dube tradePORT

SPECIAL ECONOMIC ZONE

DUBE TRADEPORT CORPORATION
ANNUAL REPORT 2016/17

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FOREWORD

Mr Sihle Zikalala, MPL

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

One of KwaZulu-Natal's strategic objectives is to ensure that spatial economic development provides opportunities for fully inclusive economic growth that resonates with radical economic transformation.

Dube TradePort is one of KwaZulu-Natal's ground-breaking initiatives and has afforded us a unique opportunity to further enhance industrial development, which remains a key mechanism for driving the creation of employment opportunities whilst stimulating growth that features active participation by our people in all sectors of the economy in the province.

Dube TradePort Corporation has therefore made great strides in achieving positive returns across its broad portfolio of businesses. We have noted with excitement that, during the year under review, the organisation has been successful in achieving growth in revenue from its operational real-estate and services assets, in addition to attracting private sector investments that amounted to R1.5 billion, with a further R4.25 billion in the immediate pipeline for developments especially at Dube TradeZone 2, which has a target of R10 billion in total investments.

Furthermore, the organisation has overseen a sizable and stable increase in airline passenger and air cargo volumes and besides this, it has been instrumental in the implementation of programmes that seek to re-industrialise the province's economy.

We are once again delighted to confirm that on 23 December 2016, Dube TradePort was officially declared a Special Economic Zone, which was a significant move as it has added more investor interest to this fast-growing industrial node. As acknowledged the world over, Special Economic Zones (SEZs) are vital instruments to drive economic growth to achieve maximum socio-economic benefits from the process of industrialisation. As a province and country, we are confident that SEZs will be the fulcrum for the promotion of beneficiation that guarantees better returns for businesses, particularly in the export market.

Enterprises located within the designated zone will be afforded incentives and services by national, provincial and local governments which will enable efficient and effective trade to give our businesses competitive advantage.

This is a major milestone in our economic prospect, which we believe will have a positive bearing on the transformation agenda. It is therefore incumbent upon local entrepreneurs to seize the opportunities presented by the concept of SEZs and government, through Dube TradePort who is ready to work with potential investors in this highly sought after industrial hub.

The acceleration of creating permanent job opportunities is just one way in which this entity is working to secure a prosperous and sustainable future for our people. To date, more than 5 500 jobs have been created through the incentivised government-driven strategy while more developments are already in the pipeline. We are looking forward to seeing a significantly larger number of jobs being created by investors and tenants that continue to claim their business spaces within Dube TradePort.

Meanwhile, the Special Economic Zone phenomenon has made it possible for a world-class pharmaceuticals cluster to be established in this industrial node where focus will be on the production and distribution of medical goods and a variety of pharmaceutical products. As part of the industrial campaign, Dube TradePort will be targeting both international and local pharmaceutical manufacturers as primary operators and tenants within the SEZ. The pharmaceutical cluster will therefore support these companies by allowing them to leverage technical and material synergies created by a unique location boasting excellent integrated services and infrastructure that will ensure their competitiveness in the world market.

The advent of close proximity to world-class transportation logistics such as well-developed road and rail facilities as well as sea and airports heightens KwaZulu-Natal's attractiveness to potential local and international investments. Historically, pharmaceutical clusters the world over have been primarily located in developed markets that serve as research hubs that further increase the level of productivity in this sector.

We are therefore confident that KwaZulu-Natal is on the threshold of positioning the country and region for an active and meaningful role in the anticipated Fourth Industrial Revolution. This is based on the province's passion for development which is backed by our strategic location on the eastern sea-board that is endowed with favourable climatic conditions and advanced industrial infrastructure coupled with healthy and functional institutions to safeguard the interest of investors.

Certainly, research and development is vital for sustainable growth; hence as government we continue working closely with universities as well as public and private research organisations to promote the emergence of new and innovative industrial and production strategies. The pharmaceutical sector can only flourish and grow through constant research on new remedies in response to new health challenges as well as business competition in both local and global markets which in the main will be reflected in the affordability of medical products to ordinary citizens.

We are therefore convinced that the pharmaceutical hub will not only contribute to the generation of new business and employment opportunities, but it will also influence the pricing of medical products that should be accessible and affordable to all sections of our society.

Meanwhile, Dube TradePort has embraced radical economic transformation and its associated interventions, including the activation of the Black Industrialists Programme with a target of 100 black industrialists expected to receive support nationally in the current financial year. The Department of Economic Development, Tourism and Environmental Affairs in liaison with the Department of Trade and Industry therefore signed a strategic Memorandum of Understanding that will assist in intensifying the implementation of this programme in KwaZulu-Natal.

In brief, this initiative is aimed at unlocking the industrial opportunities that can be explored to fast-track active participation by black entrepreneurs in the core of the country's economy in terms of ownership, management and control. This will therefore be facilitated through deliberate, targeted and well-defined financial and non-financial support to historically-marginalised entrepreneurs, particularly blacks.

It is therefore pleasing to note the progress in this programme's implementation during the year under review as we witnessed three companies located within Dube TradePort's Special Economic Zone benefitting from this programme within Dube TradeZone 1.

FOREWORD (continued)

The Black Industrialists initiative will continue to be a focus for the organisation as we intend to significantly increase the number of companies located in phase 2 of this industrial complex, in line with the content of Dube TradePort's B-BBEE Strategy.

It is therefore our belief that there is room for the participation of many black entrepreneurs as industrialists in the manufacturing sector in particular, which would bolster the province's economic performance.

As government, we have made meaningful structural developments in the policy frameworks directed at increasing the competitiveness of South African manufacturing. However, as we do that, we need to also broaden our horizons in improving access into markets throughout the globe especially for our manufactured goods.

We are also proud to reflect on the achievements of our endeavours to increase the province's air connectivity through King Shaka International Airport. During the period under review we saw a 24% increase in terms of international passenger numbers and an overall 25% increment in international cargo volumes. We also welcomed the introduction of Air Namibia, who operate direct flight schedules to our province, which demonstrates growth in our aviation business.

In conclusion, I would like to pass on our appreciation as the Provincial Government of KwaZulu-Natal to the members of the Board, the executive management team as well as members of staff for their collective efforts and commitment towards the transformation of Dube TradePort into a nerve centre for the re-industrialisation process of our province's economy. Your ability to draw the attention of high profile and world-class business brands to the recently declared SEZ, especially during the extremely constrained economic conditions, couldn't go unnoticed. We are all proud of your collective achievement and we have every reason to believe that this will be replicated in the subsequent years as we can't afford dropping the ball now.

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Mr Sihle Zikalala, MPL
MEC: KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs

COMPANY PROFILE

VISION

To be the leading global air logistics platform in Southern Africa, seamlessly integrated with intermodal 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 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 agendas 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.

CODE OF BUSINESS CONDUCT

Dube TradePort Corporation has in place a Code of Business Conduct, underpinning 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 or 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.



COMPANY PROFILE (continued)

OVERVIEW

Dube TradePort Corporation is a business entity of the KwaZulu-Natal Provincial Government, responsible for developing Dube TradePort Special Economic Zone, a highly competitive business operating environment and home to King Shaka International Airport.

Dube TradePort Special Economic Zone is located in a greenfield site of over 3 800 hectares, some 30 kilometres north of the city of Durban, and between the important ports of Durban and Richards Bay.

Dube TradePort incorporates:

DUBE TRADEZONE

This designated Special Economic Zone's prime, fully-serviced industrial real estate is ideally positioned for the manufacturing, assembling and distribution of electronics, pharmaceuticals, automotives, clothing and textiles, as well as cold-storage and high-tech aerospace services.

Within Dube TradeZone is Dube TradeHouse, which houses freight forwarders and shippers in a single facility, with airside access by way of a direct elevated cargo conveyor air bridge connection to the adjacent Dube Cargo Terminal.

DUBE CARGO TERMINAL

A state-of-the-art cargo facility, purpose-built to be the most secure in Africa. Digital tracking, secure cargo, and on-site statutory bodies ensure fast turnaround times and the efficient processing of cargo.

DUBE AGRIZONE

This designated Special Economic Zone provides world-class facilities and technical support for propagating, growing, packing and distribution of high-value perishables and horticultural products through an efficient supply chain that is agile enough to deliver to local, regional and international markets.

Dube AgriZone contains the AgriHouse office space, a plant nursery, 16 hectares of glass greenhouses, and Dube AgriLab, a state-of-the-art tissue culture laboratory for the propagation of improved plant stock. The individual growers at Dube AgriZone operate four dedicated packhouses, one for each greenhouse.

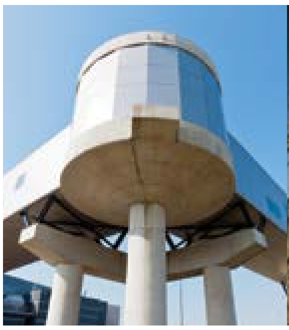
DUBE CITY

A premium 12-hectare office, retail and hospitality precinct, located in an ultra-modern urban "green" hub just 3 minutes from King Shaka International Airport's passenger terminal.

Dube City houses Dube TradePort Corporation's head offices at 29° South. Further developments in this zone are currently under construction.

DUBE iCONNECT

The precinct's dedicated IT and telecommunications platform, providing Infrastructure-as-a-Service including regional disaster recovery.



CORPORATION STRUCTURE AND ACCOUNTING AUTHORITY

DETAILS OF NON-EXECUTIVE BOARD AND COMMITTEE MEMBERS

NAME	GENDER AND RACE	DESIGNATION	AGE	QUALIFICATIONS	OTHER MEMBERSHIPS/DIRECTORSHIPS
Zanele Bridgette Gasa*	African Female	Board Chairperson	40	• B.Building Arts in Architecture • M.Comm (Project Management) • PhD in Construction Management	• Director: Elilox Group Pty Ltd • Umso Construction Pty Ltd • Allan Gray Orbis Foundation • Nelson Mandela Metropolitan University Business School • Argon Asset Management • Visiting Fellow of Nottingham Trent University, UK
Carol Silindile Sibiya*	African Female	Board Deputy Chairperson	41	• B.Proc • LLB (Post Grad) • Member of the Society of Advocates of KwaZulu-Natal	• Trustee of Adams College Educational Trust Fund
Velenkosini Lindokuhle Mtshali*	African Male	Board Member	39	• CA (SA) • Registered Auditor • B.Comm (Hons) (Accounting)	• Bonakude Consulting Pty Ltd • Umzimkhulu Municipality – Member of the Audit Committee
Graham Arthur Muller*	White Male	Board Member	66	• B.A. (Hons) (Economics) • M.Sc. (Statistics) • ACMA • GCMA	• Proprietor: Graham Muller Associates Pty Ltd
Paulos Nkosenye Ngcobo	African Male	Remuneration and Human Resources Committee Member (Independent)	54	• Dip. Special Human Resources • Dip. Labour Economics	• BEIER Group • Durban Infrastructure Development Trust • Southern Palace Investment Development Company Pty Ltd • 360X Holdings Pty Ltd • Transman SA Pty Ltd • Cornubia Square Pty Ltd • Uniplate Pty Ltd + 36 other directorships
Hlengiwe Makhathini	African Female	Investment Committee Chairperson (Independent)	37	• CA (SA) • B.Comm (Hons) Accounting • B.Comm (Accounting)	• Road Traffic Infringement Agency (RTIA) – Member of the Audit Committee
Shadrack Khumalo	African Male	Audit and Risk Committee Chairperson (Independent)	42	• B.Comm Accounting	• Fidelity Security Group Pty Ltd • Malpensa Holdings Pty Ltd • RZT Zelpy 4823 Pty Ltd + 5 other directorships
Mawalal 'Mewa' Ramgobin	Indian Male	Board Member (Retired 25 May 2016)	84	• B.A. (Hons)	• Chairperson: Phoenix Settlement Trust • Member of Parliament (retired)

* = term of office extended until the appointment of a new Board.
For full list of details, please refer to www.dubetradeport.co.za/Annual_Reports

CORPORATION STRUCTURE AND ACCOUNTING AUTHORITY (continued)

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.

As at 31 March 2017, Dube TradePort Corporation's Board comprised of four non-executive members and an executive member (Chief Executive Officer).

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 exists;
- 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.

CORPORATION STRUCTURE

PROVINCIAL GOVERNMENT OF KWAZULU-NATAL

↓

DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

↓

ACCOUNTING AUTHORITY (BOARD)

↓

CHIEF EXECUTIVE OFFICER

↓

EXECUTIVE MANAGEMENT

↓

PROGRAMME 1: ADMINISTRATION			PROGRAMME 2	PROGRAMME 3	PROGRAMME 4	PROGRAMME 5	PROGRAMME 6	PROGRAMME 7
Office of the CEO	Corporate Services	Finance	Cargo Development	Property	Dube AgriZone	Dube iConnect (ICT)	Development Planning & Infrastructure	Special Economic Zone (SEZ)
Executive: Hamish Erskine, CEO	Executive: Zodwa Mbatha	Executive: Ayesha Swalah, CFO	Executive: Mlibo Bantwini	Executive: Kayalethu Ngqaka, COO	Executive: Mlibo Bantwini	Executive: Hamish Erskine, CEO	Executive: Owen Mungwe	Executive: Kayalethu Ngqaka, COO

CHAIRPERSON'S STATEMENT

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

The 2016/17 year has been rewarding for the Board of Dube TradePort Corporation. Over the last year we have been able to solidify the achievements that we have been working towards during the course of our five-year term as the Board.

It has been gratifying to witness the growth of the organisation throughout our journey towards becoming an Industrial Development Zone, and then a Special Economic Zone in 2016. Now, as a Special Economic Zone, Dube TradePort Corporation aims to further facilitate an increase in value-added production, whether it is through our infrastructure, or the incentives and other administrative support that we provide to investors, developers and tenants. In so doing, Dube TradePort Corporation also aims to increase the value of exports from the Dube TradePort Special Economic Zone by R800 million in the year to come, despite the subdued economic growth that has led to a decline in export demand. We are confident that continuing to target export-oriented investments will assist in remedying these growth prospects, through investment attraction, productivity and job creation.

The pace of investment and development within Dube TradePort continues to accelerate. R179 million in private sector investment was secured in the financial year under review, contributing towards the R1.5 billion in investment secured to date for phase 1 of Dube TradeZone.

Crucial to the deliverables linked to the objectives of the Special Economic Zone is the attraction of Foreign Direct Investment, as well as investment from local enterprises. In order to achieve this, Dube TradePort Corporation has set out a 10-year Investment Plan, which targets the attraction of private sector investment, which will allow the organisation to perfectly balance its primary mandate of implementing activities that propel economic development, and the increasingly important responsibility to move towards commercial sustainability. As the Board, we believe we have laid a solid foundation for the organisation to realise both objectives.

Investments such as the one made by Yangtze Optics Africa Cable bear testament to the effectiveness of Dube TradePort Special Economic Zone's approach to attracting investment that promotes regional development, stimulates the creation of new employment opportunities, enhances current skills and technology transfer levels, and adopts the values of inclusive growth.

Yangtze Optics Africa Cable is an R80 million investment by Yangtze Optical Fibre and Cable together with Mustek Limited in a partnership which brings to Dube TradePort a high-tech optical fibre manufacturing facility. The envisaged manufacturing capacity is more than one million kilometres of optical fibre cable annually and it is set to boost local manufacturing of a range of new-generation optical fibre cable products for the South African ICT market. Yangtze Optics Africa Cable will play a significant role in enabling South Africa to meet its development of a sustainable broadband connected future. This is especially important given the demand of cellular operators to migrate to new 4G and LTE networks, which deliver faster connectivity, enabling larger sections of our economy to be run through services provided by this infrastructure. Furthermore, the investment creates over 100 highly technically skilled jobs for the communities surrounding Dube TradePort.

HBM-SA Health Protection Services constructed a condom manufacturing facility within Dube TradeZone during the period under review. Once fully operational, the facility will produce 700 000 condoms per day for local and export markets. This development is a major achievement for KwaZulu-Natal. The development of this state-of-the-art facility will potentially create 145 local permanent jobs. SA Health's decision to set up this new facility demonstrates the opportunities that are available for our local manufacturing sector. The organisation was previously importing all its stock from China; however, by taking advantage of the government's Special Economic Zone incentives, HBM-SA Health could successfully compete on a global scale by locating its facility and producing its new line of condoms, within the Dube TradePort Special Economic Zone.

Both Yangtze Optics Africa Cable and HBM-SA Health Protection Services showcase successful partnerships between local South African companies and international corporations, while iDube Cold Storage is an example of a 100% South African-owned and operated enterprise that has 50% black-ownership. This business brings a unique service offering into the precinct, catering for perishables (be it vegetables, meat or life-saving medicines). This highly specialised state-of-the-art cold storage facility will be able to cater for several markets' needs, especially the air freight market, considering its unique location adjacent to Dube Cargo Terminal. The cold storage facility will create an additional 60 permanent jobs once fully operational.

Another significant milestone that was achieved in March 2017 was Dube TradePort receiving a positive Record of Decision from the Department of Environmental Affairs permitting the organisation to proceed with the development of Dube TradeZone 2. This land falls within Dube TradePort Special Economic Zone, and opens up an additional 43 hectares of serviced industrial sites for development, significantly larger than Dube TradeZone 1. The pipeline of investment projects for this phase is already extremely strong, and includes large expansions from some of Dube TradePort's existing investors. It is expected that the total private sector investment value in Dube TradeZone 2 will be in excess of R10 billion.

In order to harness the potential of this investment, Dube TradePort aims to invest at least R140 million of public funds in 2017/18, allocating them to infrastructure projects throughout the precinct, thereby adding to the organisation's already significant asset base of approximately R4.3 billion, of which approximately two thirds is revenue generating.

The year also brought sadness as we lost our beloved colleague Mr Mewa Ramgobin. A South African struggle hero, and a former member of the Dube TradePort Corporation Board, Mr Mewa Ramgobin sadly passed away on 17 October 2016. Bab' Mewa will be sincerely missed for his wealth of wisdom, his guidance and his contribution towards the development of the strategy and vision of Dube TradePort Corporation. His legacy of selfless service inspires the organisation, and it is in that spirit that we will realise the task of bringing sustained development to the people of South Africa through our interventions. Our condolences remain with Mrs Mariam Ramgobin and the Ramgobin family.

Sincere thanks to my fellow Board members for their exceptional dedication in guiding Dube TradePort Corporation's strategic direction for the last five years. It has been a privilege to serve alongside those who always uphold their responsibility to Dube TradePort Corporation as an organisation, an employer and an agent of

CHAIRPERSON'S STATEMENT (continued)

change in the socioeconomic landscape of the province of KwaZulu-Natal.

It is with great optimism that the outgoing Board of Dube TradePort Corporation leaves a thriving and prosperous organisation, built on sound principles that will surely see it through the next chapter of its growth.

As the Board, we would like to collectively thank the provincial government of KwaZulu-Natal for their unwavering support, especially our MEC, Mr Sihle Zikalala, who has provided immeasurable support and leadership. Your clarity of vision and decisiveness lends a sense of calm and certainty to those of us who have the privilege to serve under your leadership.

I would like to conclude by thanking the CEO, the executive and the employees of Dube TradePort Corporation for their commitment to the vision, and for the contributions that have made us proud and confident to engage with all our stakeholders, because we always know that they are delivering on the mandate. Through every interaction, they are ensuring that Dube TradePort is known to the world as Africa's global manufacturing and air logistics platform.

Dr Zanele Bridgette Gasa
Chairperson:
Dube TradePort Corporation Board

R179M
PRIVATE SECTOR INVESTMENT SECURED IN 2016/17

ASSET BASE OF OVER R4BN

R80M INVESTED IN OPTICAL FIBRE FACILITY

ADDITIONAL 43HA OF LAND OPENED FOR DEVELOPMENT

CHIEF EXECUTIVE OFFICER'S REVIEW

Mr Hamish Erskine
Chief Executive Officer

INTRODUCTION

The 2016/17 financial year brought with it new challenges and pleasing accomplishments, which are beginning to show in the organisation's achievement of 84% of the Annual Performance Plan. We are encouraged with the progress we have made thus far in delivering on the mandates set, and the expectations of all our stakeholders, including our investors, tenants and our Board.

To date, since construction commenced in 2007, Dube TradePort Corporation has made a contribution to the South African Gross Domestic Product of R11.5 billion, with an impact of 87 942 jobs created in the country.

OVERALL PERFORMANCE

FINANCIAL

The 2016/17 financial year saw our total assets increase to R4.3 billion, generating revenue of R111 million.

The revenue growth of our operating divisions over the past year of 34.1%, coupled with client growth and client survey satisfaction results of 84%, give us confidence that we have employed sound policies that have seen the organisation become resilient in the face of an adverse economic climate. This has allowed us to inspire confidence in the market, which has in turn allowed us to continue attracting investment and implementing developments in our pursuit of economic development and commercial sustainability.

SPECIAL ECONOMIC ZONE

The significance of the Dube TradePort Special Economic Zone (SEZ) in KwaZulu-Natal's industrial development agenda is its ability to attract both Domestic and Foreign Direct Investments that promote strong local production capabilities in targeted manufacturing sectors.

The 2016/17 Economic Impact Assessment, conducted by Dube TradePort Corporation in collaboration with KPMG, revealed that capital expenditure injected by private and public sector into Dube TradeZone 1 and Dube AgriZone 1 has created 46 367 employment opportunities in KwaZulu-Natal, and the total impact to date, from construction and operations, is approximately R9.5 billion into the national Gross Domestic Product.

To date, the 14 companies that are operational in Dube TradeZone 1 have created 1 100 direct permanent jobs. Of the fourteen operational investments in the designated zones, there are three qualified Black Industrialists in Dube TradeZone 1. At this stage 25% of the total investment pipeline for phase 2 consists of candidates eligible for the Black Industrialist Programme.

Whilst the export output in the zones is still below initial projection due to global economic challenges, it is encouraging that export output is gaining momentum as the global economic outlook improves.

R10 billion investment is targeted for Dube TradeZone 2, and more employment opportunities are expected to be created during the construction phase planned to start in the 2017/18 financial year.

Dube TradePort Special Economic Zone, in collaboration with the Department of Trade and Industry and Trade and Investment KwaZulu-Natal, is in a process of completing the One Stop Shop satellite that will promote and facilitate ease of doing business at Dube TradePort Special Economic Zone.

PROPERTY: COMMERCIAL, ADMINISTRATION AND OPERATIONS

Revenue from Dube TradePort Corporation's commercial and industrial property continues to grow, with an annual increase of 36% achieved for 2016/17.

Dube TradePort has welcomed ten new tenants within our own properties over the last financial year, along with a number of newly operational companies within the Dube TradePort Special Economic Zone. These newly operational industrial companies include Yangtze Optics Africa, iDube Cold Storage, Air Chefs and Gift of the Givers.

Construction is almost complete on two buildings within the Shree Property Holdings stable, one of which is for HBM-SA Health, who manufacture latex condoms and are expected to be operational shortly.

With a strong pipeline in place, Dube TradePort Corporation is looking forward to implementing our new pharmaceutical cluster that looks to create a solid foundation for the establishment of a strong medical and pharmaceuticals production and distribution hub for the rest of the African continent.

In Dube City, construction of the double underground basement will be complete in the coming year and will be the catalyst for two top structure developments, these being a 21 500m² office development and a planned 190-bed hotel.

DUBE AGRIZONE

Our efforts to improve efficiency and the general ease of doing business for our operators within Dube AgriZone has been met with approval, as evidenced by the tenant satisfaction survey results, which exceeded 75% for the year under review. Several projects were initiated to improve efficiencies and reduce operational costs within the zone. These included a power factor correction project which is underway, and changes in wastewater management following an agreement with Airports Company South Africa on the standards for use of the Southern Wastewater Treatment Works for disposal of Dube AgriZone wastewater. Besides these projects, Dube AgriZone brought an additional 225kWp Solar Photovoltaic plant on line. The total energy generated by renewable resources is currently just below 1MWp.

The primary challenge that has constrained our productivity within Dube AgriZone has been the delay by a tenant to raise funding for Block A. This has adversely impacted on occupancy, as well as the overall value of produce being harvested from Dube AgriZone's greenhouses. This is being addressed, with the evaluation process being reopened to find a suitable tenant for the facility.

Productivity within Dube AgriLab was hampered by inadequate supervisory capacity to ensure production improvements in the AgriLab. This too has been resolved.

DUBE CARGO TERMINAL

Cargo volumes through Dube Cargo Terminal have seen fantastic growth since its opening in 2010, growing by 138% to date, including an increase in 2017 of 25% compared to 2016, with a corresponding growth of 44% in revenue, exceeding the target by 28%. We are forecasting cargo volumes to grow further in the 2017/18 financial year.

At the same time, Dube AiRoad also showed significant growth in revenue, as it too exceeded its 18% growth target, achieving an impressive 55% increase.

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

The number of charter freighters using Dube Cargo Terminal increased, which had a positive impact in cargo throughput. However, a looming challenge is ensuring that the same level of service is maintained for all our customers in this context of significant growth. Our operations team's main focus has been on providing high quality service to all airlines. The terminal has managed to achieve 100% satisfaction of all its Service Level Agreements with airlines, and has kept its 0% cargo loss record. With safety and security still a key priority, Dube Cargo Terminal also managed to meet all SACAA standards and maintained a successful audit outcome with no adverse findings.

DUBE AIR SERVICES

Dube TradePort has implemented a successful air services strategy which has attracted new direct international air connectivity to King Shaka International Airport. The airport welcomed 5.2 million passengers during the 2016/17 financial year, with international passenger numbers growing by 24%. Since the opening of the airport in 2010, international passenger numbers have grown overall by 155%, and will continue to show positive growth in the short-term. Dube TradePort Corporation is forecasting international passenger volumes to grow by 18% in the 2017/18 financial year, as we refine our approach in line with market conditions.

DUBE iCONNECT

Dube iConnect has seen a 32% increase in revenue over the past financial year. Our cross-selling strategy has proven to be successful, as data centre services sold to Dube TradePort's property developers and tenants have shown exponential growth.

Dube iConnect's Infrastructure-as-a-Service platform has gained momentum, as it has been recognised by other government entities as a premier platform on which to host backup and disaster recovery solutions. In light of this, we have also experienced an increase in the number of companies signing up to become resellers. This has seen an increase in the revenues generated by Dube iConnect resellers, which now contribute 62% of the total iConnect revenue generated. The implementation of a Cloud Management Solution promises to provide our resellers with an even easier avenue from which to use our services.

The improved operational up-time of our core infrastructure has allowed us to continuously meet the targets set in our client Service Level Agreements, which require us to maintain a 99.9% up-time.

As businesses begin to consider data intelligence and analytics to enhance their business strategies, so the focus is moving from on-site solutions to Cloud-based solutions, which provide scalable environments. We see this as a fantastic opportunity for SMMEs to enter the high-end ICT services space, and have a real opportunity to win huge business accounts through the state-of-the-art hosting environment and support that we provide.

DEVELOPMENT PLANNING AND INFRASTRUCTURE

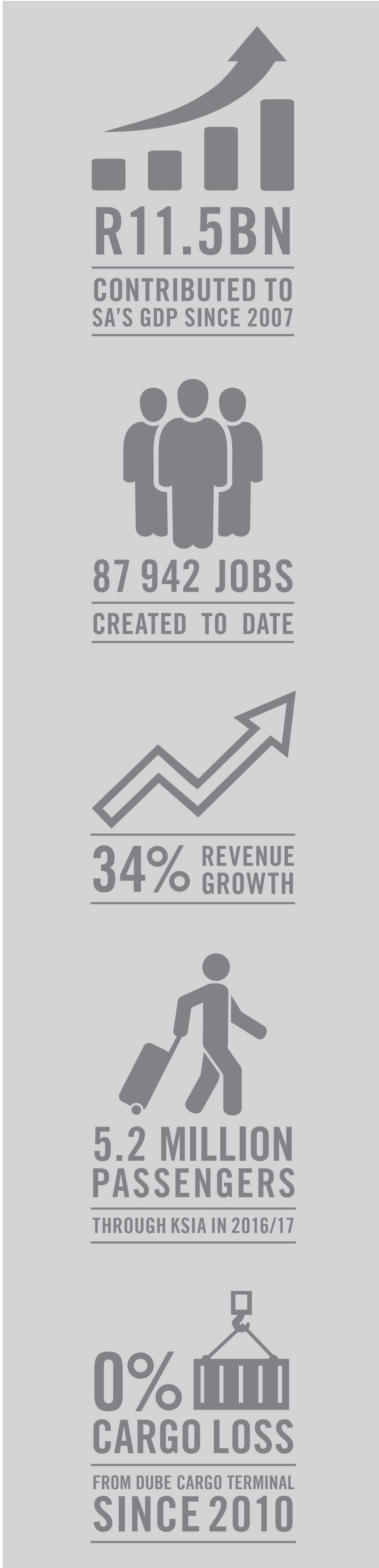
Development Planning and Infrastructure achieved some key milestones during the year under review, which will pave the way for unlocking future developments on site and thus assisting Dube TradePort Corporation in achieving its objectives.

The Durban Aerotropolis Master Plan was concluded for final approval and endorsement by the KwaZulu-Natal Provincial Cabinet. This master plan sets out parameters for developing a leading economic region in sub-Saharan Africa. It envisages an enhanced urban and national competitiveness through improved multi-modal transport access and planned, coordinated aviation-linked commercial developments, whilst bringing about efficiencies, attractiveness to investors and sustainability.

A number of other statutory planning applications were lodged successfully with various authorities, with the most notable being the Special Zone 10 amendment application. This amendment will enable Dube TradePort Corporation to unlock additional land use within the precinct. Dube TradeZone 2's rezoning application to the local council is ready for submission, and will enable the organisation to access an additional 43 hectares of industrial sites.

The highlight of the year was the achievement of a positive Environmental Record of Decision from the Department of Environmental Affairs for Dube TradeZone 2. This approval has paved the way for Dube TradePort Corporation to conclude the appointment of a contractor for the bulk earthworks package for this platform. The division faced a challenge when Environmental Impact Applications for Dube AgriZone 2 and uShukela Development were lapsed by the Department of Environmental Affairs, as the organisation was still concluding its specialist studies. An appeal has been lodged with the Department, and these applications are currently under review.

Infrastructure delivery continued on site with many construction projects proceeding on schedule (with the exception of the double



CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

99.9% UP-TIME
FOR DUBE iCONNECT CLIENTS

R10BN
TARGETED INVESTMENT FOR DUBE TRADEZONE 2

84% CLIENT SATISFACTION

36 GRADUATE INTERNS PLACED

basement contract). This project experienced delays due to the presence of substantial hard rock and water ingress in the central excavations on site. The contractor is working on an accelerated programme to minimise any further delays. Other projects, such as Dube TradeZone 1's guardhouses and road realignment, and the installation of 40MVA electrical cables, are progressing well.

CORPORATE SERVICES

Dube TradePort Corporation continues to strive towards maintaining a workforce that mirrors the profile of the people that it serves. During the period under review, all appointments made were aimed at improving Dube TradePort Corporation's Employment Equity profile.

This year has also seen Dube TradePort Corporation conclude a Recognition Agreement with NEHAWU, which has ensured that our employees have a structured platform from which they can engage on issues of mutual interest with management.

Through our Corporate Social Investment, we have been able to provide workplace experience (through the internship programme) to 36 graduates to maximize their chances of employability.

Over the reporting period, Dube TradePort Corporation has also successfully maintained a safe, accident-free workplace.

CONCLUSION

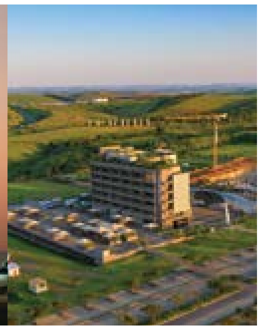
On behalf of my executive colleagues and myself, I would like to thank Mr Sihle Zikalala, MEC for Economic Development, Tourism and Environmental Affairs, for his invaluable support of Dube TradePort Corporation.

I wish to extend my appreciation to our Chairperson, Dr Bridgette Gasa, and our Board members for their leadership, which has set us on a course for sustainable long-term growth that has already contributed to Dube TradePort's remarkable performance to date.

Thanks once again to the Dube TradePort Corporation staff for their hard work in 2016/17. Our success depends on their expertise and incredible dedication to our vision.

…………………………………………………………

Mr Hamish Erskine
Chief Executive Officer
Dube TradePort Corporation



CORPORATE SERVICES REPORT

HUMAN RESOURCES

The primary objective of Human Resource Management is to provide a complete and innovative human resource service that addresses skills development and enhances optimal administrative functioning of human capital. To this end, Dube TradePort Corporation developed a Human Resources Strategy with the vision of delivering professional, diverse and competent human capital solutions. The implementation of this strategy is ongoing. In an effort to ensure alignment with legislation, as well as best practice, the human resource policies were reviewed following a consultation process. Dube TradePort Corporation also embarked on a job evaluation and grading process. This was undertaken to ensure that all jobs are correctly profiled, evaluated and graded using the Paterson Grading System to determine their worth. Along with this process, a new pay philosophy was developed.

EMPLOYMENT EQUITY TARGET AND STATUS

Dube TradePort Corporation achieved a 67%:33% male:female split at the Top Management level. In an effort to advance the organisation's employment equity objectives, females account for 38% of the entire workforce, whilst males account for 62%. At all levels, the organisation continues to strive to meet equity and gender targets.

The vacancy rate is currently at 6.5% which is slightly better than the target of 7.0%. The total number of permanent employees is 186.

	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
	MALE							
Top Management	3	3	0	0	0	0	1	1
Senior Management	7	6	0	0	1	1	2	1
Middle Management	5	5	2	2	6	6	4	5
Junior Management	14	13	0	0	10	10	3	3
Semi-skilled	28	26	1	1	10	10	2	2
Unskilled	16	16	0	0	0	0	0	0
TOTAL MALES	**73**	**69**	**3**	**3**	**27**	**27**	**12**	**12**
	FEMALE							
Top Management	1	1	0	0	1	1	0	0
Senior Management	3	7	1	1	0	0	5	5
Middle Management	5	9	1	1	6	6	3	1
Junior Management	8	17	2	1	3	4	0	2
Semi-skilled	20	15	0	1	7	6	0	0
Unskilled	5	15	0	0	0	0	0	0
TOTAL FEMALES	**42**	**64**	**4**	**4**	**17**	**17**	**8**	**8**

PERSONNEL COSTS BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE R	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES AS AT 31 MARCH 2017	AVERAGE PERSONNEL COST PER PERMANENT EMPLOYEE* R
Board Members	1 971 578.70	2.21	-	-
Top Management	11 499 771.67	12.90	6	1 916 628.61
Senior Management	20 432 316.44	22.92	19	1 075 385.08
Middle Management	21 052 111.32	23.62	32	657 878.48
Junior Management	19 662 920.18	22.06	40	491 573.00
Semi-skilled	11 006 245.21	12.35	68	161 856.55
Unskilled	1 761 623.14	1.98	21	83 886.82
Interns	1 744 621.34	1.96	-	-
TOTAL	**89 131 188.00**	**100.00**	**186**	

* Average Personnel Cost per Permanent Employee is based on Personnel Expenditure divided by the current number of employees only as at 31 March 2017.

CORPORATE SERVICES REPORT(continued)

INVESTMENT IN LEARNING AND GROWTH

WORKPLACE SKILLS PLAN IMPLEMENTATION

The Skills Development Act requires that employers develop skills that are industry related and in short supply. This requirement is enforced through the development and implementation of the Workplace Skills Plan (WSP) which is subsequently submitted to the Services SETA. Dube TradePort Corporation participates in this process, whereby all business units establish skills needs and record them in their specific WSPs, which are then consolidated for submission to the Services SETA.

During the year under review, Dube TradePort Corporation invested R1 896 179 on skills development interventions. This is to enhance competency levels by ensuring that Dube TradePort Corporation's workforce has the right skillset to perform at high levels, ultimately ensuring that our ambition of being a high-performance organisation is realised. A total of 122 employees were trained.

As per requirement, the Work Place Skills and Implementation Report has been submitted to the Services SETA.

TRAINING COSTS FOR THE PERIOD 01 APRIL 2016 TO 31 MARCH 2017

TRAINING EXPENDITURE R	TOTAL PERSONNEL EXPENDITURE R	% OF TRAINING EXPENDITURE TO TOTAL PERSONNEL EXPENDITURE	NUMBER OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE R
1 896 179	89 131 188	2.1	122	15 542

BURSARIES TO STUDENTS NOT EMPLOYED BY DUBE TRADEPORT CORPORATION

Dube TradePort Corporation also assisted five students from across KwaZulu-Natal towards achieving their qualifications. This was done through provision of bursaries to students in specific professional disciplines in line with Dube TradePort Corporation's Corporate Social Investment Strategy.

BURSARIES TO DUBE TRADEPORT CORPORATION EMPLOYEES

Dube TradePort Corporation continues to provide financial aid to employees wishing to pursue qualifications to develop their skills, provided that such skills are in line with Dube TradePort Corporation's skills requirements.

PERFORMANCE REWARDS

In line with Dube TradePort Corporation's ambition to be a high-performance organisation, all efforts have been made to ensure that all employees enter into performance agreements which are monitored through quarterly assessments. This has ensured that performance related challenges are identified and addressed immediately. Employees who meet and exceed set performance targets are accordingly rewarded through a performance bonus. The following was recorded for the reporting period:

PERFORMANCE REWARDS R	TOTAL PERSONNEL EXPENDITURE R	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL EXPENDITURE
5 872 685	89 131 188	6.6

CORPORATE SOCIAL INVESTMENT

INTERNSHIPS AND APPRENTICESHIPS

Dube TradePort Corporation provides internship and apprenticeship opportunities to the youth on an annual basis, depending on their field of study and the availability of opportunities. For the period under review, 31 interns were placed during the year, bringing the total number working at Dube TradePort Corporation to 36 interns as at 31 March 2017.

OTHER CSI INITIATIVES:

- Dube TradePort Corporation introduced a new programme aimed at assisting young women through the distribution of sanitary pads. The distribution was done through schools located near to Dube TradePort;
- Dube TradePort Corporation has been distributing school uniforms to various local schools for the benefit of needy students (as identified by each of the schools);
- New school desks were provided to learners at Ohlange School;
- Science kits were donated to under-resourced schools in the area; and
- Solar Power installations were undertaken in two schools.

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, No. 81 of 2008. 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 Non-Profit Company. Furthermore, the Act provided for Dube TradePort Corporation to be the successor in law of the Dube TradePort Non-Profit Company Proprietary Limited. The non-profit company was concluded on 31 August 2013.

PUBLIC FINANCE MANAGEMENT ACT

The Dube TradePort Corporation 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.

Dube TradePort Corporation will apply and explain the principles of King IV with effect from 01 April 2017.

THE BOARD

Dube TradePort Corporation employs a unitary Board structure, with a majority of non-executive members. Board members are considered to be non-independent, as they are appointed by the organisation's sole shareholder. The diversity of the Board members' skills is further augmented at the Audit and Risk, Remuneration and Human Resources, and Investment Committees, as a result of the inclusion of external members 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's discussions on strategy, policy and performance are lively, constructive and robust.

Board members are appointed for a term of up to five years, in terms of the KwaZulu-Natal Dube TradePort Corporation Act, No. 2 of 2010. The term of the current members of the Board ended on 07 March 2017; however, the Member of the Executive Council of the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs extended the appointments until a new Board could be appointed. The new Board was appointed with effect from 01 June 2017, for an initial one-year term of office.

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 allowing for the inclusion of legislative changes or best practices.

Board members have unrestricted access to management.

BOARD RESPONSIBILITIES

The Board is responsible for strong ethical leadership and, 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/Annual_Reports

The Board receives regular briefings on matters relevant to the business of Dube TradePort. At each meeting, the Board receives copies of all relevant legislation, practice notes and guidelines published since the previous meeting. These are discussed to ensure that all Board members are familiar with all changes in laws and regulations applicable to the business environment in which Dube TradePort Corporation operates.

The Board was pleased to approve the Dube TradePort Corporation Broad-Based Black Economic Empowerment Strategy during the period under review. This document will guide the organisation to successfully implement meaningful economic transformation in the future.

During the year, the following training initiatives were held for Board members:

- Special Economic Zone regulations and implementation;
- King IV recommendations; and
- Cybercrime.

The Board receives feedback from the Audit and Risk Committee, and is satisfied that policies have been designed and implemented underpinning an effective system of internal financial control.

CORPORATE GOVERNANCE REPORT (continued)

SCHEDULE OF ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

BOARD/ COMMITTEE MEMBERS	BOARD/ COMMITTEE MEMBERSHIP	BOARD		AUDIT AND RISK COMMITTEE	REMUNERATION AND HR COMMITTEE	INVESTMENT COMMITTEE
		4 ORDINARY MEETINGS	1 STRATEGY MEETING INCLUDING A STRATEGIC RISK ASSESSMENT	5 ORDINARY MEETINGS	4 ORDINARY MEETINGS	3 ORDINARY MEETINGS
Dr Zanele Bridgette Gasa	• Chairperson of Board • Member of Investment Committee	4	1	-	-	3
Ms Carol Sibiya	• Deputy Chairperson of Board • Chairperson of Remuneration and HR Committee	3 (1A)	1	-	4	-
Mr Graham Muller	• Board Member • Member of Audit and Risk Committee and Investment Committee	4	1	5	-	3
Mr Vela Mtshali	• Board Member • Member of Audit and Risk Committee	3 (1A)	1	4 (1A)	-	-
Mr Mewa Ramgobin	• Board Member • Member of Remuneration and HR Committee	R	R	-	1 (3A)	-
Mr Shadrack Khumalo	• Independent Chairperson of Audit and Risk Committee	3 (1A)	1	5	-	-
Mr Paulos Ngcobo	• Independent Member of Remuneration and HR Committee	1	-	-	4	-
Ms Hlengiwe Makhathini	• Independent Member of Investment Committee	-	1	-	-	3
Mr Hamish Erskine	• Chief Executive Officer	4	1	5	4	3
Ms Ayesha Swalah	• Chief Financial Officer	4	1	5	-	3
Mr Kaya Ngqaka	• Chief Operating Officer	-	1	-	-	3
Mr Owen Mungwe	• DPI Executive	-	1	-	-	3
Ms Zodwa Mbatha	• Corporate Services Executive	-	1	-	4	-
Mr Mlibo Bantwini	• Cargo and AgriZone Executive	-	1	-	-	-

A Apologies with reasons which are tendered in advance from Board members who are unable to attend meetings.
- Not required at meeting or not a member of the Board or committee.
R Mr Mewa Ramgobin resigned on 25 May 2016.

CORPORATE GOVERNANCE REPORT (continued)

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The role of the Chairperson of the Board is to take responsibility, together with members of the Board, for the organisation's strategic direction, its policies and its procedures. The role of the Chief Executive Officer is 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 recommendations of King III was undertaken during the year under review 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.

In addition, each Board member completes an assessment of the performance of the Board, the Chairperson of the Board, and the Board members (including self-evaluation). Each member of each of the Board committees similarly completes questionnaires concerning the performance of the committee, the Chairperson of the committee and the committee members (including self-evaluation). The combined results of these questionnaires are shared with all participants in order to identify and help address any areas where challenges are being experienced. A summary report of this performance assessment is shared with the Member of the Executive Committee: KwaZulu-Natal Economic Development, Tourism and Environmental Affairs.

The performance of the Chief Executive Officer is reviewed by the Chairperson of the Board.

The performance of the Company Secretary is currently reviewed by the Chief Executive Officer.

DECLARATIONS OF BOARD MEMBERS' INTERESTS

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

BOARD MEETINGS

Dube TradePort Corporation's Board meets at least four times per annum and retains full control over the organisation. During the 2016/17 financial year, four ordinary Board meetings and one strategy planning meeting, which included a strategic risk assessment (involving the executive team), were held.

Feedback from committee meetings is given to the Board from each of the committees. This ensures that there is a process for communicating critical concerns and issues to the Board. 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.

Representatives of the Department of Economic Development, Tourism and Environmental Affairs are invited to attend the Board meetings. The Chief Financial Officer is invited to attend the Board meetings. Relevant executives are also invited to attend meetings when matters affecting their area of responsibility are 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 that 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/Annual_Reports

The Audit and Risk Committee met five times during the 2016/17 financial year.

The detailed report of the work of the Audit and Risk Committee may be found in the Annual Financial Statements on page 37.

Representatives of the Department of Economic Development, Tourism and Environmental Affairs are invited to attend the committee meetings. 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 subsidiary's Audit and Risk Committee.

INTERNAL CONTROL

The Dube TradePort Corporation 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:

- Policies (including financial policies) have been developed and are reviewed annually to ensure that the system of internal controls (including internal financial controls) are 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.

Based on the feedback from the Board committees, external independent assurance providers and management, the Board considers the system of internal controls and internal financial controls to be effective.

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

CORPORATE GOVERNANCE REPORT (continued)

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 Charter does not permit a service provider to undertake the internal audit function for more than two consecutive three-year terms, following which the service provider is required to take a mandatory three-year cooling off period before they become eligible to provide the service to Dube TradePort Corporation again. During the year, EY was appointed to provide the internal audit function. 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. The plan also includes non-financial reviews in operational areas across the organisation. 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.

EY has provided a written assessment of the status of internal controls and internal financial controls based on the reviews they have conducted thus far.

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 Corporation, please refer to: www.dubetradeport.co.za/Annual_Reports

The Board reviews strategic risks together with the executive team on an annual basis as part of the annual strategic planning session. The Board also annually reviews the risk appetite that it is prepared to accept for the organisation, as well as providing guidance on the risk tolerance. The Board has delegated the responsibility to implement effective risk management to management. During the period under review, management has not exceeded the Board's risk appetite in any of its activities.

Dube TradePort Corporation has the following Board-approved interventions in place: Risk Management Framework (includes the Risk Policy statement), Fraud Prevention Plan, and Fraud Prevention Policy and Response Plan. All employees receive training on these policies during their induction to the organisation.

Management and the Board considers risk management at Dube TradePort Corporation to be a maturing process. Management focuses closely on the ongoing implementation and bedding-in of its risk management and internal control system. There is a risk reporting system in place, and the Board, through the Audit and Risk Committee, receives reports on the changes in the risk profile across the entity and thus gains assurance of the effectiveness of risk management. The Audit and Risk Committee also reviews all legal matters, high risk contracts and insurance matters.

COMBINED ASSURANCE

The Audit and Risk Committee receives assurance that reviews are carried out by independent external assurance providers in operational areas including: environmental reviews, Health and Safety reviews, SACAA audits and client and tenant satisfaction surveys.

IT GOVERNANCE

An ICTG Steering Committee, made up of senior managers representing divisions across the entity, meets quarterly to review the existing ICTG Policies and draft new policies as required. In line with Dube TradePort Corporation's 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.

Management is drafting a comprehensive Business Continuity Plan, which will be presented to the Board next year.

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/Annual_Reports

The Remuneration and Human Resources Committee met four times during the 2016/17 financial year. The Chief Executive Officer attends the meetings as a member of the Committee, and the Corporate Services Executive attends the meetings by invitation. They recuse themselves during any discussion pertaining to their performance or remuneration.

During the year, Mr Mewa Ramgobin retired from Board and Committee duties.

The Committee undertook the following activities during the year:

- Conducted the annual review of the Remuneration and Human Resources Committee's Terms of Reference;
- Approved annual salary increases and bonus calculations relevant to the performance in 2015/16;
- Received the quarterly report on human resource performance and corporate social activities;
- Reviewed and approved various human resources policies, and reviewed and recommended new policies to the Board;
- Received feedback on management's interactions with NEHAWU (the National Education Health and Allied Workers' Union);
- Took part in the strategic risk assessment; and
- Reviewed the human resources risk register.

REMUNERATION PHILOSOPHY

Dube TradePort Corporation remunerates staff on cost-to-company based on the 50th percentile. Bonuses are performance-based, calculated on the achievement of predetermined key performance indicators which are scored against agreed targets. The scores achieved are assessed by the employee, line manager and executive. The scores of each employee are reviewed by the executive team to ensure consistent application throughout the organisation prior to being approved by the Remuneration and Human Resources Committee.

During the year, the decision was made to split the salary increases and performance incentives into a cost-of-living-based portion and a performance-based portion.

CORPORATE GOVERNANCE REPORT (continued)

INVESTMENT COMMITTEE

The Investment Committee is convened in terms of formal Terms of Reference that are reviewed annually and approved by the Board. The Committee acts as an advisory committee to the Board.

The Board appointed Ms Hlengiwe Makhathini as Chairperson of the Committee.

The Committee met three times during the year. The Chief Executive Officer and Chief Operating Officer attend the meetings as members of the Committee, and the Chief Financial Officer attends by invitation.

The Committee undertook the following activities during the year:

- Conducted the annual review of the Investment Committee's Terms of Reference to ensure relevance; and
- Reviewed certain inward investment proposals and advised the Board accordingly.

In future the Investment Committee will make use of the newly developed Economic Impact Tool to enhance its decision making processes.

CODE OF CONDUCT

Dube TradePort 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 which may include disciplinary action.

SUPPLIERS' CODE OF CONDUCT

Dube TradePort Corporation has developed a Suppliers' Code of Conduct, and in future all suppliers will be invited to sign this document.

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 process. As a further control measure to mitigate against any influence by suppliers, Dube TradePort Corporation has a Gift Policy in place.

ACCESS TO INFORMATION

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

ETHICAL LEADERSHIP

As previously stated, the Board is responsible for strong ethical leadership and receives reports on ethics initiatives in the organisation. The ethics framework within Dube TradePort Corporation is made up of the continuous review of policies, the induction of all new employees, the annual renewal of the adherence to the Code of Conduct and the Suppliers' Code of Conduct, declarations of interest, the anti-fraud tip-offs hotline and the reporting of the number of disciplinary actions to the Remuneration and Human Resources Committee.

PUBLIC ACCESS TO INFORMATION ACT (PAIA)

Dube TradePort Corporation has developed the required Section 14 PAIA manual, which is made available via our organisation's website. For more information on the manual, please refer to: www.dubetradeport.co.za/Annual_Reports

During the period of 01 April 2016 to 31 March 2017, 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 62 tours were hosted in the Dube TradePort precinct.

FRAUD PREVENTION PLAN AND ANTI-FRAUD HOTLINE

One of the initiatives supporting the Fraud Prevention Plan is the existence of an anti-fraud tip-offs 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.

STAKEHOLDER ENGAGEMENT

The Chairperson of the Board and MEC, Mr Sihle Zikalala, on behalf of the Department of Economic Development, Tourism and Environmental Affairs, annually sign a Shareholders Compact which describes the responsibilities of each signatory.

Dube TradePort Corporation continually meets with a variety of stakeholders in various forums, and the objectives of these interactions are described in detail in the inclusion to be found at: www.dubetradeport.co.za/Annual_Reports

SUSTAINABILITY

Every two years, Dube TradePort publishes a State of the Environment Report. The report was published in 2016 and is available at: www.dubetradeport.co.za/Annual_Reports

CORPORATE GOVERNANCE REPORT (continued)

COST CONTAINMENT MEASURES

National Treasury Instruction Note No. 02 of 2016/17 requires all public entities to report information in respect of conferences or events hosted. This instruction was effective from 01 November 2016.

Between 01 November 2016 and 31 March 2017, Dube TradePort Corporation hosted or participated in the following events:

NAME OF EVENT	DATE	DIVISION	VENUE	NO. OF PARTICIPANTS	PURPOSE OF EVENT	CONTRACTING PROCEDURES TO SECURE VENUE	TOTAL COST (INCL. VAT)
iConnect Cloud 29 Reseller Event	10 Nov 2016	ICT	AgriHouse, Dube AgriZone	30	To improve awareness of Dube iConnect product offerings.	n/a	Event was hosted and funded by a Reseller (customer of Dube iConnect).
Year End Stakeholder Awards	02 Dec 2016	Marketing (Office of the CEO)	Latitude Conference Centre, Dube City	130	To update users, tenants and stakeholders on DTPC key events, activities, achievements and developments, as well as provide networking opportunities.	Single source procurement. Use of a non-government venue was approved by KZN Provincial Treasury.	Venue and catering - R54 070, MC - R25 000 Videographer, photographer and awards - R10 209. TOTAL COSTS: R89 279
AirCargo Africa	21-23 Feb 2017	Cargo Development	Emperors Palace, Johannesburg	2 000	To improve awareness of Dube Cargo Terminal's product offerings and to take advantage of networking opportunities in the international cargo industry.	Single source procurement	Floor space - R270 502, Stand build - R205 506, Design - R17 100. TOTAL COSTS: R493 108
Undercover Farming Expo	07-08 March 2017	Dube AgriZone	Pretoria ICC	1 000	To advertise Dube AgriLab's services and showcase its infrastructure to the target market.	Single source procurement	Exhibition stand and speaker opportunity - R45 600.
In Conversation with TIKZN	14 March 2017	Marketing (Office of the CEO)	Latitude Conference Centre, Dube City	70	To highlight investment opportunities together with Dube TradePort.	Single source procurement. Use of a non-government venue was approved by KZN Provincial Treasury.	R36 750
Air Seychelles Press Launch Event	30 March 2017	Air Services (Office of the CEO)	King Shaka International Airport	70	To promote awareness of the new route introduced by Air Seychelles between Durban and the Seychelles.	n/a – No cost for the venue. Event costs were approved by KZN Provincial Treasury.	R52 720 Including stage, podium, AV technician, décor and equipment hire, catering and photographer.

In addition to the above, the CEO granted approval for employees to attend the following conferences or events where the cost exceeded the allowed threshold of R2 500 per employee per day:

- Three employees attended the 3rd Annual City Development Conference which took place in Cape Town at a cost of R7 944 per employee per day. This conference addressed issues relating to city-making and presented solutions for infrastructure development and financing. This information is relevant to Dube TradePort as it enables the precinct at the heart of the emerging Durban Aerotropolis to remain a competitive business-operating environment; and
- One employee attended the IT Leaders Africa Summit held in Johannesburg at a cost of R4 559 per employee per day. This conference provided insight into ICT governance, business connectivity and new threats to ICT security, and exposed Dube TradePort Corporation to the latest technological advancements available, thus enabling the entity to ensure that its IT environment remains up-to-date and secure.

ANNUAL PERFORMANCE REPORT

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

PROGRAMME STRUCTURE

PROGRAMMES	SUB-PROGRAMMES
PROGRAMME 1 Administration	• Office of the Chief Executive Officer • Finance • Corporate Services
PROGRAMME 2 Cargo Development	• Cargo Operations • Air Cargo Business Development
PROGRAMME 3 Property	• Commercial • Operations
PROGRAMME 4 Dube AgriZone	• Dube AgriZone Services • Sustainable Farming Initiatives • Tissue Culture Facility (Dube AgriLab) • Landscaping and Rehabilitation • Dube AgriZone Expansion
PROGRAMME 5 Information and Communications Technology (Dube iConnect)	• Commercial • Operations
PROGRAMME 6 Development Planning and Infrastructure	• Planning • Environment • Infrastructure and Development
PROGRAMME 7 Dube TradePort Special Economic Zone	

The following tables highlight the performance of each programme (and their respective sub-programmes) for the 2016/17 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) 2016/17	ACTUAL PERFORMANCE	COMMENT
To provide strategic direction and leadership to Dube TradePort Corporation	% Achievement of APP targets	85%	84%	68 of the 81 targets measured were met. Factors which influenced Dube TradePort Corporation's ability to meet all targets included: the state of the global economy which meant that the value of goods exported by tenants at Dube TradePort Special Economic Zone was lower than expected; the poor performance of the agricultural sector, which meant that Dube AgriZone struggled to find a suitable tenant for the vacant facility which affected the value produced in the zone as well as property rental revenues; and the strict programme of fiscal consolidation implemented by the National Treasury, including a moratorium on the filling of vacant posts, which meant that Dube AgriLab struggled to resolve its technical challenges, with both revenue and production volumes suffering as a result.
	% Customer satisfaction (survey)	80%	84.1%	209 clients of Dube TradePort Corporation were surveyed online to gauge their satisfaction with the services provided. The overall response rate for on-site clients was 84%, while 47% of off-site clients responded.
	% Increase in own revenue	9%	34.1%	Revenue has grown across all major operating divisions.
	% Increase in Brand Value	5% year-on-year	6.1% year-on-year	The brand value tool is a synthesis of an income-based valuation method, along with a research-based approach. The areas assessed each year, in arrears, include: the awareness and perception of the brand amongst its clients, the satisfaction of its clients, and all revenue streams. Dube TradePort's brand value increased by 6.1% between 2014/15 and 2015/16.
	Number of successful marketing campaigns implemented	9	9	The following marketing campaigns were completed: (1) Brand Awareness; (2) Internal Support and Communications; (3) Stakeholder Engagement: Business; (4) Public Relations Management; (5) Cargo Offering Support; (6) Skills Development; (7) Investment Opportunities: Property, SEZ and Dube AgriZone; (8) Dube iConnect Brand Support; and (9) Route Development and Aerotropolis Marketing Support.
To secure beneficial partnerships for Dube TradePort Corporation	Number of partnerships secured	2	2	Memoranda of Understanding were signed with the following parties: (1) Toyota Tsusho, signed in March 2017 to jointly explore the manner and basis on which phase 1 of the Automotive Supplier Park may be developed; and (2) Cipla Biotech, signed in July and October 2016, outlining the parties joint commitment towards establishing a mutually beneficial commercial relationship for the establishment of pharmaceutical manufacturing at Dube TradeZone.

ANNUAL PERFORMANCE REPORT (continued)

Programme 1: Administration (continued)

SUB-PROGRAMME 1: OFFICE OF THE CHIEF EXECUTIVE OFFICER (CONTINUED)

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
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	80%	80%	The extent of governance maturity of Dube TradePort Corporation was assessed by an independent service provider, and areas were identified where improvements can be made.
	% Implementation of the ICT Governance Framework and policies requirements	90%	98%	All tasks required for the implementation of the ICT Governance Framework were completed, with the exception of one relating to quality assurance.
To facilitate Dube TradePort Corporation's B-BBEE Strategy	Dube TradePort Corporation's B-BBEE level	Level 3	Level 4	Dube TradePort Corporation's B-BBEE level was assessed based on 2015/16 audited financial information and utilising the new codes. The B-BBEE Strategy was approved in August 2016, detailing specific interventions required to improve this rating.
To facilitate new international and regional air services	% Increase in international/ regional passengers through King Shaka International Airport	3.6%	24%	2016/17 saw significant growth in international passenger numbers after Air Seychelles and Air Namibia introduced direct routes from Durban during the year, in addition to the three new routes added in 2015/16 and an increase in flight frequencies from 3 to 4 per week by Ethiopian Airlines from July 2016.
	Number of air services business cases or business opportunity proposals submitted	9	12	Proposals were submitted to potential airline customers at the Routes Africa event held in June 2016, and the World Routes event held in Chengdu, China in September 2016.

ANNUAL PERFORMANCE REPORT (continued)

Programme 1: Administration (continued)

SUB-PROGRAMME 2: FINANCE

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	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 2015/16 financial year for the fourth year running.
	% 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 2015/16 audit.
	% Increase in the value of assets	2%	5%	The asset value increased by a net amount of R166 million in 2016/17, bringing the total asset value to R3.5 billion.
To promote radical economic transformation through the adoption of relevant supply chain management practices	Procurement spend on targeted businesses	35%	38%	Procurement spend is based on the amount payable to black-owned, or black women-owned businesses or SMMEs. In 2016/17 the regulations governing preferential procurement as relates to entities listed in Schedule 3C of the PFMA did not allow for targeting of bidders based on B-BBEE or Enterprise Development criteria. This has been amended for 2017/18, with the revision of the PPPFA regulations, which are effective from 01 April 2017.

SUB-PROGRAMME 3: CORPORATE SERVICES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To effectively manage human resource recruitment, learning and development and corporate support services	Number of vacant positions as a percentage of total staff requirement	7%	6.5%	Of the 13 approved positions which were vacant at the end of March 2017, three were filled in April, when the new employees started, and offers were made to fill a further two positions.
	% Of employee costs spent on learning and development	2%	2.2%	Approximately R1.9 million was spent on learning and development interventions in 2016/17.
	Number of CSI projects	4	5	Two new projects were implemented: (1) School desks for Ohlange High School; and (2) Dignity packs project. Three existing projects were expanded: (1) Science lab kits; (2) Solar power installations at two schools; and (3) School uniforms.
	Number of apprenticeships and internships	30	31	31 interns were placed during the year, bringing the total number working at Dube TradePort Corporation to 36 as of 31 March 2017.
	Achievement of Employment Equity Targets	85%	73%	Finding suitable African female candidates to fill vacancies was a challenge, particularly for roles where the market is male dominated.

ANNUAL PERFORMANCE REPORT (continued)

Programme 2: Cargo Development

SUB-PROGRAMME 1: CARGO OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	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	85%	100%	Despite the addition of three new airlines utilising Dube Cargo Terminal's services, the service levels required by all airline operators was consistently exceeded.
	Revenue from cargo handling (imports and exports)	R10.2 million	R13.1 million	Cargo handling revenue has grown by 44% as compared to last year, as a result of new airlines utilising Dube Cargo Terminal and increased tonnages.
	Increase in revenue generated by trucking services	18% year-on-year	54.8% year-on-year	Growth in revenue from Dube AiRoad trucking services has continued to exceed expectations as the number of local customers using the service has increased. This is despite a lack of resources to focus on sales growth for this business.
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	The annual audit conducted by the South African Civil Aviation Authority did not reveal any areas of non-compliance. In addition, an ad hoc audit and a Dangerous Goods audit were conducted with similarly positive results.

SUB-PROGRAMME 2: AIR CARGO BUSINESS DEVELOPMENT

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To grow the volume of cargo through Dube Cargo Terminal	Tonnage throughput from Dube Cargo Terminal – International	9 100	10 075	International tonnages grew by 25% over last year. This was mainly due to the addition of three new routes operating out of King Shaka International Airport from the third quarter of 2015/16, and another two routes added in 2016/17.
	Tonnage throughput from Dube Cargo Terminal – Domestic	6 750	7 780	Domestic tonnages grew by 21% as compared to last year.
	Value of international goods through Dube Cargo Terminal	R4.8 billion	R4.9 billion	Despite significant growth in cargo tonnages, the value of goods through Dube Cargo Terminal only grew by 2%, affected by weak exchange rates.
	Number of freighters using King Shaka International Airport	0	0	Current operators flying via King Shaka International Airport still have capacity in the belly of passenger aircrafts; they are unlikely to introduce a freighter until all available cargo space has been fully utilised.
	Number of business cases or logistics solutions initiated	4	5	Business cases or logistics solutions were submitted to: (1) Air Seychelles; (2) Air Namibia Cargo; (3) Fluor Igoda Projects; (4) Leatt; and (5) Winfield Abattoir. Of the proposals developed, two materialised in 2016/17, while the others remain in discussion.

Programme 3: Property

SUB-PROGRAMME 1: COMMERCIAL

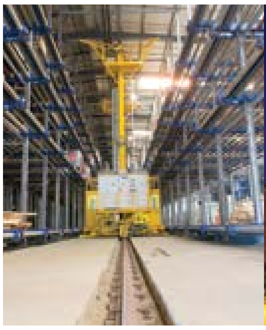
STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To increase long-term property rental revenues for Dube TradePort Corporation	Total revenue from all Dube TradePort Corporation's properties	R35 million	R33 million	Despite falling just short of the target, revenues earned from Dube TradePort Corporation's properties grew by 36% over last year, with further growth expected once phase 2 of Dube TradeZone is released to the market.
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	R96 million	R99 million	New lease agreements were signed for private sector developments on Erf 654 and 650 at Dube TradeZone, and two existing tenants made additional investment in plant and equipment during the year.
	Total value of new investment (buildings and capital equipment) by black-owned and/ or black-empowered companies (including SEZ investments)	R40 million	R74 million	The lease agreement signed over Erf 650 was with a black-owned company, while SA Health and Laser Junction, which both have significant black-ownership, made further investments in plant and equipment.
	Number of square meters of land leased in Dube TradeZone Phases 1 and 2 (cumulative)	260 000m²	262 036m²	An additional 22 505m² was taken up by private sector investors during 2016/17, while a deal for 15 230m² was cancelled.
	Number of bulk square meters let in Dube City (cumulative)	44 000m²	40 740m²	Discussions are underway with potential investors wanting to develop a hotel and a medical facility at Dube City.
	Total value of new investment by companies with at least 51% black African-ownership for property developments (including SEZ investments)	R20 million	R44 million	A lease was signed with Limalox Pty Ltd, a black-owned development company, to develop a building on Erf 654 at Dube TradeZone, with the intention to sub-lease the completed property to Rolfo South Africa Pty Ltd.
	Total value of new investment by companies with >25% black African-ownership locating their operations at Dube TradePort (including SEZ investments)	R15 million	R30 million	SA Health and Laser Junction, which both have significant black-ownership, made further investments in plant and equipment.

ANNUAL PERFORMANCE REPORT (continued)

Programme 3: Property (continued)

SUB-PROGRAMME 2: OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To effectively manage Dube TradePort Corporation's property zones and buildings	% Occupancy of Dube TradePort Corporation-owned buildings	91%	91%	Vacancies relate to the Valuable Cargo Building, four units at Dube TradeHouse and a small office area at 29° South, Dube TradePort Corporation's head office building at Dube City.
	% Of sites leased to private sector developers levied	50%	72.4%	New developments reached their rental commencement dates during the year, which increased the number of sites on which levies are charged.
	Minimum average rental rate per square meter (total rental/ area rented) – Owned buildings (Dube TradeZone)	R56/m²	R59.70/m²	Rentals and escalation rates are reviewed regularly to ensure that they remain market-related.
	Minimum average rental rate per square meter (total rental/ area rented) – Owned buildings (Dube City)	R68/m²	R73.03/m²	No new leases were concluded at Dube City as there is minimal available space. Existing leases increased by standard annual escalation rates.
To effectively maintain Dube TradePort Corporation's infrastructure, buildings and facilities	% Completion of planned maintenance programmes	91%	94%	183 regular services were completed over the year to ensure that all buildings and equipment remained in good working condition.
	% Completion of tenant-logged job cards	95%	100%	All maintenance requests logged by tenants were resolved by the end of the year.



ANNUAL PERFORMANCE REPORT (continued)

Programme 4: Dube AgriZone

SUB-PROGRAMME 1: DUBE AGRIZONE SERVICES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To provide reliable, effective and efficient Dube AgriZone services	Value produced and processed/handled at Dube AgriZone	R87.6 million	R64.3 million	No production took place in one facility throughout the year, as it was vacant, while the tenant at another facility was forced to delay production while licenses necessary to their business were sought.
	% Occupancy of available Dube AgriZone facilities	85%	77%	Proposals for prospective tenants for Greenhouse A were evaluated throughout the year, without success.
	% Completion of tenant-logged job cards	85%	98%	Most breakdowns requiring maintenance range from light to medium as the facilities are still new.

SUB-PROGRAMME 2: DUBE AGRIZONE SUSTAINABLE FARMING INITIATIVES

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	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%	19%	An additional solar plant was commissioned in the third quarter which increased the renewable energy available for use at Dube AgriZone.
	Number of projects initiated	2	2	Procurement of an Automatic Voltage Regulator was initiated and a contract signed for the installation of a Power Factor Correction System at Dube AgriZone.



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

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To manage, operate and maintain the Tissue Culture Facility (Dube AgriLab)	% Increase in production volumes	12%	0%	Production volumes at Dube AgriLab were lower than in the previous year. This was affected by the lack of supervisory staff to implement quality control and allow technical staff to focus on research and development, as well as delays in receipt of client orders. A supervisor has subsequently been appointed, and this is expected to have a positive impact on production volumes going forward.
	Revenue generated from tissue culture sales	R1.2 million	R95 042	Revenue generation is tied to production levels, which were adversely affected by resource constraints. Also, cultivars that were successfully produced became disfavoured in the market due to drought conditions earlier in the year.
	Number of research projects completed	2	2	The following research projects were completed: (1) Effects of light intensity during hardening of micro-propagated tissue cultured sugarcane plantlets; and (2) A study investigating possible in vitro rooting solutions for sugarcane crop with commercial relevance.

SUB-PROGRAMME 4: LANDSCAPING AND REHABILITATION

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To assist in providing rehabilitation and maintenance services for Dube TradePort Corporation's Record of Decision (ROD) requirements	Number of hectares rehabilitated	20ha	26.3ha	Alien invasive species vary from site to site. As some areas rehabilitated had minimal alien plants present, a greater total area was able to be cleared, despite the staff shortages experienced during the year.
	% Of rehabilitated land maintained	100%	100%	All areas previously rehabilitated are maintained on an ongoing basis.

SUB-PROGRAMME 5: DUBE AGRIZONE EXPANSION

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	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	6ha	A Memorandum of Agreement was signed in December 2016 with a company interested in locating at Dube AgriZone in phase 2.

ANNUAL PERFORMANCE REPORT (continued)

Programme 5:
Information Communication and Technology (Dube iConnect)

SUB-PROGRAMME 1: COMMERCIAL

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To develop and provision cost competitive and reliable commercial ICT services to Dube TradePort Corporation's clients	Total Dube iConnect revenue	R6.13 million	R6.6 million	Dube iConnect revenue grew by 32% as compared to the previous year. This was achieved by consistently working with resellers on sales pipelines to manage new customers secured and potential opportunities identified.
	% Margin achieved on voice services	11%	78.2%	A large supplier credit note was received in December 2016, which resulted in lower costs and an increased profit margin. Voice rates charged by suppliers have been negotiated downwards and the new Telephone Management System will enable telephone billing to be assessed against supplier costing on a monthly basis thereby allowing for faster resolution of queries.
	% Margin achieved on internet access bandwidth	12%	30.5%	Increased client uptake has necessitated the inclusion of a number of new technologies in Dube iConnect's product offerings.

SUB-PROGRAMME 2: OPERATIONS

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To operate and maintain Dube iConnect's IT infrastructure and commercial IT services	% Up-time of commercial IT services	99%	99.9%	Network resilience prevented unplanned core down-time. Upgrades to core network equipment are planned for 2017/18, which will ensure that network availability remains high.
	Resolution of all faults logged within Service Level Agreement specification	95%	98%	A higher level of compliance with Service Level Agreements was achieved in 2016/17 than in the previous year. Exception reports are drawn from the Incident Management System on a daily basis to quickly draw attention to any areas of concern.

ANNUAL PERFORMANCE REPORT (continued)

Programme 6:
Development Planning and Infrastructure

SUB-PROGRAMME 1: PLANNING

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	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	2	Positive environmental authorisations were received for the Hlawe River Trunk Sewer and Dube TradeZone 2.
	Deliver and implement the aerotropolis master plan	Draft master plan tabled at ESID cluster for approval	Draft master plan completed	The draft master plan was completed and reviewed by the core project team. It has been included on the agenda for the ESID Cluster to review; however the final meeting date had not been set.
To identify and acquire strategic land parcels for future developments	Number of hectares acquired in terms of signed agreements	50ha	0ha	153.06 hectares of land was identified and approved by the Board for purchase, but the complexity of dealing with more than one land owner at negotiations slowed down the process.

SUB-PROGRAMME 2: ENVIRONMENT

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To ensure that the aerotropolis is environmentally sustainable	% Of enterprise-wide carbon off-set	7% reduction from revised baseline	0% reduction from revised baseline	Scope 1 and 2 carbon emissions increased by 11.8% from 5 406 tonnes to 6 046 tonnes due to increased activity on-site, which resulted in increased purchased electricity usage, particularly within Dube TradeZone.
	Number of strategic reports on environmental sustainability (State of the Environment Report)	1	1	An Environmental Management Systems report was completed during the year.
	% Compliance with environmental authorisations and licenses	90%	92.5%	Smaller contractors experienced challenges in meeting environmental requirements. Toolbox talks and active assistance were provided, and punitive measures may be invoked in the next financial year if non-compliance continues.
	Number of hectares of land rehabilitated annually	133ha	197.8ha	A program was established with the contracted service provider to ensure efficiency in alien clearing.

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) 2016/17	ACTUAL PERFORMANCE	COMMENT
To adequately plan for Dube TradePort's public infrastructure requirements	Number of public infrastructure projects delivered	2	0	The guardhouse project at Dube TradeZone 1 was completed in April 2017 and, while the electrical infrastructure project in the same zone led by eThekwini Municipality was substantially completed, it had not reached practical completion at year end.
To procure, manage and monitor Dube TradePort's infrastructure provisioning	Number of construction (top structure) projects delivered	2	2	The warehouse for Gift of the Givers and the maintenance facility at Dube TradeZone 1 reached practical completion during the year.
	Number of construction jobs created	495	785	The projects in progress during the year which contributed to job creation included the double basement on Block D at Dube City, the warehouse for the Gift of the Givers and a number of smaller projects at Dube AgriZone, as well as tenant-managed construction projects, where labour statistics were available. This target only includes direct jobs created on-site at Dube TradePort, and does not include the many indirect employment opportunities that were also created as a result of the construction activities.
	Maximum % deviation above contract budget	10%	0%	The maintenance facility and Gift of the Givers warehouse were both completed within budget, after taking into account all approved variations to the contract price.
	% Construction projects with 1% of budget allocated to enterprise development	30%	100%	More than 1% of the budget spent on both completed projects was spent on enterprise development.
To provide technical support and manage the roll-out of services to all Dube TradePort Corporation's programmes	Construction expenditure on SMMEs	R38 million	R38.6 million	Approximately 40% of Dube TradePort Corporation's total spend on infrastructure was paid to SMMEs.
	Public sector investment in infrastructure	R76 million	R83.7 million	A number of projects contributed to this year's investment in infrastructure, including the double basement at Dube City, the guardhouses, maintenance facility and Gift of the Givers warehouse at Dube TradeZone, and the technical facility, workshop and water lab at Dube AgriZone.
	Number of projects designed	4	4	Concept designs were completed for the following: (1) Tenant fit-out for Skyy Aviation; (2) Mount Moreland Link Road; (3) Dube TradePort Special Economic Zone One Stop Shop; and (4) Dube TradeZone truck depot.
	Maximum % deviation from construction programme timelines	15%	0%	The maintenance facility and Gift of the Givers warehouse were completed within the approved timelines, after taking into account all approved extensions of time granted.

ANNUAL PERFORMANCE REPORT (continued)

Programme 7:
Dube TradePort Special Economic Zone

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE INDICATOR	ANNUAL TARGET (APP) 2016/17	ACTUAL PERFORMANCE	COMMENT
To establish a world-class Special Economic Zone (SEZ) operated in an effective and compliant manner	% Of compliance with conditions of SEZ operator permit	80%	93%	Conditions specified in the Special Economic Zone operator permit include financial and non-financial reporting, land ownership, facilities maintenance and security in and around the Customs Controlled Area.
To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of Dube TradePort SEZ	Value of private sector investment committed in Dube TradePort SEZ	R78 million	R80 million	Yangtze Optics Africa was approved by the Board to operate in Dube TradePort SEZ, and has committed to invest R80 million.
	Number of new jobs created – Permanent	120	345	Approximately 1 100 people are currently permanently employed by investors located within Dube TradePort SEZ. 345 of these relate to new jobs created during the year by enterprises located within the designated SEZ area.
	Number of new jobs created – Temporary (during construction)	110	270	Temporary jobs were created by tenant developments and the construction of the guardhouses at Dube TradeZone 1.
	Number of operational investors in Dube TradePort SEZ (cumulative)	2	4	The following enterprises, that are already operational, were approved by the Board as Dube TradePort SEZ Enterprises: (1) Amsted Reelin; (2) Yangtze Optics Africa; and (3) Retractaline. (4) Samsung was approved in the previous year.
	Number of indirect jobs created in KwaZulu-Natal as a result of Dube TradePort SEZ (cumulative to date)	360	18 447	A socio-economic impact assessment done revealed that Dube TradePort Special Economic Zone activities (both during construction and manufacturing) have created 18 447 indirect jobs in the KwaZulu-Natal economy.
	Value of goods sold to other countries (exports)	R841 million	R476.5 million	Global economic conditions have had a negative impact on demand for tenants' products.
	% One Stop Shop implementation	50%	50%	The One Stop Shop to be located at Dube TradePort Special Economic Zone will be a satellite office to the Provincial One Stop Shop being established by Trade and Investment KwaZulu-Natal. Interior design and fitment of equipment for the new facility was in progress at the end of March 2017.

GENERAL INFORMATION

Dube TradePort Corporation
Consolidated Annual Financial Statements for the year ended 31 March 2017

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Design, construction, and operation of Dube TradePort, as well as other related projects.
Board Members	Zanele Bridgette Gasa Carol Sibiya Velenkosini Mtshali Graham Muller Mewa Ramgobin (Resigned 25 May 2016) Hamish Erskine (CEO)
Registered Office	29° South 7 Umsinsi Junction Dube City, La Mercy, 4399
Business Address	29° South 7 Umsinsi Junction Dube City, La Mercy, 4399
Postal Address	P.O. Box 57757 King Shaka International Airport 4407
Bankers	ABSA Business Banking: Public Sector KZN
Auditors	Auditor-General
Company Secretary	Ann Easton



ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2017

The reports and statements set out below comprise the consolidated annual financial statements presented to the KwaZulu-Natal Provincial Legislature:

INDEX

ACCOUNTING AUTHORITY'S (BOARD'S) RESPONSIBILITIES AND APPROVAL

For the year ended 31 March 2017

The Board in its role as the Accounting Authority is required by the Public Finance Management Act, No. 1 of 1999, to maintain adequate accounting records and is responsible for the content and integrity of the consolidated 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 economic 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 South African 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 it is ultimately responsible for the system of internal financial control established by the economic entity and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board 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. The Board maintained a reporting system that enabled it to monitor changes in the entity's risk profile and gain assurance that risk management and internal control was effective. 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 financial control is effective and 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 loss.

The Board has reviewed the entity's cash flow forecast for the year ending 31 March 2018 and, in the light of this review and the current financial position, it is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The economic entity is wholly dependent on the Department of Economic Development, Tourism and Environmental Affairs for continued funding of operations. The annual financial statements are prepared on the basis that the economic 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 economic entity.

The external auditors are responsible for independently reviewing and reporting on the 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 pages 38 to 40.

The annual financial statements set out on pages 41 to 89, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2017 and were signed on its behalf by:

Dr Zanele Bridgette Gasa
Chairperson of the Board
Dube TradePort Corporation

Mr Hamish Erskine
Chief Executive Officer
Dube TradePort Corporation

AUDIT COMMITTEE REPORT

For the year ended 31 March 2017

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 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 five times and undertook the following activities:

- Reviewed the Audit and Risk Committee's Term of Reference to ensure relevance;
- Internal Audit Function
    - Reviewed Internal Audit Charter and approved the 2016/17 Internal Audit Plan and Budget;
    - Reviewed the findings of internal audit as presented at the end of each internal audit cycle; and
    - Met with internal audit without the presence of management.
- External Audit Function
    - Reviewed and approved the audited annual financial statements for the period ended 31 March 2016;
    - Reviewed external audit report tabled for the period ended 31 March 2016 for submission to the Dube TradePort Board;
    - 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 policies;
    - Received information on assurance of other independent assurance providers as part of the Combined Assurance Plan;
    - Reviewed the Risk Management Framework and made recommendations on risk appetite and risk tolerance to the Board;
    - Reviewed the Delegations of Authority;
    - Received reports of calls to the Anti-fraud Hotline;
    - 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 2016;
    - Reviewed management accounts for the period under review; and
    - Reviewed quarterly performance reports for the period under review.

In undertaking the abovementioned activities, the Audit and Risk Committee fulfilled its mandate as set out in the Committee's Terms of Reference in all material aspects. The Audit and Risk Committee consider the Chief Financial Officer to have the required expertise and capability.

The Chairperson of the Audit and Risk Committee is invited to provide feedback from the Committee meetings at the subsequent meetings of the Board of Dube TradePort Corporation.

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 the next year as we maintain full compliance with the Public Finance Management Act, No. 1 of 1999, and related regulatory environment that governs a Schedule 3C Provincial Public Entity and introduce the recommendations of the King IV Report on Corporate Governance.

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Mr Shadrack Khumalo
Chairperson: 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 AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

1. I have audited the consolidated and separate financial statements of Dube TradePort Corporation and its subsidiary (the group) set out on pages 41 to 89, which comprise the consolidated and separate statement of financial position as at 31 March 2017, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Dube TradePort Corporation group as at 31 March 2017, their financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, No. 1 of 1999 (PFMA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of my report.

4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

6. The Accounting Authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and for such internal control as the Accounting Authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the consolidated and separate financial statements, the Accounting Authority is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

8. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

9. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to the auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

10. In accordance with the Public Audit Act, No. 25 of 2004, (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. My procedures address the reported performance information, which must be based on the approved performance planning documents of Dube TradePort Corporation. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of Dube TradePort Corporation for the year ended 31 March 2017:

PROGRAMMES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 6 – Development Planning and Infrastructure	31-32
Programme 7 – Special Economic Zone	33

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

REPORT OF THE AUDITOR-GENERAL (continued)

To the KwaZulu-Natal Provincial Legislature on Dube TradePort Corporation (continued)

- Programme 6 – Development Planning and Infrastructure
- Programme 7 – Special Economic Zone

OTHER MATTER

1. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS:

2. The annual performance report on pages 21 to 33 includes information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

3. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of Dube TradePort Corporation with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

4. I did not identify any instances of material non-compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

5. The Accounting Authorities of Dube TradePort Corporation and its subsidiary are responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

6. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

7. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit or otherwise, appears to be materially misstated.

8. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

9. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

OTHER REPORT

10. I draw attention to the following engagement conducted by various parties that had, or could have, an impact on the matters reported in the group's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

11. An assurance engagement report for the period ended 31 March 2016 was issued to the Independent Communication Authority of South Africa (ICASA) on compliance with the Electronics Communications Act, No. 36 of 2005, relating to the universal service and access fund.

Auditor - General.

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Auditor-General
Pietermaritzburg
31 July 2017

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, the procedures performed on reported performance information for selected programmes and on the group's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in the auditor's report, I also:
   - Identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit 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 group's internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Authority.
   - Conclude on the appropriateness of the Accounting Authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Dube TradePort Corporation and its subsidiary's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
   - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the Accounting Authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

REPORT OF THE ACCOUNTING AUTHORITY (BOARD)

For the year ended 31 March 2017

The Accounting Authority (Board) presents its report on the activities of the group for the period ended 31 March 2017.

1. LEGAL ENTITY, NATURE OF BUSINESS AND OPERATIONS

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

The KwaZulu-Natal Dube TradePort Corporation Act, No. 2 of 2010, was promulgated on 21 October 2010 and subsequently Dube TradePort Corporation was registered as a Schedule 3C Public Entity (in the government gazette dated 30 September 2011) with an effective date of 01 April 2011. The voluntary winding up and deregistration process of the Dube TradePort Non-Profit Company and transition to the public entity was completed on 31 August 2013 when all assets, liabilities, rights, duties and obligations were transferred to, and vested in, Dube TradePort Corporation. Prior to this date Dube TradePort conducted its operating activities as a Non-Profit Company (previously known as a Section 21 Company), registered as such in terms of the Companies Act, No. 81 of 2008. The company registration number was 2002/002810/08.

During 2014, Dube TradeZone and Dube AgriZone were designated Industrial Development Zones (IDZs); during 2015/16 the Special Economic Zone Act, No. 16 of 2014, and regulations were promulgated. The regulations provided for a three year transition period for the conversion from IDZ to Special Economic Zone (SEZ). In the government gazette dated 23 December 2016, Dube TradeZone and Dube AgriZone of Dube TradePort were officially designated as a Special Economic Zone.

On 01 September 2016, Mr Hamish Erskine was appointed as Chief Executive Officer, having fulfilled the role of Acting Chief Executive Officer since 20 February 2015.

2. RELEVANT LEGISLATION GOVERNING DUBE TRADEPORT CORPORATION OPERATIONS

Dube TradePort Corporation abides by the obligations of the PFMA and Treasury Regulations as contained in the Funding Agreement with the Department of Economic Development, Tourism and Environmental Affairs.

3. STATEMENT OF RESPONSIBILITY

The Board members (in their role as the Accounting Authority) acknowledge that they are ultimately responsible for the system of internal control, including 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 (including internal financial 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's governance process, Board members are required to disclose all interests in contracts awarded by Dube TradePort. During the year under review, none of the Board members of Dube TradePort had any interest in contracts awarded by Dube TradePort.

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 consolidated annual financial statements.

The consolidated annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP). This responsibility includes:

- Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

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

4. JOINT VENTURE

In fulfilling one of the requirements of the Co-operation Agreement (signed between Dube TradePort Corporation and the Airports Company of South Africa SOC Limited, (ACSA)), Dube TradePort entered into a joint venture with ACSA whereby Dube TradePort owns 60% of La Mercy JV Property Investments Proprietary Limited. The application of GRAP dictates that Dube TradePort 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 financial year end of La Mercy JV Property Investments Proprietary Limited is 31 March and the results of the operations of the JV Company 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, Dube TradePort Corporation's baseline allocation was cut in 2015/16. The grant funding for 2016/17 has been reduced by R240.8 million (which equates to 38.5% of the original grant funding) and has impacted the commencement of certain capital projects. As a result of the baseline cut, the grant funding for 2017/18 has been reduced by R241.2 million (which equates to 36.7% of the original grant funding).

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

6. GOING CONCERN

Dube TradePort Corporation continues to be funded by Provincial Government and remains a going concern.

7. 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.

8. EVENTS SUBSEQUENT TO YEAR END

No material events occurred subsequent to the year end.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		ECONOMIC ENTITY		CONTROLLING ENTITY	
	NOTES	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
ASSETS					
Current assets					
Inventories	3	113 032	177 514	113 032	177 514
Current tax receivable	4	-	770 176	-	-
Receivables from exchange transactions	5	51 774 564	66 555 333	51 141 500	66 253 092
Cash and cash equivalents	6	763 960 245	775 168 429	705 436 215	716 857 155
		815 847 841	842 671 452	756 690 747	783 287 761
Non-current assets					
Investment property	7	2 176 615 144	1 976 379 778	2 230 511 265	2 030 275 297
Property, plant and equipment	8	1 349 018 276	1 398 177 808	1 235 123 758	1 278 283 235
Intangible assets	9	4 554 876	2 643 412	4 554 876	2 643 412
Heritage assets	10	7 654 358	7 654 358	7 654 358	7 654 358
Investments in controlled entities	11	-	-	11 138 893	11 138 893
Operating lease asset	12	46 805 622	42 998 288	46 805 215	42 998 088
		3 584 648 276	3 427 853 644	3 535 788 365	3 372 993 283
TOTAL ASSETS		**4 400 496 117**	**4 270 525 096**	**4 292 479 112**	**4 156 281 044**
LIABILITIES					
Current liabilities					
Finance lease obligation	13	259 956	222 647	259 956	222 647
Payables from exchange transactions	14	71 554 764	48 112 126	71 192 063	47 458 255
Unspent conditional grants and receipts	15	13 232 629	24 399 867	13 232 629	24 399 867
		85 047 349	72 734 640	84 684 648	72 080 769
Non-current liabilities					
Finance lease obligation	13	271 345	531 301	271 345	531 301
Deferred tax	16	-	168 662	-	-
		271 345	699 963	271 345	531 301
TOTAL LIABILITIES		**85 318 694**	**73 434 603**	**84 955 993**	**72 612 070**
NET ASSETS		**4 315 177 423**	**4 197 090 493**	**4 207 523 119**	**4 083 668 974**
NET ASSETS					
Net assets attributable to owners of controlling entity					
Reserves					
Capital contribution		7 425 889	7 425 889	-	-
Accumulated surplus		4 370 736 730	4 255 004 271	4 207 523 119	4 083 668 974
		4 378 162 619	4 262 430 160	4 207 523 119	4 083 668 974
Non-controlling interest		(62 985 196)	(65 339 667)	-	-
TOTAL NET ASSETS		**4 315 177 423**	**4 197 090 493**	**4 207 523 119**	**4 083 668 974**

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2017

	NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
REVENUE					
Revenue from exchange transactions					
Rendering of services		21 201 858	15 035 409	21 201 858	15 035 409
Rental from investment properties	17	44 837 477	40 355 818	45 280 536	40 072 255
Sundry income		2 771 062	2 769 404	2 283 085	2 303 436
Interest received - investments	18	48 364 085	51 377 962	43 795 953	47 608 126
TOTAL REVENUE FROM EXCHANGE TRANSACTIONS		117 174 482	109 538 593	112 561 432	105 019 226
REVENUE FROM NON-EXCHANGE TRANSACTIONS					
Transfer revenue					
Government grants and subsidies	19	350 836 537	430 738 226	350 836 537	430 738 226
TOTAL REVENUE	20	**468 011 019**	**540 276 819**	**463 397 969**	**535 757 452**
EXPENDITURE					
Employee related costs	21	89 131 188	78 949 601	89 131 188	78 949 601
Depreciation, impairments and amortisation		124 262 233	134 374 609	118 262 178	128 932 258
Finance costs	22	230 640	339 614	229 949	140 117
General expenses	23	137 162 582	180 702 435	131 890 008	173 719 757
TOTAL EXPENDITURE		**350 786 643**	**394 366 259**	**339 513 323**	**381 741 733**
OPERATING SURPLUS		**117 224 376**	**145 910 560**	**123 884 646**	**154 015 719**
Gain/(loss) on disposal of assets and liabilities		697 840	(1 435 237)	(26 558)	(1 435 237)
(Loss)/gain on foreign exchange		(3 943)	218	(3 943)	218
		693 897	(1 435 019)	(30 501)	(1 435 019)
SURPLUS BEFORE TAXATION		**117 918 273**	**144 475 541**	**123 854 145**	**152 580 700**
Taxation	24	168 662	411 096	-	18 220
SURPLUS FOR THE YEAR		**118 086 935**	**144 886 637**	**123 854 145**	**152 598 920**
ATTRIBUTABLE TO:					
Owners of the controlling entity		115 732 462	141 530 491	123 854 145	152 598 920
Non-controlling interest		2 354 473	3 356 146	-	-
SURPLUS FOR THE YEAR		**118 086 935**	**144 886 637**	**123 854 145**	**152 598 920**

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2017

ECONOMIC ENTITY	CAPITAL CONTRIBUTION RESERVE R	ACCUMULATED SURPLUS R	TOTAL ATTRIBUTABLE TO OWNERS OF THE ECONOMIC ENTITY R	NON-CONTROLLING INTEREST R	TOTAL NET ASSETS R
OPENING BALANCE AT 01 APRIL 2014	871 050	4 113 477 297	4 114 348 347	(68 695 814)	4 045 652 533
Prior year adjustments (refer to note 35)	-	(3 517)	(3 517)	-	(3 517)
RESTATED BALANCE AT 01 APRIL 2015	871 050	4 113 473 780	4 114 344 830	(68 695 814)	4 045 649 016
Changes in net assets					
Surplus for the year	-	144 991 900	144 991 900	3 356 147	148 348 047
Contributions introduced	6 554 839	-	6 554 839	-	6 554 839
Prior year adjustments (refer to note 35)	-	(3 461 412)	(3 461 412)	-	(3 461 412)
RESTATED BALANCE AT 01 APRIL 2016	7 425 889	4 255 004 268	4 262 430 157	(65 339 667)	4 197 090 490
Changes in net assets					
Surplus for the year	-	115 732 462	115 732 462	2 354 471	118 086 933
BALANCE AT 31 MARCH 2017	**7 425 889**	**4 370 736 730**	**4 378 162 619**	**(62 985 196)**	**4 315 177 423**

CONTROLLING ENTITY	CAPITAL CONTRIBUTION RESERVE R	ACCUMULATED SURPLUS R	TOTAL ATTRIBUTABLE TO OWNERS OF THE CONTROLLING ENTITY R	NON-CONTROLLING INTEREST R	TOTAL NET ASSETS R
OPENING BALANCE AT 01 APRIL 2014	-	3 931 073 571	3 931 073 571	-	3 931 073 571
Adjustments					
Prior year adjustments (refer to note 35)	-	(3 517)	(3 517)	-	(3 517)
RESTATED BALANCE AT 01 APRIL 2015	-	3 931 070 054	3 931 070 054	-	3 931 070 054
Changes in net assets					
Surplus for the year	-	156 060 332	156 060 332	-	156 060 332
Prior year adjustments (refer to note 35)	-	(3 461 412)	(3 461 412)	-	(3 461 412)
RESTATED BALANCE AT 01 APRIL 2016	-	4 083 668 974	4 083 668 974	-	4 083 668 974
Changes in net assets					
Surplus for the year	-	123 854 145	123 854 145	-	123 854 145
BALANCE AT 31 MARCH 2017	**-**	**4 207 523 119**	**4 207 523 119**	**-**	**4 207 523 119**

CASH FLOW STATEMENT

For the year ended 31 March 2017

	NOTES	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Sale of goods and services		77 617 374	40 208 834	76 231 310	39 937 918
Grants		339 669 299	448 538 726	339 669 299	448 538 726
Interest income		49 580 429	50 299 201	45 012 297	46 716 231
Other receipts		2 301 069	4 297 204	2 283 085	2 305 436
		469 168 171	543 343 965	463 195 991	537 498 311
Payments					
Employee costs		(90 518 540)	(77 550 773)	(90 518 540)	(77 550 773)
Suppliers		(112 717 519)	(213 973 827)	(105 463 611)	(196 147 812)
Finance costs		(230 640)	(1 704 265)	(229 949)	(140 117)
Taxes		770 176	(1 094 936)	-	-
		(202 696 523)	(294 323 801)	(196 212 100)	(273 838 702)
NET CASH FLOWS FROM OPERATING ACTIVITIES	26	**266 471 648**	**249 020 164**	**266 983 891**	**263 659 609**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	8	(98 175 822)	(111 558 670)	(98 175 822)	(111 558 670)
Proceeds from sale of investment property	7	724 999	525 000	-	525 000
Purchase of investment property	7	(178 135 069)	(240 434 441)	(178 135 069)	(240 434 441)
Purchase of intangible assets	9	(1 950 351)	(292 744)	(1 950 351)	(292 744)
Proceeds on disposal of property, plant and equipment	8	79 058	-	79 058	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(277 457 185)**	**(351 760 855)**	**(278 182 184)**	**(351 760 855)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance lease payments		(222 647)	188 647	(222 647)	188 647
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(11 208 184)**	**(102 552 044)**	**(11 420 940)**	**(87 912 599)**
Cash and cash equivalents at the beginning of the year		775 168 429	877 720 473	716 857 155	804 769 754
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**763 960 245**	**775 168 429**	**705 436 215**	**716 857 155**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 31 March 2017

ECONOMIC ENTITY	BUDGET			ACTUAL	VARIANCE	
STATEMENT OF FINANCIAL PERFORMANCE	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	COMPARABLE BASIS R	R	REF
REVENUE						
Revenue from exchange transactions						
Revenue	106 063 065	28 839 453	**134 902 518**	135 442 724	**540 206**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	384 223 000	3 000 000	**387 223 000**	387 223 000	**-**	
Rollover	-	28 628 548	**28 628 548**	28 628 548	**-**	
Total revenue from non-exchange transactions	384 223 000	31 628 548	**415 851 548**	415 851 548	**-**	
TOTAL REVENUE	**490 286 065**	**60 468 001**	**550 754 066**	**551 294 272**	**540 206**	
EXPENDITURE						
Compensation of employees	89 428 643	7 727 654	**97 156 297**	82 395 400	**(14 760 897)**	1
Computer services	1 450 330	874 521	**2 324 851**	1 469 287	**(855 564)**	2
Consultants, contractors and other services	84 012 726	(10 143 395)	**73 869 331**	23 422 259	**(50 447 072)**	3
Maintenance, repairs and running costs	105 522 060	10 882 394	**116 404 454**	98 941 666	**(17 462 788)**	4
Operating leases	498 433	226 776	**725 209**	595 484	**(129 725)**	5
Travel and subsistence	2 280 125	(774 017)	**1 506 108**	774 589	**(731 519)**	6
Advertising	14 665 000	(5 927 082)	**8 737 918**	4 375 231	**(4 362 687)**	7
Training	3 766 977	(15 414)	**3 751 563**	1 945 113	**(1 806 450)**	8
Buildings and fixed structures (capital)	126 291 266	49 999 111	**176 290 377**	226 689 882	**50 399 505**	9
Machinery and equipment (capital)	30 059 868	6 492 159	**36 552 027**	29 514 313	**(7 037 714)**	10
Software and other intangible assets (capital)	2 358 225	1 125 295	**3 483 520**	704 214	**(2 779 306)**	11
Land and subsoil assets	29 952 412	-	**29 952 412**	1 436 400	**(28 516 012)**	12
TOTAL EXPENDITURE	**490 286 065**	**60 468 001**	**550 754 066**	**472 263 838**	**(78 490 229)**	
LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED						
Total revenue	6 913 270	3 671 348	**10 584 618**	8 075 482	**(2 509 136)**	13
Total expenditure	(18 825 875)	9 127 925	**(9 697 950)**	(7 862 727)	**1 835 223**	13
LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED SURPLUS/(DEFICIT)	**(11 912 605)**	**12 799 273**	**886 668**	**212 755**	**(673 913)**	
NET SURPLUS/(DEFICIT)	**(11 912 605)**	**12 799 273**	**886 668**	**79 243 190**	**78 356 522**	

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

1. Compensation of employees: Provision was made for performance bonuses which will be paid after year end. Not all vacancies were filled, including some critical funded posts for which approval is still pending. **2.** Computer services: Fewer than anticipated computer spares and repairs were required this year. Older computers are in the process of being replaced. **3.** Consultants, contractors and special services: Professional services for design and construction monitoring were delayed after appeals were lodged by bidders against the outcome of the Supply Chain Management process; and a number of invoices were received but not paid before year end. **4.** Maintenance, repairs and running costs: Invoices were received but not paid before year end, including the majority of March operating costs. **5.** Operating leases: Invoices were received but not paid, before year end. **6.** Travel and subsistence: Some invoices unpaid at year end related to trips undertaken in the fourth quarter. An international trip originally planned for March 2017 was rescheduled to early April; and travel was limited to essential trips only. **7.** Advertising: Invoices outstanding at year end; agency used to implement marketing campaigns withdrew from their contract during the year resulting in a portion of the planned brand campaign being cancelled; and tender adverts were delayed for construction projects where the procurement of the professional/design teams were affected by appeals against the procurement process. **8.** Training: Invoices not paid before year end included high value invoices for IATA training. Dube TradePort also received some free training. **9.** Buildings and other fixed structures: The variance arose due to a transfer of funds for the bulk earthworks project at TradeZone 2. **10.** Machinery and equipment: Procurement of an explosives trace detection device for Dube Cargo Terminal to screen outsized and high risk cargo was not concluded before year end and procurement of equipment for the recently completed maintenance facility at Dube AgriZone was delayed as the required funding was received in March 2017. **11.** Software and other intangible assets: Invoices for data domain

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (continued)

For the year ended 31 March 2017

CONTROLLING ENTITY STATEMENT OF FINANCIAL PERFORMANCE	BUDGET APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL COMPARABLE BASIS R	VARIANCE R	REF
REVENUE						
Revenue from exchange transactions						
Revenue	106 063 065	28 839 453	**134 902 518**	135 442 724	**540 206**	
Revenue from non-exchange transactions						
Government grants and subsidies	384 223 000	3 000 000	**387 223 000**	387 223 000	-	
Rollover	-	28 628 548	**28 628 548**	28 628 548	-	
Total revenue from non-exchange transactions	384 223 000	31 628 548	**415 851 548**	415 851 548	-	
TOTAL REVENUE	**490 286 065**	**60 468 001**	**550 754 066**	**551 294 272**	**540 206**	
EXPENDITURE						
Compensation of employees	89 428 643	7 727 654	**97 156 297**	82 395 400	**(14 760 897)**	1
Computer services	1 450 330	874 521	**2 324 851**	1 469 287	**(855 564)**	2
Consultants, contractors and other services	84 012 726	(10 143 395)	**73 869 331**	23 442 259	**(50 447 072)**	3
Maintenance, repairs and running costs	105 522 060	10 882 394	**116 404 454**	98 941 666	**(17 462 788)**	4
Operating leases	498 433	226 776	**725 209**	595 484	**(129 725)**	5
Travel and subsistence	2 280 125	(774 017)	**1 506 108**	774 589	**(731 519)**	6
Advertising	14 665 000	(5 927 082)	**8 737 918**	4 375 231	**(4 362 687)**	7
Training	3 766 977	(15 414)	**3 751 563**	1 945 113	**(1 806 450)**	8
Buildings and fixed structures (capital)	126 291 266	49 999 111	**176 290 377**	226 689 882	**50 399 505**	9
Machinery and equipment (capital)	30 059 868	6 492 159	**36 552 027**	29 514 313	**(7 037 714)**	10
Software and other intangible assets (capital)	2 358 225	1 125 295	**3 483 520**	704 214	**(2 779 306)**	11
Land and other subsoil assets (capital)	29 952 412	-	**29 952 412**	1 436 400	**(28 516 012)**	12
TOTAL EXPENDITURE	**490 286 065**	**60 468 001**	**550 754 066**	**472 263 838**	**(78 490 229)**	
NET SURPLUS	-	-	-	**79 030 435**	**79 030 435**	

and network support had not been paid at year end. **12.** Land and subsoil assets: Land purchase for environmental off-set purposes was approved by the Board; however the final sale agreement and payment were not concluded by year end as the final grant funding tranche was received in March 2017. **13.** The shortfall of actual revenue over the final budgeted amount was due to a delay in the conclusion of the sale agreement in respect of the land sale of the triangular piece of land and servitude in Dube City. The recovery of outstanding levies for the Management Association is expected in April 2017. VAT refunds were lower than expected due to delays in spending. The material difference between actual expenditure and budgeted amounts arose due to delays in the process of public participation for the rehabilitation work, and delays in the rezoning and subdivision of Support Zone 2. Costs incurred for the Management Association have not been reimbursed due to delays in concluding the Management Association Service Level Agreement.

Changes from approved budget to final budget

The budget was reprioritised between line items to take into account the funds rolled over from the previous financial year as well as the additional operational revenue earned and grant income transferred to Dube TradePort Corporation for EDTEA's cut-flowers project and Automotive Supplier Park. Budget was reduced where delays in spending were expected on items such as consultants' fees, where appeals were lodged against the outcome of the Supply Chain Management process, delaying spending on certain projects. Advertising was reduced in response to anticipated delays in expenditure following the withdrawal of the advertising agency from its contract. Travel was reduced in response to the implementation of additional cost-cutting measures.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 91(1) of the Public Finance Management Act, No. 1 of 1999.

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 and rounded off to the nearest 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.

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 entities used in the preparation of the consolidated annual financial statements are prepared as at the same date.

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

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

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

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

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts presented 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:

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.

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.

Review of residual values and useful lives

The entity reviews the useful lives and residual values of all assets on a yearly basis. Management applies judgement in determining if these remain reasonable or need to be reassessed. If reassessment is required, this change is accounted for in the current and future periods and treated as a change in estimate. Refer to note 29.

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 service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

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

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

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

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.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

The economic entity reviews the useful lives and residual values of investment property on an annual basis to determine if any of the following indicators exist:

- A change in significant components of the asset;
- A change in use of the asset;
- An intention change to dispose in the future;
- Technological, environmental, commercial or any other changes that may change the use of the asset;
- Legal or similar limits placed on the asset;
- The asset being idle or retired from use;
- The useful life of the asset expiring;
- Planned repairs, maintenance or refurbishment;
- Environmental factors; or
- Conditional assessment of the asset.

Any changes resulting from the above assessment are accounted for as a change in estimate.

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

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

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

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

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

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.

Work in Progress

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

For construction programmes exceeding six months in duration, delays of 20% of the program of works is considered significant and will be disclosed.

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 other items of property, plant and equipment.

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 2017

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Land	-	Indefinite
Buildings	Straight-line	8 - 50 years
Plant and equipment: • 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
Community assets	Straight-line	10 - 20 years

At each reporting date the residual value and useful lives of each asset is reviewed to assess if expectations have changed since the preceding reporting date. If any such indication exists, the expected useful lives and residual values are revised and shall be accounted for as a change in accounting estimates.

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

Assets which the economic entity holds for rentals to others and subsequently routinely sells as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The economic entity reviews the useful lives and residual values of property, plant and equipment on a yearly basis to determine if any of the following indicators exist:

- A change in significant components of the asset;
- A change in use of the asset;
- The intention changed to dispose in the future;
- Technological, environmental, commercial or any other changes that may change the use of the asset;
- Legal or similar limits placed on the asset;
- The asset being idle or retired from use;
- The useful life of the asset expiring;
- Planned repairs, maintenance or refurbishment;
- Environmental factors; or
- Conditional assessment of the asset.

Any changes resulting from the above assessment is accounted for as a change in estimate.

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 measured 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.

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

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

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

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Licenses	Straight-line	Indefinite
Computer software	Straight-line	3 years

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential are expected from their use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 HERITAGE ASSETS

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. An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

Subsequent measurement

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

Impairment

The economic entity assesses at each reporting date whether there is an indication that it 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 asset on disposal, or when no future economic benefits or service potential are expected from their use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 INVESTMENTS IN CONTROLLED ENTITIES

Economic entity consolidated annual financial statements

Investments in controlled entities are consolidated in the economic entity consolidated annual financial statements. Refer to the accounting policy on Consolidations (Note 1.1).

The controlled entity is the La Mercy JV Property Investments Proprietary Limited. The economic entity owns a 60% shareholding in the controlled entity and has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities as well as fulfil its mandate. Based on this, the controlled entity is treated as a subsidiary of the economic entity and is wholly consolidated.

Controlling entity consolidated annual financial statements

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

The controlling entity accounts for owner contributions as an investment in the controlled entity.

Investments in controlled entities that are accounted for in accordance with the accounting policy on financial instruments in the consolidated annual financial statements, are accounted for in the same way in the controlling entity's separate consolidated annual financial statements.

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 or another financial asset.

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 (class 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
Finance lease obligation	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 entity becomes a party to the contractual provisions of the instrument.

The economic entity recognises financial assets using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

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

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

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

Impairment and uncollectibility of financial assets

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

Financial assets are measured at amortised cost.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced 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 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.

DERECOGNITION

Financial assets

The entity derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognises the asset; and
  - recognises separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expired or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost.

Bank balances include transactional accounts as well as short term investment accounts. These are highly liquid investments held with registered banking institutions with maturities between three to six months or less and are subject to an insignificant risk of change in value.

Deposits held on behalf of third parties relate to tenant rental deposits and supplier retentions.

Amounts held in trust accounts reflect contractual obligations relating to capital projects and guarantees.

1.10 TAX

Current tax assets and liabilities

Although the controlling entity is exempt from income tax, it is still subject to all other indirect taxes such as value added tax (VAT), customs tax, securities transfer tax (STT) and capital gains tax (CGT).

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.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither accounting surplus nor taxable profit /(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, or affects neither accounting surplus nor taxable profit/(tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, to net assets; or
- Business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.11 LEASES

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

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

Finance leases - lessee

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

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

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

The difference between the amounts recognised as income or expense and the contractual

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

amounts receivable over the lease term are recognised as an operating lease asset or liability.

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

Operating leases - lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The difference between the amounts recognised as expenses and the contractual amounts payable over the lease term are recognised as an operating lease asset or liability.

1.12 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 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 inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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

1.13 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it tends to generate positive inflows.

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets shall be identified as a cash-generating unit, even if some or all of the output is used internally.

The main criterion used by the entity to determine cash-generating assets is that the asset should generate rentals.

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 managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

Recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use.

Identification
When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The economic entity assesses, at each reporting date, whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.

Value in use
Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

Recognition and measurement (individual asset)
If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation/(amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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For the year ended 31 March 2017

1.14 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Non-cash-generating assets are assets other than cash-generating assets.

Identification
When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

Recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use.

Value in use
Value in use of non-cash-generating assets is the present value of the non-cash-generating assets' remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the depreciated replacement cost approach.

Depreciated replacement cost approach
The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Recognition and measurement
If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation/(amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.15 COMMITMENTS

A committment is a binding agreement, but not an actual liablity to undertake expenditure at some set time in the future.

As this is not an actual liability, the entity discloses this information in the notes to the financial statements. Refer to note 27.

1.16 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, salaries and social security contributions;
- 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;
- 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; and
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service 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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

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

1.17 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.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

1.18 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.

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

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

Measurement

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

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.

Service revenue is recognised only once the service is rendered.

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.

1.19 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 recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

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

1.20 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 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.

1.21 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated 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 directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

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

1.22 COMPARATIVE FIGURES

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

Refer to note 34.

1.23 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful 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 in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Refer to note 31.

1.24 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) This Act; 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 that provincial government.

In the case of 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, 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 needs to be updated in the notes 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.

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. 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, and be disclosed as such in the note to the financial statements.

Refer to note 32.

1.25 SEGMENT INFORMATION

A segment is an activity of an entity:

- That generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- Whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- For which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Refer to note 39.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

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

1.26 BUDGET INFORMATION

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

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

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

The approved budget covers the fiscal period from 01 April 2016 to 31 March 2017.

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 on the same basis of accounting; therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

Variances between budget and actual amounts greater than 10% is considered to be material and explanations provided for disclosure purposes.

Comparative information is not required.

1.27 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.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the economic entity.

For the year ended 31 March 2017

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.

1.28 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

GRAP 16 and 17 (as amended 2015): Investment Property and Property, Plant and Equipment

The amendments to GRAP 16 and 17 are as follows:
- Review the principles and explanations related to the distinction between investment property and property, plant and equipment;
- Consider whether an indicator-based assessment of useful lives of assets could be introduced;
- Clarify the wording related to the use of external valuers;
- Introduce more specific presentation and disclosure requirements for capital work-in-progress;
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted; and
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

The effective date of the standard is for years beginning on or after 01 April 2016.

The adoption of this standard has not had a material impact on the results of the economic entity, but has resulted in more disclosure than would have previously been provided in the consolidated annual financial statements.

2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 April 2017 or later periods:

GRAP 20: Related parties

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

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:
- Identifying related party relationships and transactions;
- Identifying outstanding balances, including commitments, between an entity and its related parties;
- Identifying the circumstances in which disclosure of the items above is required; and
- Determining the disclosures to be made about those items.

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

The effective date of the standard is not yet set by the Minister of Finance.

It is unlikely that the standard will have a material impact on the economic entity's consolidated annual financial statements as the entity has been disclosing transactions between related parties in prior periods.

iGRAP 18: Recognition and Derecognition of Land

The objective of this Interpretation is to provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

The guidance outlines the following:
- Governs the ownership, custodianship and/or use of land in the public sector;
- Assessment of the control of land;
- Legal ownership;
- The right to direct access to land, and to restrict or deny the access of others to land (substantive and protective rights);
- Recognition of land;
- Derecognition of land; and
- Joint control of land.

The effective date of the interpretation is 01 April 2019.

The economic entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

3. INVENTORIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Finished goods	113 032	177 514	113 032	177 514

Inventories are held at current replacement cost and include telephone handsets.

4. CURRENT TAX RECEIVABLE

Current tax receivable relates to the tax refund due to the La Mercy JV Property Investments Proprietary Limited.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
RECONCILIATION OF TAX RECEIVABLE				
Opening balance	770 176	(306 586)	-	-
Payments	-	656 780	-	-
Tax refunded	(779 469)	-	-	-
Prior year overprovision	-	399 342	-	-
Interest received on overpayment of provisional tax	9 293	20 640	-	-
	-	**770 176**	-	-

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Trade debtors	11 628 541	7 935 872	11 551 041	8 091 490
Deposits	4 039 747	3 975 347	4 039 747	3 975 347
Interest receivable	3 039 547	4 236 159	2 761 333	3 977 688
Deposit guarantees held by third parties	3 885 815	2 723 808	3 885 815	2 723 808
Prepaid expenses	1 509 644	2 025 409	1 509 303	2 025 091
Staff advances	36 821	36 821	36 821	36 821
VAT receivable	27 634 449	45 621 917	27 357 440	45 422 847
	51 774 564	**66 555 333**	**51 141 500**	**66 253 092**
TRADE AND OTHER RECEIVABLES				
Trade and other receivables	13 335 323	10 623 976	13 257 823	10 779 594
Less: Allowance for doubtful debts	(1 706 782)	(2 688 104)	(1 706 782)	(2 688 104)
	11 628 541	**7 935 872**	**11 551 041**	**8 091 490**
ANALYSIS OF ALLOWANCE FOR DOUBTFUL DEBTS				
Opening balance	2 688 104	61 150	2 688 104	61 150
Add: Movement in the income statement (refer to note 23)	(981 322)	2 626 954	(981 322)	2 626 954
TOTAL	**1 706 782**	**2 688 104**	**1 706 782**	**2 688 104**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2017, R11 628 541 (2016: R7 935 872) was past due but not impaired (refer to note 30 for information on the credit quality of trade and other receivables).

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

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
One month past due	6 428 294	4 051 964	6 365 239	4 051 964
Two months past due	140 499	75 204	140 499	75 204
Three months past due	5 059 748	3 808 704	5 045 306	3 964 322

TRADE AND OTHER RECEIVABLES IMPAIRED

As of 31 March 2017, trade and other receivables of R1 706 782 (2016: R2 688 104) were impaired and provided for.

The ageing of these amounts is as follows:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Three to six months	867 790	1 035 648	867 790	1 035 648
Over six months	838 992	1 652 456	838 992	1 652 456

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Cash on hand	25 000	25 000	25 000	25 000
Bank balances	153 894 775	98 699 738	95 370 745	40 388 464
Deposits held on behalf of third parties	22 924 639	21 752 243	22 924 639	21 752 243
Amounts held in trust accounts	587 115 831	654 691 448	587 115 831	654 691 448
TOTAL	**763 960 245**	**775 168 429**	**705 436 215**	**716 857 155**

The amounts held in trust accounts reflect contractual obligations relating to the infrastructure and construction projects. These amounts are ringfenced and are committed towards specialised projects. Included in the trust accounts is an amount of R1 million 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 2017

7. INVESTMENT PROPERTY

ECONOMIC ENTITY	2017			RESTATED 2016		
	COST R	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Investment property	2 305 738 704	(129 123 560)	2 176 615 144	2 083 527 879	(107 148 101)	1 976 379 778

CONTROLLING ENTITY	2017			RESTATED 2016		
	COST R	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Investment property	2 359 634 825	(129 123 560)	2 230 511 265	2 137 423 398	(107 148 101)	2 030 275 297

RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2017

	OPENING BALANCE R	ADDITIONS R	DERECOGNITION R	TRANSFERS BETWEEN CLASSES OF ASSETS R	DEPRECIATION R	TOTAL R
Investment property	1 976 379 778	178 135 069	(602)	44 079 474	(21 978 575)	2 176 615 144

RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2016

	OPENING BALANCE R	ADDITIONS R	DERECOGNITION R	TRANSFERS BETWEEN CLASSES OF ASSETS R	DEPRECIATION R	TOTAL R
Investment property	1 758 144 211	240 434 441	(1 844 767)	234 172	(20 588 279)	1 976 379 778

RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2017

	OPENING BALANCE R	ADDITIONS R	TRANSFERS BETWEEN CLASSES OF ASSETS R	DEPRECIATION R	TOTAL R
Investment property	2 030 275 297	178 135 069	44 079 474	(21 978 575)	2 230 511 265

RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2016

	OPENING BALANCE R	ADDITIONS R	DERECOGNITION R	TRANSFERS BETWEEN CLASSES OF ASSETS R	DEPRECIATION R	TOTAL R
Investment property	1 812 039 430	240 434 441	(1 844 767)	234 172	(20 587 979)	2 030 275 297

Included in the 2016 table are figures restated due to prior period adjustments. Refer to note 35.
Included in the investment property balances are non-depreciable land valued at R1 532 634 378 (2016: R1 354 257 894).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

7. INVESTMENT PROPERTY (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
DETAILS OF PROPERTY				
La Mercy Land (Portion 5 and 9)				
This comprises the purchase of subdivisions 5 and 9 in the extent of 302.9605 hectares, held under Title Deed No. T3842/2010 of the Farm La Mercy Airport No. 15124.				
Purchase price	427 444 327	428 815 725	427 444 327	428 815 725
Derecognition	-	(1 371 398)	-	(1 371 398)
	427 444 327	**427 444 327**	**427 444 327**	**427 444 327**
Klipfontein Farm (Herwood Farm)				
This comprises the purchase of the remainder and portion 11 (of 3) of the Farm Klipfontein No. 922 in the extent of approximately 99.33 hectares held under Title Deed No. T3464/2010.				
Purchase price	**123 733 875**	**123 733 875**	**123 733 875**	**123 733 875**
Mount Moreland Land				
Erf 1000 Mount Moreland in extent of 408.6977 hectares held under Title Deed No. T348/2014.				
Purchase price	360 416 772	360 696 099	360 416 772	360 696 099
Derecognition	-	(279 327)	-	(279 327)
	360 416 772	**360 416 772**	**360 416 772**	**360 416 772**
Illovo Farm				
Remainder of the Farm Illovo 16946 in the extent of 825.96 hectares held under Title Deed No. T012751/2016.				
Purchase price	**178 376 484**	**-**	**178 376 484**	**-**
Cottonlands Farm				
Remainder of Portion 267, 314 (of 272) and 1219 (of 321) of the Farm Cottonlands No. 1575 in extent of 150.419 hecatres held under Title Deed No. T38380/2002.				
Purchase price	**104 746 158**	**104 746 158**	**104 746 158**	**104 746 158**
Dube City				
Erven 594, 595, 597, 600, 601, 602, 603 and 608, La Mercy, Registration Division FU, Province of KwaZulu-Natal.				
Purchase price	**58 294 105**	**58 294 105**	**58 294 105**	**58 294 105**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

7. INVESTMENT PROPERTY (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Cottonlands Farm				
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**	**135 295 560**	**135 295 560**
Cottonlands Farm				
Remainder of Portion 1220 of the Farm Cottonlands No. 1575, in the extent of 172.3491 hectares, held under Title Deed No. T16581/2012.				
Purchase price	90 045 830	90 239 872	90 045 830	90 239 872
Derecognition	-	(194 042)	-	(194 042)
	90 045 830	**90 045 830**	**90 045 830**	**90 045 830**
Cottonlands Farm				
Remainder of Portions 271, 1181, 114, 450, 430, 854, 617, 1907 and 216 of the Farm Cottonlands No. 1575, in the 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**
Tradehouse Building				
Construction cost	128 125 605	126 553 422	128 125 605	126 553 422
Canteen	5 291 323	5 291 323	5 291 323	5 291 323
	133 416 928	**131 844 745**	**133 416 928**	**131 844 745**
Valuable Cargo Building				
Construction cost	**24 123 061**	**24 123 061**	**24 123 061**	**24 123 061**
29° South				
Construction cost	150 792 022	146 836 718	150 792 022	146 836 718
Additions	369 378	3 955 304	369 378	3 955 304
	151 161 400	**150 792 022**	**151 161 400**	**150 792 022**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

7. INVESTMENT PROPERTY (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Dube AgriZone Buildings				
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	47 244 538	47 244 538	47 244 538
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	25 445 845	25 445 845	25 445 845
Canteen	2 494 409	2 494 409	2 494 409	2 494 409
	480 229 020	**480 229 020**	**480 229 020**	**480 229 020**
Airchefs Building				
Construction cost	**28 467 655**	**-**	**28 467 655**	**-**
Gift of the Givers Building				
Construction cost	**14 806 718**	**-**	**14 806 718**	-
La Mercy (Portion 4, 6, 8, 10 and 11)				
Sub-divisions of portions 4, 6, 8, 10 and 11 in extent of 836.31 hectares of the La Mercy Airport No. 15124 from Airports Company South Africa SOC Limited.				
Purchase price	346 224	348 194	-	-
Capitalised expenditure	4 052 361	4 052 361	-	-
Derecognition	-	(1 970)	-	-
	4 398 585	**4 398 585**	**-**	**-**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

7. INVESTMENT PROPERTY (CONTINUED)

DETAILS OF VALUATION

Dube TradePort Corporation

The fair market value for the above investment properties excluding land was valued at R805 008 973 (2016: R688 191 647) as at 31 March 2017. The buildings were valued by an independent professional appraiser, Mr Hanslo with a National Diploma: Property Valuation and National Higher Diploma: Construction Supervision. He is registered as a valuer in terms of the Property Valuers Profession Act, No. 47 of 2000. Mr Hanslo is not connected to the entity and has recent experience in the location and category of the investment properties valued.

La Mercy JV Property Investments Proprietary Limited

The fair market value was R433 914 716 (2016: R362 175 250) as at 31 March 2017. Valuations were performed by an independent valuer, J.F. du Toit (FIVSA), registered as a valuer in terms of the Property Valuers Profession Act, No. 47 of 2000. Mr du Toit is not connected to the company and has recent experience in the location and category of the investment property being valued.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
THE FOLLOWING AMOUNTS HAVE BEEN RECOGNISED IN SURPLUS AND DEFICIT FOR INVESTMENT PROPERTIES:				
Rental revenue from investment properties	40 372 831	30 104 971	40 372 831	30 104 971
Repairs and maintenance	(910 688)	(1 209 850)	(910 688)	(1 209 850)
Direct operating expenses	(13 087 967)	(15 077 789)	(13 087 967)	(15 077 789)
TOTAL	**26 374 176**	**13 817 332**	**26 374 176**	**13 817 332**

The total contractual obligations relating to investment properties for repairs and maintenance amount to R18 341 075 (2016: R30 344 300).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

8. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY	2017			RESTATED 2016		
	COST R	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Land	111 250 987	-	111 250 987	111 250 987	-	111 250 987
Buildings	509 866 653	(210 194 139)	299 672 514	499 971 683	(195 165 832)	304 805 851
Plant and machinery	26 961 146	(19 300 076)	7 661 070	26 961 146	(16 534 639)	10 426 507
Furniture and fixtures	35 574 543	(18 629 993)	16 944 550	35 473 057	(18 784 280)	16 688 777
Motor vehicles	17 074 370	(15 206 289)	1 868 081	16 656 865	(14 130 743)	2 526 122
Office equipment	367 130 517	(235 052 017)	132 078 500	362 284 937	(212 242 826)	150 042 111
IT equipment	175 308 411	(132 179 053)	43 129 358	171 207 344	(115 816 997)	55 390 347
Infrastructure	834 051 694	(229 483 727)	604 567 967	821 336 331	(187 603 814)	663 732 517
Community assets	1 081 857	(84 588)	997 269	1 032 491	(40 678)	991 813
Work in progress	130 847 980	-	130 847 980	112 322 776	-	112 322 776
TOTAL	**2 209 148 158**	**(860 129 882)**	**1 349 018 276**	**2 158 497 617**	**(760 319 809)**	**1 398 177 808**

CONTROLLING ENTITY	2017			RESTATED 2016		
	COST R	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED DEPRECIATION & ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Land	111 250 987	-	111 250 987	111 250 987	-	111 250 987
Buildings	509 866 653	(210 194 139)	299 672 514	499 971 683	(195 165 832)	304 805 851
Plant and machinery	26 961 146	(19 300 076)	7 661 070	26 961 146	(16 534 639)	10 426 507
Furniture and fixtures	35 574 543	(18 629 993)	16 944 550	35 473 057	(18 784 280)	16 688 777
Motor vehicles	17 074 370	(15 206 289)	1 868 081	16 656 865	(14 130 743)	2 526 122
Office equipment	367 130 517	(235 052 017)	132 078 500	362 284 937	(212 242 826)	150 042 111
IT equipment	175 308 411	(132 179 053)	43 129 358	171 207 344	(115 816 997)	55 390 347
Infrastructure	693 604 968	(202 316 232)	491 288 736	680 889 605	(166 422 988)	514 466 617
Community assets	412 506	(30 524)	381 982	363 140	-	363 140
Work in progress	130 847 980	-	130 847 980	112 322 776	-	112 322 776
TOTAL	**2 068 032 081**	**(832 908 323)**	**1 235 123 758**	**2 017 381 540**	**(739 098 305)**	**1 278 283 235**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - ECONOMIC ENTITY - 2017

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	TRANSFERS BETWEEN CLASSES OF ASSETS R	TRANSFERS TO INVENTORY R	CHANGE IN ACCOUNTING ESTIMATES (REFER TO NOTE 29) R	DEPRECIATION R	TOTAL R
Land	111 250 987	-	-	-	-	-	-	111 250 987
Buildings	304 805 851	65 296	-	9 829 675	-	173 065	(15 201 373)	299 672 514
Plant and machinery	10 426 507	-	-	-	-	32 986	(2 798 423)	7 661 070
Furniture and fixtures	16 688 777	70 473	(2 513)	33 527	-	3 124 385	(2 970 099)	16 944 550
Motor vehicles	2 526 122	417 505	-	-	-	340 044	(1 415 590)	1 868 081
Equipment	150 042 111	2 291 717	-	-	-	6 326 066	(26 581 394)	132 078 500
IT equipment	55 390 347	9 084 079	(59 490)	(36 862)	67 817	907 647	(22 224 180)	43 129 358
Infrastructure	633 732 517	431 177	-	12 276 622	-	-	(41 872 349)	604 567 967
Community assets	991 813	49 366	-	-	-	-	(43 910)	997 269
Work in progress	112 322 776	85 766 209	-	(67 241 005)	-	-	-	130 847 980
TOTAL	**1 398 177 808**	**98 175 822**	**(62 003)**	**(45 138 043)**	**67 817**	**10 904 193**	**(113 107 318)**	**1 349 018 276**

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

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	TRANSFERS BETWEEN CLASSES OF ASSETS R	TRANSFERS TO INVENTORY R	CHANGE IN ACCOUNTING ESTIMATES (REFER TO NOTE 29) R	DEPRECIATION R	TOTAL R
Land	111 000 000	250 987	-	-	-	-	-	111 250 987
Buildings	319 424 248	85 758	-	-	-	2 513 520	(17 217 675)	304 805 851
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	-	12 740 902	-	24 828	(43 650 830)	633 732 517
Community assets	642 060	363 140	-	-	-	-	(13 387)	991 813
Work in progress	43 851 209	92 456 277	-	(23 984 710)	-	-	-	112 322 776
TOTAL	**1 411 029 587**	**111 558 670**	**(122 809)**	**(10 791 563)**	**32 865**	**2 552 760**	**(116 081 702)**	**1 398 177 808**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - CONTROLLING ENTITY - 2017

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	TRANSFERS BETWEEN CLASSES OF ASSETS R	TRANSFERS TO INVENTORY R	CHANGE IN ACCOUNTING ESTIMATES (REFER TO NOTE 29) R	DEPRECIATION R	TOTAL R
Land	111 250 987	-	-	-	-	-	-	111 250 987
Buildings	304 805 851	65 296	-	9 829 675	-	173 065	(15 201 373)	299 672 514
Plant and machinery	10 426 507	-	-	-	-	32 986	(2 798 423)	7 661 070
Furniture and fixtures	16 688 777	70 473	(2 513)	33 527	-	3 124 385	(2 970 099)	16 944 550
Motor vehicles	2 526 122	417 505	-	-	-	340 044	(1 415 590)	1 868 081
Equipment	150 042 111	2 291 717	-	-	-	6 326 066	(26 581 394)	132 078 500
IT equipment	55 390 347	9 084 079	(59 490)	(36 862)	67 817	907 647	(22 224 180)	43 129 358
Infrastructure	514 466 617	431 177	-	12 276 622	-	-	(35 885 680)	491 288 736
Community assets	363 140	49 366	-	-	-	-	(30 524)	381 982
Work in progress	112 322 776	85 766 209	-	(67 241 005)	-	-	-	130 847 980
TOTAL	**1 278 283 235**	**98 175 822**	**(62 003)**	**(45 138 043)**	**67 817**	**10 904 193**	**(107 107 263)**	**1 235 123 758**

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

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	TRANSFERS BETWEEN CLASSES OF ASSETS R	TRANSFERS TO INVENTORY R	CHANGE IN ACCOUNTING ESTIMATES (REFER TO NOTE 29) R	DEPRECIATION R	TOTAL R
Land	111 000 000	250 987	-	-	-	-	-	111 250 987
Buildings	319 424 248	85 758	-	-	-	2 513 520	(17 217 675)	304 805 851
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	-	12 740 902	-	24 828	(38 221 865)	514 466 617
Community assets	-	363 140	-	-	-	-	-	363 140
Work in progress	43 851 209	92 456 277	-	(23 984 710)	-	-	-	112 322 776
TOTAL	**1 285 692 661**	**111 558 670**	**(122 809)**	**(10 791 563)**	**32 865**	**2 552 760**	**(110 639 349)**	**1 278 283 235**

Included in the 2016 table are figures restated due to prior period adjustments. Refer to note 35.

Included in the carrying value of property, plant and equipment are fully depreciated assets with a total cost of R96 424 481. 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.

Included in expenditure for the year is repairs and maintenance relating to property, plant and equipment of R13 445 504 (2016: R13 527 819).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The 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 entity is a lessee under a finance lease:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
CAPITALISED FINANCE LEASE ASSETS				
Cost	1 009 335	1 009 335	1 009 335	1 009 335
Accumulated depreciation	(549 648)	(351 077)	(549 648)	(351 077)
TOTAL	**459 687**	**658 258**	**459 687**	**658 258**

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
PROPERTY, PLANT AND EQUIPMENT IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED				
Investment property	90 577 244	-	90 577 244	-
Buildings	19 600 110	-	19 600 110	-
Equipment	5 557 577	-	5 557 577	-
IT equipment	4 584 882	-	4 584 882	-
Infrastructure	10 528 167	-	10 528 167	-
TOTAL	**130 847 980**	**-**	**130 847 980**	**-**

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT THAT IS TAKING A SIGNIFICANTLY LONGER PERIOD OF TIME TO COMPLETE THAN EXPECTED				
Double Basement The delays were caused by re-sequencing of the works due to the anomalies in the geotechnical report, increase in the rock quantity and anchor failure.	87 497 241	-	87 497 241	-
Workshop Facility and Water Laboratory The delays were caused by inefficient planning and technical coordination on site, poor supervision of administrative, quality and risk management duties as well as poor management of cashflow by the contractor.	3 321 396	-	3 321 396	-
Technical Facility The delays were caused by inefficient planning and technical coordination on site, poor supervision of administrative, quality and risk management duties as well as poor management of cashflow by the contractor.	1 931 307	-	1 931 307	-
TOTAL	**92 749 944**	**-**	**92 749 944**	**-**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT				
Buildings	5 907 258	-	5 907 258	-
Equipment	2 022 578	-	2 022 578	-
Motor vehicles	508 385	-	508 385	-
IT equipment	1 418 525	-	1 418 525	-
Landscaping	3 588 759	-	3 588 759	-
TOTAL	**13 445 505**	**-**	**13 445 505**	**-**

9. INTANGIBLE ASSETS

ECONOMIC ENTITY	2017			RESTATED 2016		
	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	4 499 833	(274 957)	4 224 876	2 549 482	(236 070)	2 313 412
TOTAL	**4 829 833**	**(274 957)**	**4 554 876**	**2 879 482**	**(236 070)**	**2 643 412**

CONTROLLING ENTITY	2017			RESTATED 2016		
	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	4 499 833	(274 957)	4 224 876	2 549 482	(236 070)	2 313 412
TOTAL	**4 829 833**	**(274 957)**	**4 554 876**	**2 879 482**	**(236 070)**	**2 643 412**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

9. INTANGIBLE ASSETS (CONTINUED)

RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2017

	OPENING BALANCE R	ADDITIONS R	CHANGE IN ACCOUNTING ESTIMATES (REFER TO NOTE 29) R	AMORTISATION R	TOTAL R
Licenses - ICASA	330 000	-	-	-	330 000
Computer software	2 313 412	1 950 351	9 283	(48 170)	4 224 876
TOTAL	**2 643 412**	**1 950 351**	**9 283**	**(48 170)**	**4 554 876**

RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2016

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Licenses - ICASA	330 000	-	-	330 000
Computer software	2 099 461	292 745	(78 794)	2 313 412
TOTAL	**2 429 461**	**292 745**	**(78 794)**	**2 643 412**

RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2017

	OPENING BALANCE R	ADDITIONS R	CHANGE IN ACCOUNTING ESTIMATES (REFER TO NOTE 29) R	AMORTISATION R	TOTAL R
Licenses - ICASA	330 000	-	-	-	330 000
Computer software	2 313 412	1 950 351	9 283	(48 170)	4 224 876
TOTAL	**2 643 412**	**1 950 351**	**9 283**	**(48 170)**	**4 554 876**

RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2016

	OPENING BALANCE R	ADDITIONS R	AMORTISATION R	TOTAL R
Licenses - ICASA	330 000	-	-	330 000
Computer software	2 099 461	292 745	(78 794)	2 313 412
TOTAL	**2 429 461**	**292 745**	**(78 794)**	**2 643 412**

For the year ended 31 March 2017

10. HERITAGE ASSETS

ECONOMIC ENTITY	2017			RESTATED 2016		
	COST R	ACCUMULATED IMPAIRMENT LOSSES R	CARRYING VALUE R	COST R	ACCUMULATED IMPAIRMENT LOSSES R	CARRYING VALUE R
Art collections, antiquities and exhibits	7 654 358	-	7 654 358	7 654 358	-	7 654 358

CONTROLLING ENTITY	2017			RESTATED 2016		
	COST R	ACCUMULATED IMPAIRMENT LOSSES R	CARRYING VALUE R	COST R	ACCUMULATED IMPAIRMENT LOSSES R	CARRYING VALUE R
Art collections, antiquities and exhibits	7 654 358	-	7 654 358	7 654 358	-	7 654 358

RECONCILIATION OF HERITAGE ASSETS - ECONOMIC ENTITY - 2017

	OPENING BALANCE R	TOTAL R
Art collections, antiquities and exhibits	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 - CONTROLLING ENTITY - 2017

	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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

11. INVESTMENTS IN CONTROLLED ENTITIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
			CARRYING AMOUNT	CARRYING AMOUNT
NAME OF COMPANY				
La Mercy JV Property Investments Proprietary Limited - shareholding			60	60
La Mercy JV Property Investments Proprietary Limited - contributed capital			11 138 833	11 138 833
TOTAL	**-**	**-**	**11 138 893**	**11 138 893**

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

12. OPERATING LEASE ASSET

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
STRAIGHT-LINING				
Opening balance	42 998 288	33 046 234	42 998 088	33 046 234
Straight-line accrual for the year	3 807 334	9 952 054	3 807 127	9 951 854
TOTAL	**46 805 622**	**42 998 288**	**46 805 215**	**42 998 088**

Included in the lease smoothing calculation are 49-year development leases which were straight-lined over a shorter period. The leases have not been straight-lined over the entire lease term due to the review of rentals and escalations occuring at 10-year intervals. An estimate of the rentals was made over the remaining lease period and is disclosed under contingent rentals. (Refer to note 27).

13. FINANCE LEASE OBLIGATION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
MINIMUM LEASE PAYMENTS DUE				
Within one year	315 151	281 209	315 151	281 209
In second to fifth year inclusive	298 726	515 923	298 726	515 923
	613 877	797 132	613 877	797 132
Less: Future finance charges	(82 576)	(43 184)	(82 576)	(43 184)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	**531 301**	**753 948**	**531 301**	**753 948**
PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE				
Within one year	259 956	222 647	259 956	222 647
In second to fifth year inclusive	271 345	531 301	271 345	531 301
TOTAL	**531 301**	**753 948**	**531 301**	**753 948**
Non-current liabilities	271 345	531 301	271 345	531 301
Current liabilities	259 956	222 647	259 956	222 647
TOTAL	**531 301**	**753 948**	**531 301**	**753 948**

The controlling entity leases photocopier machines under finance leases. The average lease term is four to five years.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

14. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Trade payables	14 281 691	5 969 560	14 435 224	5 771 117
Payments received in advanced	1 309 765	415 163	1 309 247	414 696
Retention creditors	8 409 708	10 052 679	8 409 708	9 580 991
Accrued leave pay	3 904 659	3 823 632	3 904 659	3 823 632
Accrued expenses	30 865 236	17 166 984	30 349 520	17 183 711
Deposits received	7 124 242	6 330 970	7 124 242	6 330 970
Performance bonuses	5 659 463	4 353 138	5 659 463	4 353 138
TOTAL	**71 554 764**	**48 112 126**	**71 192 063**	**47 458 255**

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

UNSPENT CONDITIONAL GRANTS COMPRISES OF:	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Unspent conditional grants and receipts				
Special Economic Zone	6 966 938	11 834 256	6 966 938	11 834 256
Special Economic Zone - Infrastructure	3 634 112	12 565 611	3 634 112	12 565 611
Automotive Supplier Park	1 754 386	-	1 754 386	-
Cut-Flower Project	877 193	-	877 193	-
TOTAL	**13 232 629**	**24 399 867**	**13 232 629**	**24 399 867**
Movement during the year				
Balance at the beginning of the year	24 399 867	6 599 367	24 399 867	6 599 367
Additions during the year	2 631 579	29 433 463	2 631 579	29 433 463
Income recognised during the year	(13 798 817)	(11 632 963)	(13 798 817)	(11 632 963)
TOTAL	**13 232 629**	**24 399 867**	**13 232 629**	**24 399 867**

The funds were granted by the Department of Trade and Industry to plan, prepare and successfully attract investors to the Special Economic Zone.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

16. DEFERRED TAX

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
DEFERRED TAX LIABILITY				
Deferred tax liability	-	(168 662)	-	-

DEFERRED TAX ASSET

The deferred tax asset and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows offset. The effect on the statement of financial position is as follows:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Deferred tax asset	37 425	-	-	-
Deferred tax liability	(37 425)	(168 662)	-	-
TOTAL NET DEFERRED TAX LIABILITY	**-**	**(168 662)**	**-**	**-**
RECONCILIATION OF DEFERRED TAX ASSET/(LIABILITY)				
At beginning of year	(168 662)	(162 196)	-	-
Taxable/(deductible) temporary difference on accruals and retention creditors	131 237	(6 466)	-	-
Utilised against unrealised tax losses	37 425	-	-	-
	-	(168 662)	-	-
UNRECOGNISED DEFERRED TAX ASSET				
Unrecognised deferred tax asset	592 746	546 327	-	-

The subsidiary has a net assessable tax loss of R2 250 609 (2016: R1 951 171) resulting in a deferred tax asset of R630 170 (2016: R546 327). Of the R630 170 deferred tax asset, R37 425 has been utilised and settled against the deferred tax liability as disclosed above. No further deferred tax asset has been raised in accordance with the entity’s accounting policy (refer to note 1.10).

17. RENTAL FROM INVESTMENT PROPERTIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
OPERATING LEASE RENTALS				
Rental from investment properties	41 030 350	30 383 764	41 473 409	30 120 403
Straight-lining of leases	3 807 127	9 952 054	3 807 127	9 951 852
TOTAL	**44 837 477**	**40 335 818**	**45 280 536**	**40 072 255**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

18. INVESTMENT REVENUE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
INTEREST REVENUE				
Bank	47 691 130	51 194 209	43 122 998	47 424 373
Interest charged on receivables from exchange transactions	672 955	183 753	672 955	183 753
TOTAL	**48 364 085**	**51 377 962**	**43 795 953**	**47 608 126**

19. GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
OPERATING GRANTS				
Department of Economic Development, Tourism and Environmental Affairs	337 037 719	419 105 263	337 037 719	419 105 263
Department of Trade and Industry	13 798 818	816 117	13 798 818	816 117
	350 836 537	419 921 380	350 836 537	419 921 380
CAPITAL GRANTS				
Department of Trade and Industry	-	10 816 846	-	10 816 846
TOTAL	**350 836 537**	**430 738 226**	**350 836 537**	**430 738 226**

20. REVENUE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Rendering of services	21 201 858	15 035 409	21 201 858	15 035 409
Rental of facilities and equipment	44 837 477	40 355 818	45 280 536	40 072 255
Sundry income	2 771 062	2 769 404	2 283 085	2 303 436
Interest received - investments	48 364 085	51 377 962	43 795 953	47 608 126
Government grants and subsidies	350 836 537	430 738 226	350 836 537	430 738 226
TOTAL	**468 011 019**	**540 276 819**	**463 397 969**	**535 757 452**
THE AMOUNTS INCLUDED IN REVENUE ARISING FROM EXCHANGE OF GOODS OR SERVICES ARE AS FOLLOWS:				
Rendering of services	21 201 858	15 035 409	21 201 858	15 035 409
Rental of facilities and equipment	44 837 477	40 355 818	45 280 536	40 072 255
Sundry income	2 771 062	2 769 404	2 283 085	2 303 436
Interest received - investments	48 364 085	51 377 962	43 795 953	47 608 126
TOTAL	**117 174 482**	**109 538 593**	**112 561 432**	**105 019 226**
THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:				
Government grants and subsidies	350 836 537	430 738 226	350 836 537	430 738 226

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

21. EMPLOYEE-RELATED COSTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Basic	87 577 594	77 589 366	87 577 594	77 589 366
UIF	299 035	275 050	299 035	275 050
WCA	64 914	61 253	64 914	61 253
SDL	826 726	737 165	826 726	737 165
Cellphone allowances	362 919	286 767	362 919	286 767
TOTAL	**89 131 188**	**78 949 601**	**89 131 188**	**78 949 601**
REMUNERATION OF THE EXECUTIVE OFFICERS				
Chief Executive Officer				
Salary	1 914 622	1 609 920	1 914 622	1 609 920
Performance bonus	179 529	171 054	179 529	171 054
Acting allowance (20 February 2015 until 31 August 2016)	116 290	279 096	116 290	279 096
TOTAL	**2 210 441**	**2 060 070**	**2 210 441**	**2 060 070**
Chief Operating Officer				
Salary	1 533 072	959 664	1 533 072	959 664
Performance bonus	134 144	59 979	134 144	59 979
TOTAL	**1 667 216**	**1 019 643**	**1 667 216**	**1 019 643**
Chief Financial Officer				
Salary	1 730 676	1 617 444	1 730 676	1 617 444
Performance bonus	151 434	171 583	151 434	171 583
TOTAL	**1 882 110**	**1 789 027**	**1 882 110**	**1 789 027**
Development Planning and Infrastructure Executive				
Salary	1 698 768	1 587 624	1 698 768	1 587 624
Performance bonus	148 642	138 917	148 642	138 917
TOTAL	**1 847 410**	**1 726 541**	**1 847 410**	**1 726 541**
AgriZone and Cargo Operations Executive				
Salary	1 440 996	1 346 724	1 440 996	1 346 724
Performance bonus	126 087	117 828	126 087	117 828
TOTAL	**1 567 083**	**1 464 552**	**1 567 083**	**1 464 552**
Corporate Services Executive				
Salary	1 447 368	904 512	1 447 368	904 512
Performance bonus	124 645	56 626	124 645	56 626
TOTAL	**1 572 013**	**961 138**	**1 572 013**	**961 138**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

21. EMPLOYEE RELATED COSTS (CONTINUED)

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
REMUNERATION OF BOARD MEMBERS				
Chairperson - Dr B. Gasa				
Board fees and Investment Committee fees	693 808	998 755	693 808	998 755
Deputy Chairperson - Adv C. Sibiya				
Board fees and Remuneration and HR Committee fees	385 793	583 847	385 793	583 847
Member - Mr M. Ramgobin				
Board fees and Remuneration and HR Committee fees	29 681	167 055	29 681	167 055
Member - Mr G. Muller				
Board fees, Audit and Risk Committee fees and Investment Committee fees	290 277	289 571	290 277	289 571
Member - Mr V. Mtshali				
Board fees and Audit and Risk Committee fees	241 053	281 767	241 053	281 767

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
REMUNERATION OF INDEPENDENT COMMITTEE MEMBERS				
Chairperson of the Investment Committee - Ms H. Makithini				
Investment Committee fees	64 373	11 512	64 373	11 512
Member - Mr P. Ngcobo				
Remuneration and HR Committee fees	110 421	69 073	110 421	69 073
Chairperson of the Audit Committee - Mr S. Khumalo				
Audit and Risk Committee fees	156 708	137 868	156 708	137 868
Chairperson - Audit and Risk Committee - La Mercy JV Property Investments Proprietary Limited - Mr K. Schmidt				
Audit and Risk Committee fees	32 925	30 000	32 925	30 000

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

22. FINANCE COSTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Payables from exchange transactions	229 949	140 117	229 949	140 117
Interest	691	199 497	-	-
TOTAL	**230 640**	**339 614**	**229 949**	**140 117**

23. GENERAL EXPENSES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Advertising	3 484 690	9 372 210	3 364 421	9 262 998
Repairs and maintenance	14 570 673	14 538 186	14 570 673	14 538 186
Consulting and professional fees	25 814 169	28 286 690	24 302 831	27 568 149
Debt impairment	(963 965)	2 671 559	(963 965)	2 671 559
Lease rentals on operating leases	2 239 166	2 765 964	2 241 002	2 767 309
Security	13 460 909	14 454 139	13 460 909	14 454 139
Rates and utilities	39 270 023	39 524 021	39 137 968	37 807 067
Infrastructure expenses	2 793 226	36 983 042	2 793 226	36 983 042
Other operating expenses	33 290 972	29 679 860	29 780 224	25 240 544
Rendering of services	3 202 719	2 426 764	3 202 719	2 426 764
TOTAL	**137 162 582**	**180 702 435**	**131 890 008**	**173 719 757**
DEBT IMPAIRMENT IS MADE UP AS FOLLOWS:				
Contributions to debt provision	(981 322)	2 626 954	(981 322)	2 626 954
Bad debts written off	17 357	44 604	17 357	44 604
TOTAL	**(963 965)**	**2 671 558**	**(963 965)**	**2 671 558**

The credit movement in the debt impairment provision relates to a Dube TradeZone tenant provided for in the prior year. Full settlement of the outstanding debt was received in the current financial year.

The bad debt write-off in the current year relates to an iConnect debtor who had a query on the outstanding balance. A settlement amount was agreed upon between both parties and the difference was written off.

In the prior year the write-off related to Dube Cargo Terminal customers whose balances were long outstanding. Due to the immaterial amounts 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 2017

24. TAXATION

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
MAJOR COMPONENTS OF THE TAX INCOME				
Current				
Local income tax - prior year under/overprovision	-	(399 342)	-	-
Securities transfer tax	-	(18 220)	-	(18 220)
TOTAL	-	(417 562)	-	(18 220)
Deferred				
Deferred tax	(168 662)	6 466	-	-
TOTAL	**(168 662)**	**(411 096)**	**-**	**(18 220)**

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.

Dube TradePort Corporation is exempt from income tax.

25. COST OF SALES

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
RENDERING OF SERVICES				
Cost of services	2 983 305	2 233 297	2 983 305	2 233 297
Tissue culture	219 414	193 467	219 414	193 467
TOTAL	**3 202 719**	**2 426 764**	**3 202 719**	**2 426 764**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

26. CASH GENERATED FROM OPERATIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Surplus for the year	118 086 935	144 886 637	123 854 145	152 598 920
ADJUSTMENTS FOR:				
Depreciation, impairments and amortisation	124 262 233	134 374 609	118 262 178	128 932 258
(Gain)/loss on sale of assets	(697 840)	1 435 237	26 558	1 435 237
Debt impairment	(963 965)	2 673 558	(963 965)	2 673 558
Movement in operating lease assets and accruals	(3 807 334)	(9 951 853)	(3 807 127)	(9 951 853)
Movement in tax receivable and payable	770 176	-	-	-
Payroll accrual	(1 387 352)	1 529 710	(1 387 352)	1 529 710
Interest accrual	1 184 394	(1 078 760)	1 184 394	(891 895)
CHANGES IN WORKING CAPITAL:				
Inventories	(3 335)	1 287 979	(3 335)	1 287 979
Receivables from exchange transactions	14 886 240	(26 184 264)	14 959 476	(26 126 934)
Payables from exchange transactions	25 308 734	(16 664 673)	26 026 157	(5 627 871)
Unspent conditional grants and receipts	(11 167 238)	17 800 500	(11 167 238)	17 800 500
Tax paid	-	(1 088 516)	-	-
TOTAL	**266 471 648**	**249 020 164**	**266 983 891**	**263 659 609**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

27. COMMITMENTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
AUTHORISED CAPITAL EXPENDITURE				
Already contracted for but not provided for				
Property, plant and equipment	357 552 498	490 430 142	357 552 498	490 430 142
Approved but not yet contracted for				
Property, plant and equipment	31 992 739	-	31 992 739	-
Total capital commitments				
Already contracted for but not provided for	357 552 498	490 430 142	357 552 498	490 430 142
Not yet contracted for and authorised by members	31 992 739	-	31 992 739	-
TOTAL	**389 545 237**	**490 430 142**	**389 545 237**	**490 430 142**

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).

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
OPERATING LEASES - AS LESSEE (EXPENSE)				
Minimum lease payments due				
Within one year	-	-	2 240	2 094
In second to fifth year inclusive	-	-	5 835	8 074
TOTAL	**-**	**-**	**8 075**	**10 168**

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	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
OPERATING LEASES - AS LESSOR (INCOME)				
Minimum lease payments due				
Within one year	33 995 587	21 407 665	33 995 587	21 407 665
In second to fifth year inclusive	114 064 371	97 546 805	114 064 371	97 546 805
Later than five years	103 939 586	123 364 709	103 939 586	123 364 709
TOTAL	**251 999 544**	**242 319 179**	**251 999 544**	**242 319 179**

Certain properties generate rental income. Lease agreements are cancellable and have terms that range from 1 to 49 years. Rental income is subject to escalation of between 5-10%.

Contingent rentals are receivable for certain leases and amount to R4 839 721 346 (2016: R4 205 339 782).

The basis for calculating the contingent rentals is as follows:

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

28. RELATED PARTIES

RELATIONSHIPS

Ultimate controlling entity	Department of Economic Development, Tourism and Environmental Affairs
Controlling entity	Dube TradePort Corporation
Controlled entity	La Mercy JV Property Investments Proprietary Limited
Members of key management	Mr H. Erskine Ms A. Swalah

All transactions between related parties were at arm's length.

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
RELATED PARTY BALANCES				
Amounts included in trade receivables regarding related parties				
La Mercy JV Property Investments Proprietary Limited			915 915	871 771
Amounts included in trade payables regarding related parties				
La Mercy JV Property Investments Proprietary Limited			492 916	658 780
RELATED PARTY TRANSACTIONS				
Rent paid to related parties				
La Mercy JV Property Investments Proprietary Limited			1 836	1 345
Levies paid to related parties				
La Mercy JV Property Investments Proprietary Limited			441 936	444 578
Recoveries paid to related parties				
La Mercy JV Property Investments Proprietary Limited			320 851	3 033 429
Management association costs received from related parties				
La Mercy JV Property Investments Proprietary Limited			803 815	763 900

29. 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 expectation of some computer equipment and plant differed from previous estimates. This resulted in a revision of some of the previous estimates which are accounted for as a change in accounting estimate. The effect of this revision has decreased the depreciation charge for the current period by R10 913 476 (2016: R2 552 760). The total impact on future depreciation is R10 913 476.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

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

LIQUIDITY RISK

The entity's liquidity risk affects funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

The amounts disclosed below analyse the entity's 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 below equal the contractual undiscounted cash flows. Amounts due within 12 months equal their carrying balances as the impact of discounting is not significant.

ECONOMIC ENTITY	LESS THAN 1 YEAR R	BETWEEN 1 AND 2 YEARS R	BETWEEN 2 AND 5 YEARS R	OVER 5 YEARS R
At 31 March 2017				
Trade and other payables	61 990 642	-	-	-
Finance lease liability	259 956	271 345	-	-
At 31 March 2016				
Trade and other payables	39 935 356	-	-	-
Finance lease liability	222 647	259 956	271 345	-

CONTROLLING ENTITY	LESS THAN 1 YEAR R	BETWEEN 1 AND 2 YEARS R	BETWEEN 2 AND 5 YEARS R	OVER 5 YEARS R
At 31 March 2017				
Trade and other payables	61 627 941	-	-	-
Finance lease liability	259 956	271 345	-	-
At 31 March 2016				
Trade and other payables	38 866 789	-	-	-
Finance lease liability	222 647	259 956	271 345	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

30. RISK MANAGEMENT (CONTINUED)

CREDIT RISK

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

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise the entity assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set 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:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
FINANCIAL INSTRUMENT	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Receivables from exchange transactions (neither past due nor impaired)	11 628 541	7 935 872	11 551 041	8 091 490
Receivables from exchange transactions (impaired)	1 706 782	2 688 104	1 706 782	2 688 104

INTEREST RATE RISK

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

31. FRUITLESS AND WASTEFUL EXPENDITURE

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

32. IRREGULAR EXPENDITURE

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Opening balance	-	1 132 621	-	1 132 621
Less: Amounts recoverable (not condoned)	-	(1 132 621)	-	(1 132 621)
TOTAL	**-**	**-**	**-**	**-**

DETAILS OF IRREGULAR EXPENDITURE NOT RECOVERABLE (NOT CONDONED)

There was no irregular expenditure for the current year.

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 irrecoveable as per Treasury Regulation 11.4 and was written off in the prior year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

33. LOSS INCURRED THROUGH FRAUD

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
Loss incurred through fraud	4 309 319	-	4 309 319	-
Less: amounts recovered	(3 036 481)	-	(3 036 481)	-
Less: amounts written off	-	-	-	-
TOTAL	**1 272 838**	**-**	**1 272 838**	**-**

During the current financial year Dube TradePort Corporation was a victim of fraudulent activity perpetrated via cybercrime. An initial loss of R4 309 319 was incurred and R3 036 481 was recovered within two weeks of the incident as a result of the swift action of Dube TradePort Corporation. The case was handed over to SAPS and is currently ongoing. Simultaneously Dube TradePort Corporation has pursued a legal process to ensure full recovery.

34. COMPARATIVE FIGURES

Certain comparative figures have been restated (refer to note 35).

35. PRIOR PERIOD ERRORS

In the 2015 and 2016 financial years subsequent expenditure for certain construction projects was not presented correctly. This resulted in a prior period adjustment in the statement of financial performance as well as the reclassification of the assets from work in progress to buildings, investment property and infrastucture assets.

The correction of the error(s) results in adjustments as follows:

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
STATEMENT OF FINANCIAL POSITION				
Property, plant and equipment (work in progress)	(26 958 707)	(662 080)	(26 958 707)	(662 080)
Property, plant and equipment (infrastructure)	12 777 923	-	12 777 923	-
Property, plant and equipment (buildings)	(5 276)	154 763	(5 276)	154 763
Investment property	200 122	503 800	200 122	503 800
Trade and other payables (retention creditor)	11 997 960	-	11 997 960	-
Trade and other receivables (retention VAT)	(1 473 434)	-	(1 473 434)	-
Opening accumulated surplus or deficit	3 461 412	3 517	3 461 412	3 517
STATEMENT OF FINANCIAL PERFORMANCE				
Depreciation expense	487 415	3 517	487 415	3 517
Professional fees	2 973 997	-	2 973 997	-

36. ASSESSMENT OF SUPPLY CHAIN PERFORMANCE

In terms of paragraph 12 of National Treasury Instruction Note 4 on the Standard for Infrastructure Procurement and Delivery Management, Dube TradePort Corporation must report on all procurement exceeding R100 million awarded since 01 July 2016. During this period, Dube TradePort Corporation awarded a tender for the “Construction of bulk earthworks at TradeZone 2”. The closing date of the tender was 18 May 2016 and the award was made on 31 March 2017 (228 days later). The delay in awarding this tender was due to the complexity of the project which required externally sourced technical expertise at various stages of the procurement.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

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

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
OPERATING ACTIVITIES				
Actual amount as presented in the budget statement	336 761 497	348 138 604	337 375 243	362 778 049
Basis differences	(70 289 849)	(99 118 440)	(70 391 352)	(99 118 440)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**266 471 648**	**249 020 164**	**266 983 891**	**263 659 609**
INVESTING ACTIVITIES				
Actual amount as presented in the budget statement	(257 518 308)	(334 149 501)	(258 344 808)	(334 149 501)
Basis differences	(19 938 877)	(17 611 354)	(19 837 376)	(17 611 354)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(277 457 185)**	**(351 760 855)**	**(278 182 184)**	**(351 760 855)**
FINANCING ACTIVITIES				
Basis differences	(222 647)	188 647	(222 647)	188 647
NET CASH GENERATED FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	**(11 208 184)**	**(102 552 044)**	**(11 420 940)**	**(87 912 599)**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

38. DEPARTMENT OF TRADE AND INVESTMENT GRANT TRANSACTIONS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
REVENUE				
Grants received	13 798 818	11 632 963	13 798 818	11 632 963
Interest received	853 420	461 338	853 420	461 338
EXPENDITURE				
Operating expenditure	(2 427 143)	(815 815)	(2 427 143)	(815 815)
Employee costs	(2 440 175)	-	(2 440 175)	-
TOTAL	**9 784 920**	**11 278 486**	**9 784 920**	**11 278 486**

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

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2017 R	RESTATED 2016 R	2017 R	RESTATED 2016 R
OPERATING EXPENDITURE				
Audit fees	-	5 928	-	5 928
Investment facilitation	-	105 072	-	105 072
Travel and subsistence	617 291	193 031	617 291	193 031
Bank charges	-	2 001	-	2 001
Consultants and professional fees: SEZ related research studies	1 283 491	503 858	1 283 491	503 858
Consultants and professional fees: business and advisory services	498 361	5 925	498 361	5 925
Consultants and professional fees: legal costs	28 000	-	28 000	-
TOTAL	**2 427 143**	**815 815**	**2 427 143**	**815 815**
ASSETS				
Non-current assets				
Infrastructure assets	18 346 189	10 816 238	18 346 189	10 816 238
Current assets				
Cash and cash equivalents	17 106 060	30 277 067	17 106 060	30 277 067
TOTAL	**35 452 249**	**41 093 305**	**35 452 249**	**41 093 305**
LIABILITIES				
Unspent portion of grant	10 601 657	24 399 868	10 601 657	24 399 868
Retention creditor	1 597 765	1 225 556	1 597 765	1 225 556
Trade and other payables	2 980 541	444 246	2 980 541	444 246
VAT	2 122 313	-	2 122 313	-
TOTAL	**17 302 276**	**26 069 670**	**17 302 276**	**26 069 670**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

39. SEGMENTAL SURPLUS AND DEFICIT

ECONOMIC ENTITY	DUBE AGRIZONE R	PROPERTY R	DUBE CARGO TERMINAL R	DUBE iCONNECT (ICT) R	TOTAL R
Revenue					
Revenue from exchange transactions	20 254 722	30 689 504	30 055 812	11 755 550	92 755 588
Revenue from non-exchange transactions	7 684 223	28 472 156	19 990 755	6 570 331	62 717 465
Total segment revenue	27 938 945	59 161 660	50 046 567	18 325 881	155 473 053
Expenses					
Employee costs	(10 266 913)	(8 564 839)	(15 746 269)	(5 263 823)	(39 841 844)
Depreciation and amortisation	(24 601 645)	(36 142 418)	(26 156 665)	(17 016 480)	(103 917 208)
Other expenses	(14 537 483)	(51 994 270)	(13 509 876)	(4 501 582)	(84 543 211)
TOTAL SEGMENT DEFICIT	**(21 467 096)**	**(37 539 868)**	**(5 366 243)**	**(8 456 004)**	**(72 829 211)**
Interest revenue	-	-	-	-	43 795 953
Other allocated revenue	-	-	-	-	264 093 102
Interest expense	-	(129 844)	(316)	-	(130 160)
Unallocated expenses	-	-	-	-	(111 075 539)
Share of controlled entity's losses	-	-	-	-	(5 767 210)
(DEFICIT)/SURPLUS FOR THE YEAR	**(21 467 096)**	**(37 669 711)**	**(5 365 927)**	**(8 456 004)**	**118 086 935**

CONTROLLING ENTITY	DUBE AGRIZONE R	PROPERTY R	DUBE CARGO TERMINAL R	DUBE iCONNECT (ICT) R	TOTAL R
Revenue					
Revenue from exchange transactions	20 254 722	30 689 504	30 055 812	11 755 550	92 755 588
Revenue from non-exchange transactions	7 684 223	28 472 156	19 990 755	6 570 331	62 717 465
Total segment revenue	27 938 945	59 161 660	50 046 567	18 325 881	155 473 053
Expenses					
Employee costs	(10 266 913)	(8 564 839)	(15 746 269)	(5 263 823)	(39 841 844)
Depreciation and amortisation	(24 601 645)	(36 142 418)	(26 156 665)	(17 016 480)	(103 917 208)
Other expenses	(14 537 483)	(51 994 270)	(13 509 876)	(4 501 582)	(84 543 211)
TOTAL SEGMENT DEFICIT	**(21 467 096)**	**(37 539 868)**	**(5 366 243)**	**(8 456 004)**	**(72 829 211)**
Interest revenue	-	-	-	-	43 795 953
Other unallocated revenue	-	-	-	-	264 093 102
Interest expense	-	(129 844)	(316)	-	(130 160)
Unallocated expenses	-	-	-	-	(111 075 539)
(DEFICIT)/SURPLUS FOR THE YEAR	**(21 467 096)**	**(37 669 711)**	**(5 365 927)**	**(8 456 004)**	**123 854 145**

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

The entity operates in one geographical area.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

39. 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 the zone. 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.

Dube iConnect (ICT) - 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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