</b>
<b>Acting Chief Executive Officer (CEO) and ITC and Property Sales Executive</b>				
Salary	1 609 920	1 504 596	1 609 920	1 504 596
Performance bonus	171 054	131 652	171 054	131 652
Acting allowance (Acting since 20 February 2015)	279 096	23 258	279 096	23 258
<b>TOTAL</b>	<b>2 060 070</b>	<b>1 659 506</b>	<b>2 060 070</b>	<b>1 659 506</b>
<b>Chief Operating Officer</b>				
Salary (appointed in August 2015)	959 664	-	959 664	-
Performance bonus	59 979	-	59 979	-
<b>TOTAL</b>	<b>1 019 643</b>	<b>-</b>	<b>1 019 643</b>	<b>-</b>
<b>Chief Financial Officer</b>				
Salary	1 617 444	1 511 628	1 617 444	1 511 628
Performance bonus	171 583	132 267	171 583	132 267
<b>TOTAL</b>	<b>1 789 027</b>	<b>1 643 895</b>	<b>1 789 027</b>	<b>1 643 895</b>
<b>Development Planning and Infrastructure Executive</b>				
Salary	1 587 624	1 490 724	1 587 624	1 490 724
Performance bonus	138 917	93 170	138 917	93 170
<b>TOTAL</b>	<b>1 726 541</b>	<b>1 583 894</b>	<b>1 726 541</b>	<b>1 583 894</b>
<b>AgriZone and Cargo Operations Executive</b>				
Salary	1 346 724	1 258 620	1 346 724	1 258 620
Performance bonus	117 828	110 129	117 828	110 129
<b>TOTAL</b>	<b>1 464 552</b>	<b>1 368 749</b>	<b>1 464 552</b>	<b>1 368 749</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 22. EMPLOYEE RELATED COSTS (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>Corporate Services Executive</b>				
Salary (appointed in August 2015)	904 512	-	904 512	-
Performance bonus	56 626	-	56 626	-
<b>TOTAL</b>	<b>961 138</b>	<b>-</b>	<b>961 138</b>	<b>-</b>
<b>Corporate Services Executive</b>				
Salary (resigned in May 2015)	228 980	1 284 000	228 980	1 284 000
Performance bonus	-	112 350	-	112 350
<b>TOTAL</b>	<b>228 980</b>	<b>1 396 350</b>	<b>228 980</b>	<b>1 396 350</b>

The remuneration of certain executives were restated in the prior year as the amounts were incorrectly disclosed. This was due to the allowances having been overstated in the basic salaries.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>REMUNERATION OF BOARD MEMBERS</b>				
<b>Chairperson - Dr B. Gasa</b>				
Board fees and Investment Committee fees	998 755	952 158	998 755	952 158
<b>Deputy Chairperson - Adv C. Sibiya</b>				
Board fees and Remuneration and HR Committee fees	583 847	472 993	583 847	472 993
<b>Member - Mr M. Ramgobin</b>				
Board fees and Remuneration and HR Committee fees	167 055	186 660	167 055	186 660
<b>Member - Mr G. Muller</b>				
Board fees and Audit and Risk Committee fees and Investment Committee fees	289 571	210 149	289 571	210 149
<b>Member - Mr V. Mtshali</b>				
Board fees and Audit and Risk Committee fees	281 767	242 885	281 767	242 885

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 22. EMPLOYEE RELATED COSTS (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>REMUNERATION OF INDEPENDENT COMMITTEE MEMBERS</b>				
<b>Member - Ms H. Makithini</b>				
Investment Committee fees	11 512	-	11 512	-
<b>Member - Mr P. Ngcobo</b>				
Remuneration and HR Committee fees	69 073	32 736	69 073	32 736
<b>Chairperson of the Audit Committee - Mr S. Khumalo</b>				
Audit and Risk Committee fees	137 868	97 984	137 868	97 984
<b>Chairperson - Audit and Risk Committee - La Mercy JV Property Investments Proprietary Limited - Mr K. Schmidt</b>				
Audit and Risk Committee fees	30 000	40 349	-	-

## 23. COST OF SALES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>RENDERING OF SERVICES</b>				
Cost of services	2 233 297	1 822 630	2 233 297	1 822 630
Tissue culture	193 467	67 974	193 467	67 974
<b>TOTAL</b>	<b>2 426 764</b>	<b>1 890 604</b>	<b>2 426 764</b>	<b>1 890 604</b>

## 24. FINANCE COSTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Penalties and interest	199 497	2 495	-	-
Payables from exchange transactions	140 117	103 298	140 117	103 298
<b>TOTAL</b>	<b>339 614</b>	<b>105 793</b>	<b>140 117</b>	<b>103 298</b>

## 25. DEBT IMPAIRMENT PROVISION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Contributions to debt impairment provision	2 626 954	(2 312 664)	2 626 954	(2 312 664)
Bad debts written off	44 604	2 509 694	44 604	2 509 694
<b>TOTAL</b>	<b>2 671 558</b>	<b>197 030</b>	<b>2 671 558</b>	<b>197 030</b>

The movement in the debt impairment provision relates to a Dube TradeZone tenant. Dube TradePort Corporation is currently in negotiation with the tenant to revise the lease rental commencement date and defer rental to a future date.

The write-off relates to Dube Cargo Terminal customers whose arrear balances were long outstanding. Due to the immaterial amount owing, it was not deemed financially viable to pursue legal recourse as the cost outweighed the recoverable amount of the debt.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 26. GENERAL EXPENSES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Advertising	9 372 210	11 324 327	9 262 998	11 324 327
Consulting and professional fees	25 312 693	56 045 356	24 594 152	54 581 426
Lease rentals on operating leases	2 765 964	2 243 929	2 767 309	2 243 929
Security	14 454 139	11 792 897	14 454 139	11 792 897
Rates and utilities	23 969 247	40 458 690	22 252 293	39 722 276
Infrastructure expenses	36 983 042	-	36 983 042	-
Other operating expenses	45 234 634	28 594 938	40 795 318	22 889 136
Rendering of services	2 426 764	1 890 604	2 426 764	1 890 604
<b>TOTAL</b>	<b>160 518 693</b>	<b>152 350 741</b>	<b>153 536 015</b>	<b>144 444 595</b>

## 27. TAXATION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>MAJOR COMPONENTS OF THE TAX (INCOME)/EXPENSE</b>				
<b>Current</b>				
Local income tax - current period	-	(26 506 030)	-	-
Local income tax - prior year under/overprovision	399 342	-	-	-
Securities transfer tax	18 220	-	18 220	(675 000)
	417 562	(26 506 030)	18 220	(675 000)
<b>Deferred</b>				
Deferred tax	(6 466)	(162 196)	-	-
<b>TOTAL</b>	<b>411 096</b>	<b>(26 668 226)</b>	<b>18 220</b>	<b>(675 000)</b>

The taxation expenditure incurred by the entity was for securities transfer tax paid in respect of the transfer of shares to La Mercy JV Property Investments Proprietary Limited from the Non-Profit Company to Dube TradePort Corporation.

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 28. CASH GENERATED FROM OPERATIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Surplus before taxation	148 137 559	185 621 499	155 849 843	34 597 145
<b>ADJUSTMENTS FOR:</b>				
Depreciation, impairments and amortisation	134 097 685	157 673 579	128 655 333	157 420 647
(Gain)/loss on sale of assets	1 435 237	(31 991 762)	1 435 237	125 683 422
Debt impairment	2 673 558	197 030	2 671 558	197 030
Movements in operating lease assets and accruals	(9 951 853)	(11 312 668)	(9 951 853)	(11 312 668)
Payroll accrual	1 529 710	6 647 060	1 529 710	6 647 060
Interest accrual	(1 078 760)	(3 157 398)	(891 895)	(3 085 793)
<b>CHANGES IN WORKING CAPITAL:</b>				
Inventories	1 287 979	(1 111 248)	1 287 979	(1 111 248)
Receivables from exchange transactions	(26 184 264)	54 427 398	(26 124 934)	50 842 858
Payables from exchange transactions	(16 664 674)	(18 780 819)	(5 627 872)	(30 318 310)
Unspent conditional grants and receipts	17 800 500	6 599 368	17 800 500	6 599 368
Tax paid	(1 088 516)	(26 830 836)	-	7 308
<b>TOTAL</b>	<b>251 994 161</b>	<b>317 981 203</b>	<b>266 633 606</b>	<b>336 166 819</b>

## 29. COMMITMENTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>AUTHORISED CAPITAL EXPENDITURE</b>				
<b>Already contracted for but not provided for</b>				
Property, plant and equipment	490 430 142	488 305 895	490 430 142	488 305 895
<b>Not yet contracted for and authorised by members</b>				
Property, plant and equipment	-	100 115 478	-	100 115 478
<b>Total capital commitments</b>				
Already contracted for but not provided for	490 430 142	488 305 895	490 430 142	488 305 895
Not yet contracted for and authorised by members	-	100 115 478	-	100 115 478
<b>TOTAL</b>	<b>490 430 142</b>	<b>588 421 373</b>	<b>490 430 142</b>	<b>588 421 373</b>

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 Dube Cargo Terminal).



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 29. COMMITMENTS (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>OPERATING LEASES - AS LESSEE (EXPENSE)</b>				
<b>Minimum lease payments due</b>				
Within one year	-	23 082	2 094	23 082
In second to fifth year inclusive	-	-	8 074	-
<b>TOTAL</b>	<b>-</b>	<b>23 082</b>	<b>10 168</b>	<b>23 082</b>

The operating lease payments in the current year are paid in respect of rental of land on which the billboards are situated.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>OPERATING LEASES - AS LESSOR (INCOME)</b>				
<b>Minimum lease payments due</b>				
Within one year	21 407 665	16 028 661	21 407 665	16 028 661
In second to fifth year inclusive	97 546 805	74 457 108	97 546 805	74 457 108
Later than five years	123 364 709	130 565 188	123 364 709	130 565 188
<b>TOTAL</b>	<b>242 319 179</b>	<b>221 050 957</b>	<b>242 319 179</b>	<b>221 050 957</b>

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% and 10%.

Contingent rentals are receivable for certain leases and amounted to R4 205 339 782 (2015: R4 017 048 981).

The bases for calculating the contingent rentals are as follows:

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

## 30. CONTINGENCIES

Dube TradePort Corporation obtained a judgement against a defaulting debtor (Carmel Nurseries CC) in the previous financial year. Subsequently, the entity received two summons from Carmel Nurseries CC alleging a breach of agreements and intention to rescind the judgement respectively. The value of the claim is R38 316 315 plus legal costs. The entity's legal advisors consider the success of the action against the entity to be unlikely.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 31. RELATED PARTIES

### RELATIONSHIPS

Controlled entity

Members of key management

Refer to note 11

Mr H. Erskine

Ms A. Swalah

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>RELATED PARTY BALANCES</b>				
<b>Loan accounts - Owing (to)/by related parties</b>				
La Mercy JV Property Investments Proprietary Limited			-	9 832 259
<b>Amounts included in trade receivables regarding related parties</b>				
La Mercy JV Property Investments Proprietary Limited			871 771	674 075
<b>Amounts included in trade payables regarding related parties</b>				
La Mercy JV Property Investments Proprietary Limited			658 780	655 855
<b>RELATED PARTY TRANSACTIONS</b>				
<b>Rates paid to related parties</b>				
La Mercy JV Property Investments Proprietary Limited			-	6 152 992
<b>Rent paid to related parties</b>				
La Mercy JV Property Investments Proprietary Limited			1 345	100
<b>Purchase of land from related parties</b>				
La Mercy JV Property Investments Proprietary Limited			-	58 294 105
<b>Loss on disposal of land to related parties</b>				
La Mercy JV Property Investments Proprietary Limited			-	125 589 855
<b>Levies paid to related parties</b>				
La Mercy JV Property Investments Proprietary Limited			444 578	-
<b>Recoveries paid to related parties</b>				
La Mercy JV Property Investments Proprietary Limited			3 033 429	16 316 152
<b>Management association costs paid to related parties</b>				
La Mercy JV Property Investments Proprietary Limited			763 900	-

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 32. CHANGE IN ESTIMATE

### PROPERTY, PLANT AND EQUIPMENT

In terms of the requirements of GRAP 17 the useful lives of all asset items 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 R2 552 760 (refer to note 8).

### OPERATING LEASE ASSET

During the current period under review, there was an increase in the movement of operating lease asset amounting to R197 542 relating to addenda to the development leases. The effect reflected above is the adjustment in future lease rentals receivable.

### SECURITIES TRANSFER TAX

The current year's securities transfer tax expense was adjusted due to an overprovision in the prior year. The impact on the current taxation expense is a credit of R18 220.

## 33. PRIOR PERIOD ERRORS

The prior period error in the current year related to the adjustment in the minority interest figure of R8 515 348 and deferred tax on temporary differences was erroneously omitted in the prior year amounting to R162 196 for the controlled entity.

### 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 on Leases, 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.

In addition, the definition of contingent rent is that lease revenue excludes that portion of the lease revenue that is not fixed in amount but is based on the future amount of 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: ten year leases with CPI linked escalations were incorrectly straight-lined in the previous years 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 tenth 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 tenth 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:

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 33. PRIOR PERIOD ERRORS (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>STATEMENT OF FINANCIAL POSITION</b>				
Property, plant and equipment	-	209 071	-	209 071
Deferred tax	(162 196)	-	-	-
Receivables from exchange transactions	-	(164 249)	-	(164 249)
Minority interest	(8 581 229)	-	-	-
Operating lease asset	-	(99 858 266)	-	(99 858 266)
Payables from exchange transactions	-	1 211 896	-	1 211 896
<b>OPENING ACCUMULATED SURPLUS</b>	<b>(8 743 424)</b>	<b>(98 601 548)</b>	<b>-</b>	<b>(98 601 548)</b>
<b>MINORITY INTEREST</b>				
Balance as previously reported	77 277 043	-	-	-
Adjustment	(8 581 229)	-	-	-
<b>RESTATED BALANCE</b>	<b>68 695 814</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Balance as previously reported	-	1 449 818 651	-	1 449 818 651
Adjustment	-	209 071	-	(2 516 503)
<b>RESTATED BALANCE</b>	<b>-</b>	<b>1 450 027 722</b>	<b>-</b>	<b>1 447 302 148</b>
<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>				
Balance as previously reported	-	94 977 534	-	96 830 665
Adjustment	-	(164 249)	-	(164 249)
<b>RESTATED BALANCE</b>	<b>-</b>	<b>94 813 285</b>	<b>-</b>	<b>96 666 416</b>
<b>OPERATING LEASE ASSET</b>				
Balance as previously reported	-	121 591 832	-	121 591 832
Adjustment	-	(99 858 266)	-	(99 858 266)
<b>RESTATED BALANCE</b>	<b>-</b>	<b>21 733 566</b>	<b>-</b>	<b>21 733 566</b>
<b>INVESTMENT PROPERTY</b>				
Balance as previously reported	-	1 776 272 817	-	1 776 272 817
Adjustment	-	4 925	-	4 925
<b>RESTATED BALANCE</b>	<b>-</b>	<b>1 776 277 742</b>	<b>-</b>	<b>1 776 277 742</b>
<b>RETAINED EARNINGS</b>				
Balance as previously reported	4 122 220 723	3 988 688 774	-	3 995 077 975
Adjustment	(8 743 424)	(98 601 548)	-	(98 601 548)
<b>RESTATED BALANCE</b>	<b>4 113 477 299</b>	<b>3 890 087 226</b>	<b>-</b>	<b>3 896 476 427</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 33. PRIOR PERIOD ERRORS (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>DEFERRED TAX</b>				
Balance as previously reported	-	-	-	-
Adjustment	162 196	-	-	-
<b>RESTATED BALANCE</b>	<b>162 196</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>				
Balance as previously reported	-	88 694 322	-	87 455 812
Adjustment	-	(1 211 896)	-	(1 211 896)
<b>RESTATED BALANCE</b>	<b>-</b>	<b>87 482 426</b>	<b>-</b>	<b>86 243 916</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>				
Rental from investment properties	-	29 096 762	-	29 096 762
Depreciation	-	(1 320 486)	-	(1 320 486)
Deferred tax	162 196	-	-	-

## 34. COMPARATIVE FIGURES

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 amounts disclosed below analyse 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 ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 35. RISK MANAGEMENT (CONTINUED)

ECONOMIC ENTITY	LESS THAN 1 YEAR R	BETWEEN 1 AND 2 YEARS R	BETWEEN 2 AND 5 YEARS R	OVER 5 YEARS R
<b>At 31 March 2016</b>				
Trade and other payables	60 185 044	-	-	-
<b>At 31 March 2015</b>				
Trade and other payables	74 952 473	-	-	-

CONTROLLING ENTITY	LESS THAN 1 YEAR R	BETWEEN 1 AND 2 YEARS R	BETWEEN 2 AND 5 YEARS R	OVER 5 YEARS R
<b>At 31 March 2016</b>				
Trade and other payables	59 531 174	-	-	-
<b>At 31 March 2015</b>				
Trade and other payables	62 851 465	-	-	-

### 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	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Receivables from exchange transactions (neither past due nor impaired)	7 935 872	5 716 240	8 091 490	5 319 264
Receivables from exchange transactions (impaired)	2 688 104	109 030	2 688 104	109 030
Loans to controlled entity	-	-	-	9 832 259

## 36. UNAUTHORISED EXPENDITURE

There was no unauthorised expenditure during the period under review.

## 37. FRUITLESS AND WASTEFUL EXPENDITURE

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 38. IRREGULAR EXPENDITURE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
Opening balance	1 132 621	1 132 621	1 132 621	1 132 621
Less: Amounts written off	(1 132 621)	-	(1 132 621)	-
<b>TOTAL</b>	<b>-</b>	<b>1 132 621</b>	<b>-</b>	<b>1 132 621</b>

### DETAILS OF IRREGULAR EXPENDITURE NOT RECOVERABLE (NOT CONDONED)

During 2014 the entity's internal control procedures identified the procurement of certain forensic investigative services as irregular in terms of S51 (1) (e)(iii) of the Public Finance Management Act No. 1 of 1999. Efforts were made to recover the sum from the former CEO who approved the expenditure. The efforts to recover the sum were not successful and the Board (in its capacity as the Accounting Authority) considered all reasonable efforts to recover the debt had been undertaken and the debt was irrecoverable as per Treasury Regulation 11.4 and was written off.

## 39. RECONCILIATION OF ACTUAL AMOUNTS ON A COMPARABLE BASIS TO THE CASHFLOW

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>OPERATING ACTIVITIES</b>				
Actual amount as presented in the budget statement	348 138 604		362 778 049	
Basis differences	(96 144 443)		(96 144 443)	
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>251 994 161</b>		<b>266 633 606</b>	
<b>INVESTING ACTIVITIES</b>				
Actual amount as presented in the budget statement	(334 149 501)		(334 149 501)	
Basis differences	(20 585 351)		(20 585 351)	
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(354 734 852)</b>		<b>(354 734 852)</b>	
<b>FINANCING ACTIVITIES</b>				
Basis differences	188 647		188 647	
<b>NET CASH GENERATED FROM OPERATING, INVESTING AND FINANCING ACTIVITIES</b>	<b>(102 552 044)</b>		<b>(87 912 599)</b>	

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 40. DEPARTMENT OF TRADE AND INVESTMENT GRANT TRANSACTIONS

Included in the Statement of Financial Performance are the following transactions:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>REVENUE</b>				
Grants received	11 632 963	2 475 605	11 632 963	2 475 605
Interest received	461 338	160 965	461 338	160 965
<b>EXPENDITURE</b>				
Operating expenditure	(815 815)	(2 476 545)	(815 815)	(2 476 545)
<b>TOTAL</b>	<b>11 278 486</b>	<b>160 025</b>	<b>11 278 486</b>	<b>160 025</b>

Included in the Statement of Financial Position are the following transactions:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2016 R	RESTATED 2015 R	2016 R	RESTATED 2015 R
<b>OPERATING EXPENDITURE</b>				
Audit fees	5 928	-	5 928	-
Investment facilitation	105 072	1 287 114	105 072	1 287 114
Investment guides	-	54 574	-	54 574
Media campaign	-	699 370	-	699 370
IDZ/SEZ compliance assessment	-	376 000	-	376 000
Travel and subsistence	193 031	58 547	193 031	58 547
Bank charges	2 001	910	2 001	910
Consultants and professional services: SEZ related research studies	503 858	-	503 858	-
Consultants and professional services: Business and advisory services	5 925	-	5 925	-
<b>TOTAL</b>	<b>815 815</b>	<b>2 476 515</b>	<b>815 815</b>	<b>2 476 515</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Infrastructure assets	10 816 238	-	10 816 238	-
<b>Current assets</b>				
Cash and cash equivalents	30 277 067	7 629 649	30 277 067	7 629 649
<b>TOTAL</b>	<b>41 093 305</b>	<b>7 629 649</b>	<b>41 093 305</b>	<b>7 629 649</b>
<b>CURRENT LIABILITIES</b>				
Unspent portion of grant	24 399 868	6 599 367	24 399 868	6 599 367
Retention creditor	1 225 556	-	1 225 556	-
Trade and other payables	444 246	63 840	444 246	63 840
<b>TOTAL</b>	<b>26 069 670</b>	<b>6 663 207</b>	<b>26 069 670</b>	<b>6 663 207</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 41. SEGMENTAL SURPLUS AND DEFICIT

ECONOMIC ENTITY	DUBE AGRIZONE R	PROPERTY R	DUBE CARGO TERMINAL R	ICT (iCONNECT) R	TOTAL R
<b>Revenue</b>					
Revenue from exchange transactions	26 131 644	35 959 410	13 890 828	13 059 152	89 041 034
Revenue from non-exchange transactions	6 106 245	18 967 784	15 177 476	4 959 178	45 210 683
<b>Total segment revenue</b>	<b>32 237 889</b>	<b>54 927 194</b>	<b>29 068 304</b>	<b>18 018 330</b>	<b>134 251 717</b>
<b>Expenses</b>					
Salaries and wages	8 984 184	7 207 830	13 114 600	6 306 680	35 613 294
Depreciation and amortisation	30 718 568	31 855 698	30 318 133	14 983 885	107 876 284
Other expenses	19 785 951	46 831 454	13 520 662	3 080 362	83 218 429
<b>Total segment expenses</b>	<b>59 488 703</b>	<b>85 894 982</b>	<b>56 953 395</b>	<b>24 370 927</b>	<b>226 708 007</b>
<b>TOTAL SEGMENT DEFICIT</b>	<b>(27 250 815)</b>	<b>(30 967 788)</b>	<b>(27 885 091)</b>	<b>(6 352 597)</b>	<b>(92 456 291)</b>
Interest revenue	-	-	-	-	47 608 126
Other unallocated revenue	-	-	-	-	354 041 860
Interest expense	-	6 354	264	-	6 618
Unallocated expenses	-	-	-	-	152 834 827
Share of controlled entity's losses	-	-	-	-	8 214 691
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>	<b>(27 250 815)</b>	<b>(30 974 142)</b>	<b>(27 885 355)</b>	<b>(6 352 598)</b>	<b>148 137 559</b>

CONTROLLING ENTITY	DUBE AGRIZONE R	PROPERTY R	DUBE CARGO TERMINAL R	ICT (iCONNECT) R	TOTAL R
<b>Revenue</b>					
Revenue from exchange transactions	26 131 644	35 959 410	13 890 828	13 059 152	89 041 034
Revenue from non-exchange transactions	6 106 245	18 967 784	15 177 476	4 959 178	45 210 683
Total segment revenue	32 237 889	54 927 194	29 068 304	18 018 330	134 251 717
<b>Expenses</b>					
Salaries and wages	8 984 184	7 207 830	13 114 600	6 306 680	35 613 294
Depreciation and amortisation	30 718 568	31 855 698	30 318 133	14 983 885	107 876 284
Other expenses	19 785 951	46 831 454	13 520 662	3 080 362	83 218 429
<b>Total segment expenses</b>	<b>59 488 703</b>	<b>85 894 982</b>	<b>56 953 395</b>	<b>24 370 927</b>	<b>226 708 007</b>
<b>TOTAL SEGMENT DEFICIT</b>	<b>(27 250 815)</b>	<b>(30 967 788)</b>	<b>(27 885 091)</b>	<b>(6 352 597)</b>	<b>(92 456 291)</b>
Interest revenue	-	-	-	-	47 608 126
Other unallocated revenue	-	-	-	-	354 041 860
Interest expense	-	6 354	264	-	6 618
Unallocated expenses	-	-	-	-	153 337 234
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>	<b>(27 250 815)</b>	<b>(30 974 142)</b>	<b>(27 885 355)</b>	<b>(6 352 598)</b>	<b>155 849 843</b>

Information relating to segmental assets and liabilities have not been disclosed as this is not regularly provided to management for review.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

## 41. SEGMENTAL SURPLUS AND DEFICIT (CONTINUED)

MANAGEMENT HAS IDENTIFIED THE FOLLOWING FOUR REPORTABLE SEGMENTS BASED ON REVENUE GENERATING POTENTIAL:

**Dube AgriZone** - operates a cluster of facilities to support the stimulation of the perishables sector in KwaZulu-Natal. This includes the greenhouses and packhouses, a tissue culture facility and a nursery. Information presented is aggregated per programme based on zone within which goods and services delivered include provision of facilities, propagation of tissue cultures and growing of indigenous plants.

**Property** - secures private sector investment, operates and maintains the various property zones within the precinct. Information presented is disaggregated. Services include provision of facilities and utilities.

**Dube Cargo Terminal** - operates a cargo terminal and trucking services in line with international standards. In this programme services provided include cargo handling, storage and transportation of goods.

**Information Communication and Technology (ICT), Dube iConnect** - operates and maintains state-of-the-art IT infrastructure and provides commercial ICT services. Segment information presented is disaggregated. Services include provision of hosting platforms infrastructure and software services, disaster recovery and backup services, etc.



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